Annual Report 2009

We meet the future together with our customers. Last year, millions of existing and new customers received advice and services by Nordea

Contents

"Our results 2009 were strong in spite of the financial crisis, with record income and record risk-adjusted profit. Nordea has strengthened its position and stands strong with the vision of being a Great European bank.

Christian Clausen
President and Group CEO

Strong business development and increased number of customers in 2009
"Nordea is there when peoples' lives change. Last year, Nordea helped many couples getting a new home. Household mortgage lending volumes continued to increase, by 14%, in 2009."

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

Strong results 2009 – Nordea positioned for prudent growth with careful navigation

Nordea is the largest financial services group in the Nordic and Baltic Sea region with a market capitalisation of approx. EUR 29bn, total assets of EUR 508bn and a tier 1 capital ratio of 11.4%. Nordea is the region's largest asset manager with EUR 158bn in assets under management.

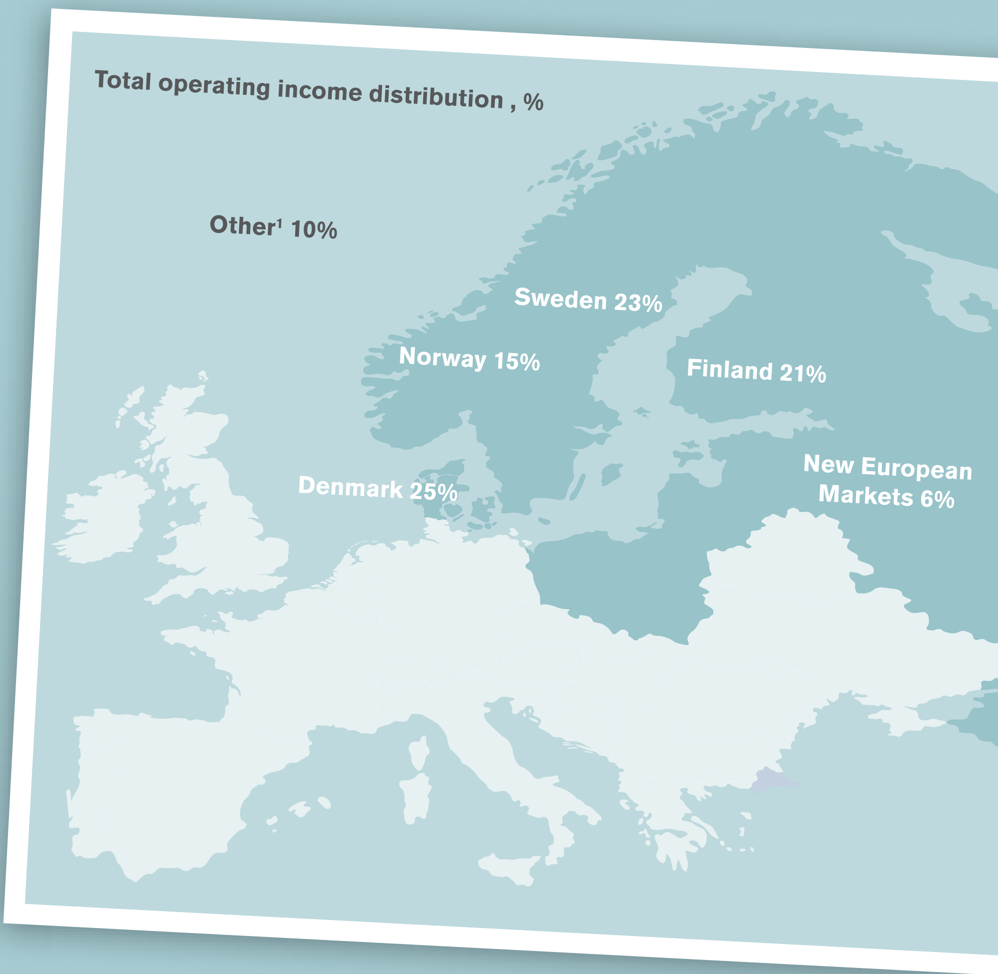
Nordea – with a solid starting point

19.6bn EUR in tier 1 capital Tier 1 ratio 11.4% excl. transition rules

10.3% Core tier 1 capital ratio, excluding transition rules

1,400 branches give strong distribution power

10 mill. household customers and 700,000 active corporate customers



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

Strong performance despite the financial crisis

Nordea – with a solid starting point
Nordea is a universal bank with leading positions within corporate merchant banking as well as retail banking and private banking. It is also the leading supplier of life and pensions products in the Nordic countries. With approx. 1,400 branches, call centres in all Nordic countries and a highly competitive e-bank, Nordea also has the largest distribution network for customers in the Nordic and Baltic Sea region, including more than 270 branches in five new European markets, Russia, Poland, Lithuania, Latvia and Estonia.

Nordea has the largest customer base of any financial services group in the Nordic region with approx. 10 million customers including new European markets, of which 7.5 million are household customers in customer programme and 0.7 million are active corporate customers.

Prudent growth strategy and initiatives 2010 to 2012
Nordea will pursue a prudent growth strategy for 2010 and beyond to capitalise on the strong momentum in customer business and to leverage on the bank's strong position. Nordea will carefully navigate in what is an improving but still uncertain macroeconomic environment, with full focus on credit risks and handling the changes in regulation on capital and liquidity. The prudent growth strategy is a natural continuation of the journey Nordea embarked on in 2007, with the launch of the Great Nordea vision and nine Group initiatives to support profitable organic growth.

A number of new Group initiatives will be launched focusing on growth as well as efficiency and foundation improvement initiatives. Both operational and financial experiences from the 2007 initiatives have enabled a more detailed approach in terms of priorities, scope and execution for the new Group initiatives. The growth initiatives cover most of Nordea's operations both in the Nordic region as well as in Poland. The efficiency and foundation improvement programmes focus on lean production, mainly within IT, lowering of production costs as well as reducing operational and compliance risks. They also target more cost-efficient product platforms within the cards, payment and cash management area as well as within Capital Markets where changes to the industry infrastructure and regulation put new demands on the technology platform.

Nordea's strategic target picture is to pursue a prudent growth strategy, to be the best relationship bank in the markets where it operates and to have a foundation with one operating model.

Over-delivery on financial targets
Nordea's total shareholder return (TSR) was 78.6% in 2009, number seven among the banks in the European peer group. Since end of 2000, Nordea's accumulated TSR is 178%, number three of the peer banks. Return on equity was 11.3% in 2009. Starting from 2006, Nordea's long-term target is to double the risk-adjusted profit in seven years. In 2009, the risk-adjusted profit increased by 22%.

12,000 Number of new Gold customers per month

Strong business development 2009 with increased number of customers
Nordea's business continued to develop strongly in 2009, with the focus on further enhancing business relations with core customers and also on acquiring new customers. The number of Gold customers increased by 154,000 in 2009 and the number of Private Banking customers increased by 4,000.

Capital position and revised capital policy
Nordea has a strong capital position, with EUR 19.6bn in tier 1 capital, of which EUR 17.8bn was core tier 1 capital. The tier 1 capital ratio excluding transition rules was 11.4% and the core tier 1 capital ratio 10.3% (excluding hybrid capital) at the end of 2009.

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

In February 2009, a rights issue of EUR 2.5bn was announced, which together with a reduced dividend for 2008 strengthened the Group's core tier 1 capital by EUR 3bn.

Solid liquidity and funding position
The short-term liquidity risk was held at moderate levels throughout 2009. The portion of long-term funding increased to 66% of wholesale funding. Nordea's liquidity buffer has been in the range EUR 35–59bn throughout 2009, which reflects the Group's conservative attitude towards liquidity risk.

Even in the very difficult environment that the financial industry has faced, Nordea in 2009 continued to show funding strength and was able to raise funding at good prices on a relative basis. Nordea draws benefit from being a well recognised AA-rated bank, practising a prudent liquidity management, with a conservative business profile. This combined with the well-diversified and strong funding base, including stable household deposits and the access to two large domestic covered bond markets, have all contributed positively.

Well-diversified credit portfolio

Nordea has long operated with a consistent and prudent credit risk management. Nordea has defined its credit risk appetite as an expected loss level of 25 basis points over the cycle. Net loan losses over the past years show an average not exceeding this level. The Group-wide credit policy and decision-making structure ensures that credit risk limits for customers and customer groups are set at relevant credit decision authority level within the Group.

Some weakening was seen in credit quality in 2009, mainly in the corporate credit portfolio. The total effect from rating migration on risk-weighted assets (RWA) was an increase by approx. 6.9% in 2009. Net loan losses amounted to EUR 1,486m, giving a loan loss ratio of 54 basis points. Impaired loans gross increased to EUR 4,102m or 135 basis points of total loans, of which 54% were performing impaired loans. The total provisioning ratio was 53%.

11% Increase in total income

Result summary 2009

Total income increased 11% to EUR 9,073m and profit before loan losses increased by 18% to EUR 4,561m. Despite the financial crisis and global recession, Nordea again showed strong performance.

Growth in net interest income continued, driven by volume growth in combination with increased lending margins, reflecting re-pricing of credit risk. Due to its strong position, Nordea was able to conduct business with core customers as usual and respond to customer demand despite the financial crisis.

22% Increase in risk-adjusted profit

The increase in total expenses was maintained at an expected growth rate, 4%, compared to 2008.

Profit before loan losses increased 18% and operating profit decreased 9% to EUR 3,075m, due to higher net loan losses. Risk-adjusted profit was EUR 2,786m, up 22%.

New regulations on capital and liquidity

In December 2009, the Basel Committee on Banking Supervision (BCBS) published a proposal of a new regulatory regime ("Basel III") to strengthen global capital and liquidity regulations.

Nordea is well prepared for new capital and liquidity regulations, with one of the strongest core tier 1 capital ratios in the European group and with a high portion of core equity in the capital base as well as high-quality liquidity buffers, well diversified funding base, strong funding name and high proportion of long-term debt issuance.

Outlook 2010

Nordea expects the macroeconomic recovery to continue in 2010, but the development is still fragile and hence uncertainty remains. Based on this as well as a strong starting point and strong customer business development, Nordea will pursue a prudent growth strategy, balancing opportunities and risks, and will invest in the future through several growth and efficiency initiatives. The effect on the results from Group initiatives is expected to be neutral in 2010.

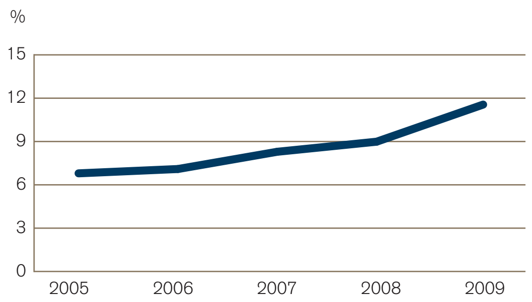
Nordea expects cost growth for 2010 to be largely in line with the growth rate in 2009, including the effects from growth and efficiency initiatives.

Nordea expects risk-adjusted profit to be lower 2010 compared to 2009, due to lower income in Treasury and Markets.

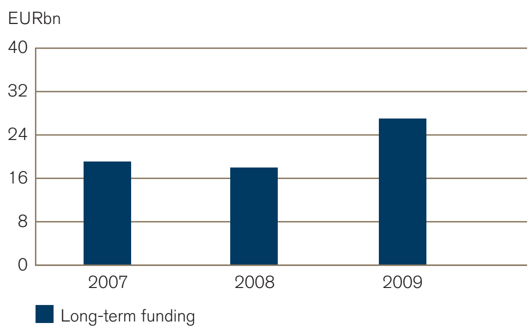
Credit quality continues to stabilise, in line with the macroeconomic recovery. However, loan losses could remain at a high level also in 2010, as it is difficult to forecast when loan losses will start to decline.

Nordea expects the effective tax rate to be around 26%.

Capital position, tier 1 capital ratio excluding transition rules



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



Events 2009

First quarter

Nordea Trade Finance receives Global Finance magazine's awards for the Best Trade Finance Providers in Finland and Denmark.

Euromoney awards Nordea the prize for best private banking service provider in the Nordics and also for Denmark and Finland. In Sweden, Nordea is ranked second (up from fourth) and in Norway fourth (up from fifth).

At an extraordinary general meeting, Nordea's rights issue is approved, which strengthens the core tier 1 capital by EUR 2.5bn.

Nordea's first sustainability report, Corporate Social Responsibility Report 2008, is published on nordea.com. Nordea participates in Earth Hour, WWF's worldwide climate change initiative.

Nordea Bank Polska was awarded the title of the Leader of Polish Business, with the bank's high profitability, modern product range and investments creating new jobs.

Second quarter

A report by Greenwich Associates shows that large Nordic corporate corporates rate Nordea highest on service quality and that Nordea has the highest market share in Nordic foreign exchange and interest rate derivates markets.

Nordea offers ePiggy in Finland, a new form of saving service which is offered in the other Nordic countries.

In a new study on customer services among 20 of the most important players within private banking in Europe, Nordea is regarded as the best at creating great customer experiences for customers in Europe.

Third quarter

Nordea wins four awards in Euromoney's annual competition for the world's best banks: Best regional bank in the Nordic and Baltic regions (for the third consecutive year), Best equity house in the Nordic and Baltic regions, Best bank in Finland and Best investment bank in Denmark

Nordea signs an agreement to acquire Fionia Bank, excluding the 'bad bank' part, and strengthens the market position Denmark.

Nordea's Russian subsidiary, JSB Orgresbank, changes its name to OJSC Nordea Bank and incorporates Nordea's brand fully, to be visible in the around 50 branches.

Fourth quarter

Nordea launches Nordea Stock Price service, the fastest and easiest access to Nordic stock market information with modern mobile devices.

The Euromoney magazine awards two prizes to Nordea in their annual Cash Management Poll: Best Cash Manager in Nordic & Baltic and in Sweden.

The magazine The Banker, which is part of the Financial Times group, awards Nordea Bank of the Year 2009 in Finland, Denmark and Norway.

Every second, every day, during 2009 on average 10 private customers logged in to Nordea's netbank.

"We grow with our customers. Last year, Nordea granted financing to many both existing and new corporates.

Key financial figures

Business volumes, key items	2009	2008	Change %	2007
Total operating income, EURm	9,073	8,200	11	7,886
Total operating expenses, EURm	–4,512	–4,338	4	–4,066
Profit before loan losses, EURm	4,561	3,862	18	3,820
Net loan losses, EURm	–1,486	–466		60
Net profit for the year, EURm	2,318	2,672	–13	3,130
Loans to the public, EURbn	282.4	265.1	7	244.7
Deposits and borrowings from the public, EURbn	153.6	148.6	3	142.3
of which savings deposits	47.8	45.5	5	40.8
Assets under management, EURbn	158.1	125.6	26	157.1
Technical provisions, Life, EURbn	32.2	28.3	14	32.1
Equity, EURbn	22.4	17.8	26	17.2
Total assets, EURbn	507.5	474.1	7	389.1

Ratios and key figures	2009	2008	2007
Diluted earnings per share[2], EUR	0.60	0.79	0.93
Share price[2,3], EUR	7.10	3.90	8.90
Total shareholders return, %	78.6	–46.9	6.4
Proposed/actual dividend per share, EUR	0.25	0.20	0.50
Equity per share[2,3], EUR	5.56	5.29	5.09
Potential shares outstanding[3], million	4,037	2,600	2,597
Return on equity, %	11.3	15.3	19.7
Cost/income ratio, %	50	53	52
Core tier 1 capital ratio, excluding transition rules[3], %	10.3	8.5	—
Tier 1 capital ratio, excluding transition rules[3], %	11.4	9.3	8.3
Total capital ratio, excluding transition rules[3], %	13.4	12.1	10.9
Core tier 1 capital ratio[1,3], %	9.3	6.7	—
Tier 1 capital ratio[1,3], %	10.2	7.4	7.0
Total capital ratio[1,3], %	11.9	9.5	9.1
Tier 1 capital[3], EURm	19,577	15,760	14,230
Risk-weighted assets[1,3], EURbn	192	213	205
Number of employees (full-time equivalents)[3]	33,347	34,008	31,721
Risk-adjusted profit[4], EURm	2,786	2,279	2,239
Economic capital, EURbn	13.5	11.8	10.2
EPS, risk-adjusted[2,4], EUR	0.72	0.68	0.67
RAROCAR[4], %	20.6	19.3	21.9
MCEV, EURm	3,244	2,624	3,189

1) Including transition rules.
2) Previous years are restated due to rights issue, as further discribed in section 2 of Note 1.
3) End of the year.
4) Risk-adjusted profit for previous years has been restated, related to the IRB apporval and subsequent model alignments.

CEO letter

Nordea's robust business model, strong customer-oriented values and committed people generate strong results in the midst of a severe financial crisis and economic recession.

Dear shareholder,
The year 2009 has been a challenging year for the financial industry as a whole and for many customers.

The financial crisis continued to affect credit spreads and equity markets negatively until spring 2009 and has contributed to the worst global recession since World War II. The sharp decrease in production and global trade has caused bankruptcies and cash flow problems for many corporate customers and increased unemployment and cautiousness among household customers. Unprecedented fiscal and monetary policy measures have contributed to restoring financial stability and brought some confidence into the real economy. However, the strength and profile of the economic recovery is uncertain.

Nordea was affected by the financial crisis, but less than many other banks. We were well prepared and organised, acted pro-actively and effectively capped the potential losses. Based on our strong customer oriented values we moved closer to customers and helped them to find solutions under difficult market conditions and thereby strengthening our reputation and brand.

"Middle-of-the-road"
Due to the extremely uncertain financial and economic development, Nordea decided in late 2008 to take a "middle-of-the-road" approach to the execution of our successful organic growth strategy.

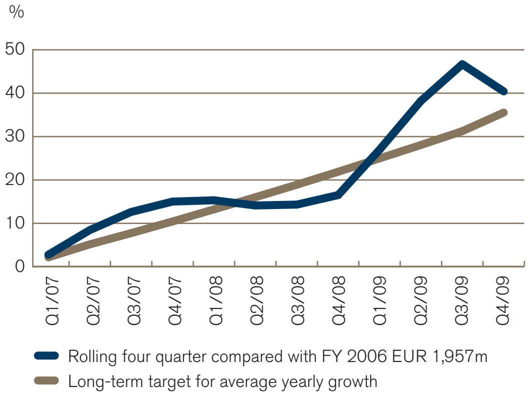
Going into 2009 we thus scaled back capacity and initiated a right-sizing of the organisation. We accelerated existing efficiency initiatives to free up resources. As a result, our cost/income ratio decreased by 3 %-points to 50 % – the lowest level ever – and the number of employees decreased by 3% net during the year excluding Fionia Bank. At the same time, 1,675 new employees joined Nordea supporting customer activities and combining efficiency gains with new competencies and perspectives in our organisation.

To counteract the impact of the financial turmoil and economic recession, we carefully planned our use of capital and tightened the control of the growth of risk weighted amounts throughout the year. We reduced or stopped investments in markets and business lines with especially high risk, including New European Markets, and reinforced our credit processes. The hard work and commitment throughout Nordea in implementing the strategy, together with our well diversified credit portfolio, solid credit culture and long experience, has kept down loan losses at 54 bps in 2009 – well in line with our expectations of 25 bps over a business cycle.

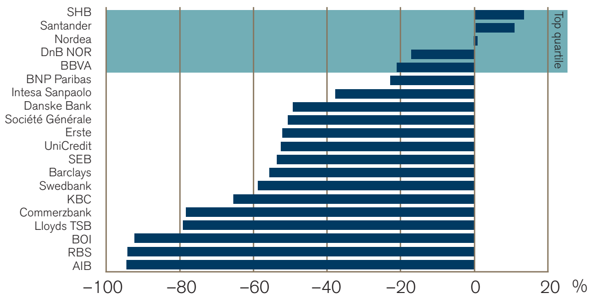
The foundation for our stability during 2009 was a strong capital base. We proactively strengthened our capital base by a successful rights issue of EUR 2.5bn on market conditions and reduced the dividend payment corresponding to EUR 0.5bn. As a result of these initiatives and including retained earnings our core tier 1 capital ratio has increased to 10.3% – well above regulatory capital requirements and our 9% target and in line with the best capitalised European peer banks.

Our stability and relationship focus has attracted new customers throughout the year. The number of Private Banking and Gold customers has increased by 4% and 6% respectively in 2009. The number of 360-degree advisory meetings, where we take a holistic perspective on each customer's financial and economic situation, has been at record levels. We have increased our market share of household lending in the Nordic countries and resumed a strong net inflow into investment funds.

Over-delivery on long-term risk-adjusted profit target



Total shareholder return in the top quartile of European peer group, 2007–2009



Source: Thomson Reuters Ecowin

The corporate customer strategy for building house-bank relations has been appreciated by customers and rewarding for the bank. Income from products and services to corporate customers is up 8%. Especially risk management products and capital market transactions have contributed strongly to our results. We have reached a leading position for eurobonds and equity capital market transactions for Nordic corporate customers.

We have significantly increased our combined household and corporate customer satisfaction lead to competitors in the Nordic markets by 4.5 points since 2007. I am proud that Nordea has managed to strengthen its market position and stay in line with its long-term financial targets during this challenging period. Total income increased by 11% in 2009, and risk-adjusted profit went up by 22% crossing the line compared to our long-term target. Measured since the launch of our growth strategy three years ago we are in the top quartile of our European peer group in terms of total shareholder return and in the year of 2009 just below the top quartile.

Regulation and reassessment of business models

Looking back at the financial crisis it seems clear that the greatest weakness of the troubled banks was the level of capital and liquidity and the structure of funding.

International and national regulators are currently developing new regulations in order to avoid financial crises in future. The new regulations will most likely include liquidity risk measures, capital adequacy levels and capital quality as well as remuneration principles.

The new regulations are expected to lead to higher capital requirements and funding costs, which will be reflected in banks' pricing towards customers.

Many banks will have to change their business model in order to stay robust and profitable over a business cycle under the new funding and capital requirement rules. The key characteristics for future successful banks will be diversification, transparency, strong customer relationships and strong management of risk, funding and capital.

Nordea is well prepared for the expected regulatory changes of liquidity risk measures and capital requirements and has a robust business model, which is illustrated by the stable trend of our operating profit throughout the financial crisis.

"Careful navigation" and prudent growth

In 2010, Nordea will continue its journey towards Great. Coming from a position of strength in terms of income growth, funding and capital we have raised our ambition from a vision of a leading Nordic bank to a Great European bank.

Our road towards Great will be characterised by prudent growth, where we carefully balance risks and opportunities. We will not pursue our vision and targets at any cost or risk. We will free up resources to serve our customers better and at a low cost. We will maintain a risk level that will enable us to absorb all losses so that we always keep our strong customer brand and market position. And we will ensure our AA rating through an adequate level of risk, capital and funding.

Our basic growth strategy is unchanged and will in the next few years focus on growing our relationship banking and continue the efforts to free up resources to support growth and finance investments that will strengthen our foundation and ensure compliance with new regulations.

Great Nordea is not just a vision and hard financial facts. It is equally important how we achieve our results, how we interact with customers, how we work together in teams and how we coach and develop our employees - the way we live our values.

I would like to thank all employees for the hard work and great commitment, all customers for mutually rewarding business relations and all shareholders for their trust in our strategy and active participation in our rights issue in the spring.

Best regards

Christian Clausen

Prudent growth – the way forward

Nordea's strategic target picture:

- Growth strategy
- Best relationship bank
- One operating model

Ambitious vision and targets
Nordea's overall mission is to make it possible for its customers to reach their objectives.

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

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

The external financial targets of Nordea reflect the ambition to create superior value, which is measured by total shareholder return. The profitability dimension of value creation is measured by return on equity and the long-term growth dimension by risk-adjusted profit. Risk-adjusted profit increased 22% in 2009 to EUR 2.8bn, and Nordea is now ahead of what is required to reach the target of a doubling in seven years. Measured since the launch of the growth strategy three years ago Nordea is in the top quartile of its European peer group in terms of total shareholder return and in the year of 2009 just below this target.

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

Great customer experiences are the core value that guides the behaviour and decisions of all employees. Nordea wants to exceed customer expectations, be proactive and always fulfil obligations. It's all about people under-

Vision, strategic target picture and financial targets

Making it possible

Vision

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

Strategic target picture

Growth strategy	Best relationship bank	One operating model
To pursue a growth strategy that ensures sufficient income generation to create great customer experiences and long-term value	To be the best relationship bank in the markets where we operate, retaining existing and attracting new customers	To have a foundation with one operating model for everything we do in order to free up resources to serve customers

Long term financial targets

Long-term financial targets	Target	Outcome 2008	2009
Total Shareholder Return, TSR (%)	In the top of quartile of European peer group	no. 2 of 20	no. 7 of 20
Risk-adjusted profit (EURm)[1]	Double in 2006–2013[2]	16%	42%
Return on equity, RoE (%)	In line with top Nordic peers	15.3%	11.3%

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

Strong customer-oriented values and culture

Making it possible

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

Great customer experiences	It's all about people	One Nordea team
• We think and act with the customer in mind • We understand individual customer needs and exceed expectations • We deliver professionally • We create long-term relationship	• We acknowledge that people make the difference • We enable people to perform and grow • We foster initiative-taking and timely execution • We assess performance in an honest and fair way	• We team up to create value • We work together across the organisation • We show trust and assume accountability • We make rules and instructions clear and applicable

Foundation: Profit orientation and prudent cost, risk and capital management

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

lines that people make the difference, and recognises that business growth and growing competence of people go together. It is Nordea's ambition that customers will experience one Nordea team working together to find the best solutions for customers.

The successful implementation of the values is reflected in the annual customer satisfaction surveys and internal employee satisfaction surveys. Customer satisfaction in the Nordic markets improved by 1 point in 2008 and was unchanged in 2009. The improvement relative to competitors was 2.5 points in 2008 and 2 points in 2009. The internal surveys of employee satisfaction and motivation as well as loyalty showed improvement in 2008 and 2009, and the survey confirms that Nordea increasingly lives up to its values.

Prudent growth and best relationship bank

Nordea three years ago embarked on a journey from a good to a great bank and initiated a clear organic growth strategy in the Nordic and New European Markets. The basic growth strategy today is essentially unchanged, but the execution has been adjusted to reflect the uncertainty of the strength of the economic recovery. The road towards great will be characterised by prudent growth carefully balancing risks and opportunities. The focus of the organic growth strategy will be to grow the relationship customer segments and to free up resources to support growth and finance investments for improvement of efficiency and the foundation of the bank and alignment with new regulatory requirements.

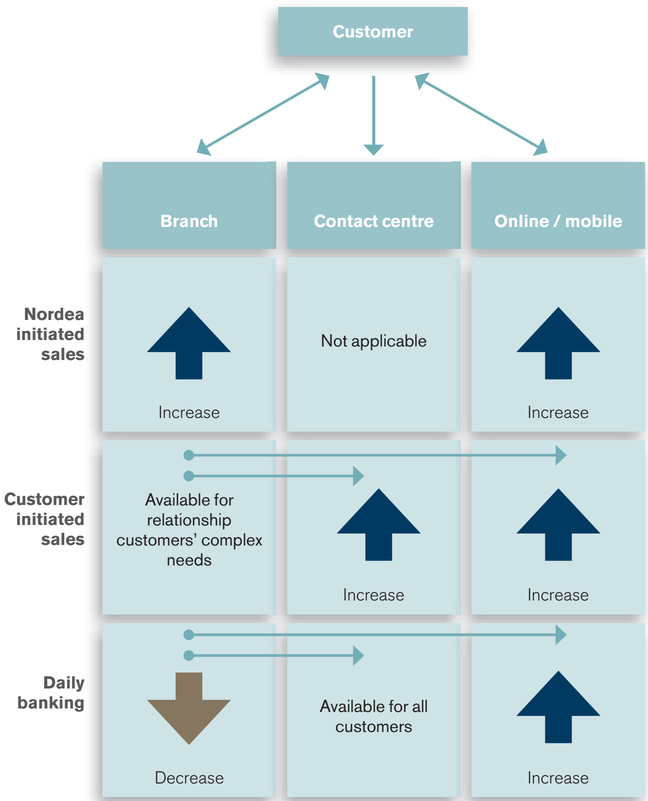
Increase business with existing Nordic customers and attract new customers

The first and most important organic growth area is to proactively elevate relationship customers in the Nordic markets to higher segments, attract new relationship customers and increase Nordea's share of wallet. Close to 75% of Nordea's income in the Nordic markets stems from the four highest household and corporate customer segments.

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

Prudent growth

Household customer distribution strategy



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

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

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

Pro-activity and staying close to customers is more important than ever in the current market environment. New customers will be selected carefully and include customers with high rating only. Controlling the development of risk weighted amounts and managing lending margins to reflect the risk level and funding costs will have a high priority in all corporate customer segments. Pro-activity has also included the establishment of credit work-out teams in all markets.

In the corporate customer product strategy, Nordea aims to make corporate risk management products and capital market transactions a natural part of the basic product offering to customers in the Large and Medium segments. This has been a major success during the last 2–3 years. For customers in segment Small a new advisor profile and

Segmentation and value proposition – Household customers

Segment	Customers, 000's	Criteria	Value proposition
Private Banking	100	Assets > EUR 250k	The best Nordea has to offer
Gold	2,700	Volume > EUR 30k no. of products > 5	Named advisor – priority in access – best fixed price
Silver	1,600	Volume > EUR 6k no. of products > 3	Personal service when needed – favourable price
Bronze	3,400	Active customer	Basic service – fair price

Segmentation and value proposition – Corporate customers

Segment	Customers, 000's	Value proposition
CMB	6	Strategic partnership – sponsor, customer team and named adviser – tailored, individual solutions
Large	20	Partnership – named adviser and specialists – individual solutions
Medium	70	Business relationship – named adviser – individual solutions – standard products
Small	570	Personal relationship – basic service – efficient handling

service concept will be developed and implemented serving both the business and personal banking needs of the important group of entrepreneurs within this segment.

Major Group initiatives have been launched to support the growth strategy in the Nordic countries. The investments will take place over a three years period, and benefits are expected to accrue from 2011.

- Personal bank advisors and branches will be relocated and new branch formats introduced to better match the geography and needs of customers, and the online offerings will be upgraded. As a result of decreasing demand, improved work processes and changed branch formats a substantial reduction of traditional customer service officers and bank tellers is expected. This will enable Nordea to free up resources for customer interaction and improvement of sales efficiency.
- More advisors will be allocated to the Gold and Private banking segments to serve existing and new customers.
- Country specific growth plans have been developed for Finland and for Corporate Merchant Banking in Sweden, where Nordea has a large business potential.
- Nordea will continue to strengthen its sale of risk management products to corporate and institutional customers and its equity and corporate finance functions. The cash management services will be further developed for all corporate customer segments, as cash management services are key to the customers' daily services and to customer retention.

The organic growth strategy in the Nordic region is supplemented by selective bolt-on acquisitions supporting the retail banking activities like the acquisition of 76 branches from Svensk Kassaservice in the summer of 2008 and the acquisition of nine branches of Roskilde Bank in Denmark in the autumn of 2008 and the Danish Fionia Bank in 2009.

Supplement Nordic growth through investments in New European Markets

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

The long-term strategic direction for New European Markets is to continue the profitable growth strategy and gradually develop the operations into diversified full-scale banking businesses integrated with the rest of the Group.

The customer segmentation and value propositions used in the Nordic countries are implemented in Poland and the Baltic countries and scheduled for Russia. Most risk management measures and procedures have been aligned with the Group, and the business operations are in the process of being aligned with the integrated Group operating model.

However, reflecting the macroeconomic downturn, the speed of the development of Nordea's business in the New European Markets has been slowed down. The branch network expansion in Russia and the Baltic countries has been halted. Poland has been less affected by the financial and economic crisis than the other New European Markets, why the growth plan for Poland has been resumed. It is planned to open up to 50 new branches in 2010 in Poland following the 114 new branches opened since the beginning of 2007. Furthermore, the corporate merchant banking capabilities in Poland will be strengthened and local top-tier corporates will, on a selective basis, be actively targeted aiming for building long-term house-bank relations. The integration of New European Markets with the rest of the Group, not least within risk management and product offerings, continues, preparing for a continued expansion when the upturn of the business cycle is well established.

Exploit Global and European business lines

Nordea has a successful track record within shipping, oil services and wealth management outside the Nordic markets and the New European Markets.

Nordea is one of the leading financial institutions to the global shipping and offshore industries. Nordea's strategy is to establish and preserve long-term partnerships with large, transparent and preferable publicly listed companies. In addition Nordea aims at maintaining a well diversified and secured lending portfolio across segments and geographical regions as well as a strong syndication franchise.

The overall ambition for this business line remains and the well proven business model continues despite the downturn in the global economy, world trade and freight rates. However, a stronger focus on costs, risks and capital management will be applied in the short run including a careful customer selection and a focus on all potential ancillary business of existing customers.

Nordea's International Private Banking & Funds is the largest Nordic private banking operation in Luxembourg and Switzerland. The operation includes private banking services and European fund distribution. International Private Banking pursues an organic growth strategy, and the European fund distribution is positioned as a multi-boutique with a range of own and in-sourced products distributed to institutional customers. Smaller acquisitions and distribution agreement support the organic growth strategy.

One operating model

Nordea's operating model is designed to support the organic growth strategy. It ensures operational efficiency by improving the quality of customer relations, increasing the time spent with customers and reducing the time required to bring new products and services to market. A fundamental principle of the operating model is to avoid overlapping functions or activities across organisational units or cross border along the value chain and to ensure clear responsibilities. The operating model is common for all Nordic markets, gradually implemented in New European Markets and reflected in the organisation of the Nordea Group.

Customer areas are characterised by uniform customer relationship processes in each market. Customer segment units maintain the Group-wide customer segmentation and value propositions. They act as coordinator and the first point of entry for product units to the sales organisation.

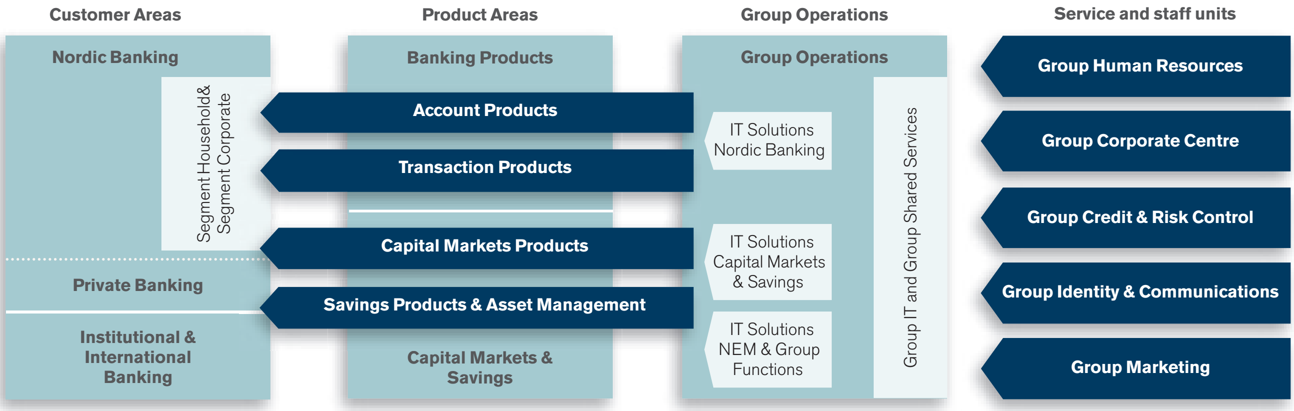
The Product Areas are Group-wide and responsible for ensuring common simple and transparent delivery processes and a flexible and fast product development. The focus of Product Areas in the current macroeconomic environment is on simple products with low capital requirement as well as risk management products.

Group Operations and Service and Staff units are supporting Customer Areas and Product Areas and providing basic infrastructure for business making it easier for customers to do business with Nordea.

Following a period with priority given to growth initiatives, Nordea in addition has initiated Group initiatives to improve IT performance, products platforms and infrastructure in order to secure a competitive edge for future growth of business.

- Within the IT area, initiatives have been launched to improve efficiency, decrease operational risks and reduce development and production costs over time. Some of the IT development capacity will be sourced from India and manual back-office tasks will be transferred to an operations centre in Poland. Together with a lean transformation of IT, these initiatives will free up resources to be deployed in the front line.
- The many current payments and cards platforms will be replaced by common platforms. This will improve product deliveries and reduce time to market as well as operational risks and costs.
- Capital markets infrastructure, finance processes and IT resilience programmes have been designed to strengthen front-to-back system infrastructure, respond to regulatory requirements and increasing customer demand and reduce operational risks and costs.

Integrated Group operating model



Customer areas and customer segments

Business development continued to be strong in customer areas and product areas in 2009 with increased number of customers and increased customer satisfaction.

Banking Denmark

Strong customer development in 2009
Nordea's customer development was strong in 2009. The number of Gold customers increased 5.4% or 32,600 from last year, thus reflecting Nordea's strong brand and a competitive offering through the loyalty programme and advisory services. This led to a growth in volume and an increasing market share in lending to household customers. Volume and market share for household deposits have increased and to some extent compensate for decreasing deposit margins due to fierce competition and the low interest level. The housing market is slowly picking up from a historic low turnover.

Nordea continued to gain market share and increase margins on corporate lending in a stagnating Danish market. The market share for corporate deposit is back at the pre-crisis level, reflecting a defensive pricing. The nine branches acquired from Roskilde Bank were successfully integrated into Nordea during the first half of 2009.

In line with the growth strategy, the acquisition of Fionia Bank A/S was successfully closed late November as all relevant authorities by then had approved the transaction. Nordea thereby has acquired a customer portfolio comprising 75,000 household customers and 9,500 corporate customers and a solid foundation for strengthening the position in the Funen region. The integration process is expected to be completed during the first half of 2010.

The development was strong in Private Banking. A steady inflow of new customers with an increase of 8%, a high asset inflow together with a well developing business activity brought income up 12%. A total net inflow to assets under management of EUR 1.2bn was captured.

Income increased 6%
Income in 2009 increased 6%, primarily due to increased volumes in household lending and higher margins on corporate lending and consumer financing, while deposit margins were lower. Income was negatively affected by EUR 144m in payment to the Danish guarantee scheme.

Net loan losses continued on a high level as a consequence of the economic recession that so far has hit the Danish economy earlier and harder than is the case in the other Nordic countries. Net loan losses were EUR 645m including provisions related to the Danish guarantee scheme of EUR 116m. The loan loss ratio was 95 basis points including these provisions (31 basis points in 2008).

The total number of employees (FTEs) decreased by 262 from 2008 (excluding 306 FTEs in Fionia Bank), reflecting the ongoing efficiency measures in the branch network.

Banking Finland

Leading position maintained in corporate segment
Business activities developed according to expectations during 2009 in all customer segments, with sales activities and customer contacts continuing at a high level. However, the continued effect from the pressure on deposit margins affected income negatively.

Nordea maintained its leading position in the corporate segment including being a true partner for the corporate customers suffering from the economic downturn. Corporate lending volumes decreased during 2009, due to lower demand, whereas high-rated customers sought financing through other sources of funding. Nordea assisted many high-rated customers to tap the capital markets. Margins increased reflecting the ongoing re-pricing of risk.

Household lending volumes increased in 2009, with higher margins on both consumer and housing lending compared to last year.

Deposit margins continued to decrease, due to lower market interest rates. Competition for savings deposits was fierce and the deposit rates offered on the market were significantly higher than the interbank rates. The number of Gold customers increased 3.4% or 29,900 compared to one year ago.

The level of activity returned to a good level in Private Banking towards the end of the year, well supported by the rapidly growing portfolio management business.

The Growth Plan Finland has been launched aiming at repositioning Nordea as the number 1 bank in the Finnish market.

Lending income increased, but lower deposit margins affected net interest income
Net interest income from lending showed a clear increase despite the volume development in the corporate segment. However, total net interest income decreased, due to continued lower deposit margins. Net loan losses were EUR 186m and the loan loss ratio was 36 basis points (14 basis points in 2008). Increased efficiency in the branch network led to a total decrease in number of employees of 222 FTEs from the end of 2008.

Banking Norway

Increased customer activity in both the household and corporate segment
Nordea has continued to increase the customer activities in both the household and corporate segment during 2009. Demand in the household segment has developed positively during the year.

Demand for corporate loans weakened in 2009 following the large demand increase in 2008. At the same time, Nordea was very active in increasing its wallet shares with its corporate customers, especially as an arranger of corporate bond issues and continued to have strong growth in risk management products. The lending margin for corporate customers increased reflecting a general repricing of credit risk.

Growth in household lending was maintained with a positive development in market share for mortgage lending. Mortgage lending margins increased, mainly due to the lag effect.

Deposit margins continued to decrease, due to lower market interest rates. Competition for savings deposits was fierce and the deposit rates offered on the market were higher than the interbank rates.

Household customers started to move their savings from bank accounts to investment funds and Nordea had a positive development in sales of new funds resulting in increased market share. The number of Gold customers continued to grow strongly and increased by 17,100 or 9% from last year. Acquisition of new customers made a significant contribution.

The activity in Private Banking picked up and the number of customers increased with 15% in 2009. Income was suffering from the still negative interest margin on deposits. Flows to fund products developed especially well in Private Banking in Norway. The total net inflow to Assets under Management (AuM) was EUR 0.4bn.

Income increased 12%
Total income increased by 12% compared to 2008, primarily driven by household lending margins and a significant increase in corporate lending margins. Net loan losses were EUR 147m and the loan loss ratio was 42 basis points (18 bps in 2008). The total decrease in number of employees was 49 FTEs from the end of 2008.

Banking Sweden

Growth strategy continued, 6% more Gold customers
The execution of the growth strategy in Sweden continued in 2009 with a further intensified proactiveness in our customer relationships. In the household segment, this resulted in an increase in number of Gold customers of 6.4% or 49,800 customers. Along with the strong growth of the customer base, a solid growth was maintained in mortgage lending, which grew 13% in local currency. Further, total household savings volumes grew 17% and Nordea capture a significantly higher share of net inflow to investment funds than the share of AuM.

For many corporate customers, 2009 represented a year of challenges and high uncertainty. This drove, in the first half of the year, a very high business activity which materialised in a large number of corporate finance and restructuring driven lending deals. Within capital markets, demand for products such as derivatives and foreign exchange services remained high during the entire year.

Nordic Banking, income and volumes per market

	Banking Denmark		Banking Finland		Banking Norway		Banking Sweden	
EURm	2009	2008	2009	2008	2009	2008	2009	2008
Total operating income	1,934	1,826	1,405	1,702	1,082	963	1,580	1,802
- of which Net interest income	1,349	1,214	788	1,161	814	699	926	1,140
- of which Net fee and commission income	364	413	466	415	168	161	521	540
- of which Net gains/losses on items at fair value	179	173	147	128	94	95	133	121
Volumes, EURbn								
Loans to the public, corporate	30.5	30.1	22.6	26.1	21.7	19.4	32.4	32.6
Loans to the public, household	40.3	37.9	27.4	26.0	20.8	15.6	30.9	26.4
Deposits from the public, corporate	13.9	14.1	13.6	13.3	14.0	11.1	16.0	15.4
Deposits from the public, household	22.4	19.5	22.1	22.4	7.6	6.1	16.1	15.2
Number of employees (FTEs)	5,190	5,146	5,156	5,378	1,810	1,859	4,423	4,732

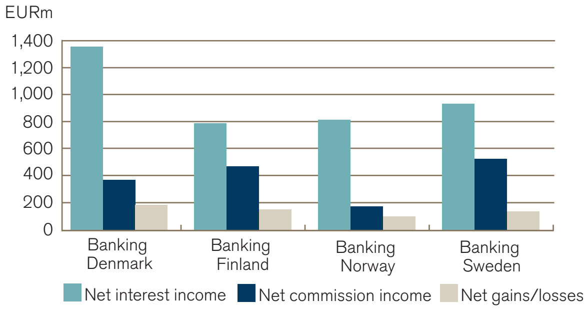
The second part of 2009 marked a phase of lower demand for new lending from the corporate customers. Nordea focused on core relationships, high proactivity and continuing re-pricing of credit risk. Within corporate deposits, a defensive position was chosen as deposit margins fell drastically in the environment of exceptionally low market interest rates.

Private Banking showed a remarkable development in 2009. Income was up with 26% and was well above pre-crisis levels, supported by customer and asset inflow. Flows to fund products developed especially well. The number of Private Banking customers increased with 4% from 2008 and the total net inflow to AuM was EUR 1.2bn.

Strong income growth from lending and capital markets – income decline on deposits

Despite the strong business development, total income decreased 12% compared to 2008. In local currency the decrease was limited to 3%, largely related to the effect on deposit margins of the extremely low markets interest rates in 2009. Income development was positively affected by strong growth in lending net interest income and capital markets products. Net loan losses were EUR 166m and the loan loss ratio was 28 basis points (13 basis points in 2008). The total decrease in number of employees was 309 FTEs from the end of 2008, reflecting a focus on initiatives to decrease the number of manual transactions and handling of cash in the branches.

Nordic Banking, income per market 2009



> We dedicate our time to your business so you can focus on running it. The demand for risk-management products has continued to increase.

”We offer you strong product solutions in the customer programme. Gold customers are offered our best services and prices. The number of Gold customers increased 6% in 2009.

Nordic customer segments

Corporate segments – relationship banking
During 2009, Nordea's business and strategy proved strong under continued difficult market conditions. Diversification in terms of markets, segments and products combined with proactive contact policies provided high income growth and modest cost growth, despite market turbulence. Relationship banking, through designated relationship managers in charge of developing and organising the customer relationship has proven successful in giving a total view of the customer's business and financial affairs, which is beneficial both in terms of business opportunities, business development and risk overview.

The aim is to establish partnerships for the largest customers, in the segments Corporate Merchant Banking and Large corporate customers. Successful partnerships develop into house bank relationships, comprising the full spectrum of financial services. The aim for the Medium and Small customer segments is also to develop relationships and become the house bank.

In the financial crisis, the aim has been to support our house-bank corporate customers through difficult market conditions by meeting them with a fair price reflecting increasing risk. Nordea stood firm on aiming for increased wallet share in customer relationship.

In 2010, demand for lending is expected to pick up during the year. The key drivers for income will continue to be increasing the wallet shares with existing customers and acquiring new profitable customers building on Nordea's improving position in the corporate markets.

Business development
Average corporate lending margins increased during the year, reflecting re-pricing of credit risk. Demand for corporate lending has slowed down, while customers in the high end used opportunities for capital markets funding provided by Nordea. Furthermore, Nordea provided continued assistance in hedging of market risk, resulting in strong income growth on risk management products.

Furthermore, Nordea improved its position in the corporate market by selective customer acquisition of creditworthy and high-rated corporate customers. Nordea defended its strong position in customer satisfaction and managed to widen the gap to competitors in most corporate markets.

Strengthened position in Corporate Merchant Banking
2009 was characterised by continued high business activity leading to a growth in total financing to the upper corporate segments. Corporate lending volumes decreased by 1%, whereas bond issues and equity financing, not least rights issues, increased wih Nordea as the leading Nordic arranger of Eurobonds for Nordic corporate issuers with a

market share of 12%. Drivers for income growth shifted from volumes to the broad spectrum of financial services and Nordea's focus is to increase wallet share with its customer base. Income in Corporate Merchant Banking was up 17% compared to 2008.

Large corporate customers
Income from Large corporate customers was up 14% compared to 2008. Lending and deposit volumes were down somewhat in 2009. The drivers for income growth shifted from volume growth to margin increases, with heavier focus on pricing of risk.

Medium-sized and Small corporate customers
Income from Medium-sized and Small corporate customers was down 16% compared to 2008, due to lower interest margins on deposits.

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

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

Positive signs for 2010 are especially an expected continued growth in mortgages, and in the savings and investments area a decreasing risk adversity and an increasing customer interest are expected. Nordea will expand its multi-channel capabilities including online sales to enhance customer satisfaction and drive further income growth. In the branch network, focus will be on increased sales pro-activity and at the same time a continued reduction of manual transactions, leading to increased cost efficiency and to a higher share of advisers in the personnel.

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

Nordea operates with non-negotiable and transparent pricing on most products, differentiated in three levels – one for each segment.

The designated personal banker plays a proactive role in maximising growth potential from customers, who have reached the highest level in the programme (Gold).

To attract younger customers in the 18–28 age group – young adults, a very attractive offer is specially designed as a fast track.

Gold customers – the household income engine
The income potential from developing the customer base is significant. Average income per Gold customer is twice the average from Silver customers. Approx. 60% of income from household customers derives from Gold customers.

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

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

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

Business development: increasing Gold customer base
The focus on developing the potential in the customer base and acquiring of new customers continued to be successful with a 5% increase in the number of Gold customers, compared to last year. Approx. 60% of new Gold customers were new customers of Nordea. Due to the financial crisis and reflecting Nordea's strong brand and competitive offering through the loyalty programme and advisory services, the number of new customers increased significantly compared to last year.

Lending growth to household customers, in particular mortgage lending, was a driver for income in 2009. Income from deposits decreased, driven by lower margins due to fierce competition. Customers remained risk averse in the savings and investments area during the first part of 2009, but customer activity then picked up during the year.

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

Nordea managed to increase customer satisfaction, and widened the gap to the competitors in most markets.

Total income from Gold customers was down 7% compared to last year, as volume growth could not fully compensate for lower income from deposits.

> We are the largest bank in the Nordic and Baltic Sea region but never too big to understand your business.

New European Markets

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

Baltic countries

The Baltic countries experienced severe recession in 2009 and all three economies contracted sharply. The governments reduced spending levels in order to reduce budget deficits, negatively impacting domestic demand. The recession has had the largest impact on Latvia and Lithuania, while the situation in Estonia has been less severe. Inflation levels have fallen rapidly following weakening demand and increasing unemployment rates. This will increase competitiveness in the Baltic countries, supporting export when demand returns in export markets.

The recession has affected credit quality and collateral values, resulting in increasing provisions for loan losses. At the end of 2009, gross impaired loans amounted to EUR 535m or 733 basis points of total loans and receivables, compared with EUR 142m or 184 basis points at the end of 2008. Provisions for loan losses amounted to EUR 199m in 2009, resulting in an accumulated provisioning ratio in relation to impaired loans of 60% at the end of the year. Proactive risk management has been high on the agenda and will be so also going forward, including measures to efficiently handle assets taken over on defaulting loans.

In Latvia, the volatile interest environment, especially during the summer, had a negative impact on lending margins while there was a reversed effect on deposit margins. Interest rate levels as well as volatility were significantly reduced in the latter part of the year

Focus on supporting existing strong corporate customers

Nordea has a strong position in selected segments, such as Nordic-related corporates. Due to the recession, the focus has been on supporting existing strong customers and acquiring new customers only on a selective basis. By the end of 2009, Nordea has approx. 21,500 corporate customers. Lending volumes decreased somewhat during the year. The stock of impaired corporate loans increased considerably in the first three quarters, but was stable in the last quarter of the year. The most affected segment was midsized corporates with real estate related business.

Close dialogue with household customers in challenging times

Nordea offers a full range of products through its branch network, comprising 65 branches. Nordea is serving some 300,000 customers, whereof 51,500 Gold customers. As in the Nordic countries, the household customers are served through several channels and in 2009 the netbank offering in the Baltic countries was updated. Business volumes were stable in 2009 following the economic recession. The level of impaired loans to household customers continued to increase throughout the year, even if the increase in the last quarter was limited.

Income

Income for the Baltic countries was stable compared to previous year, following increased level of impaired loans not generating interest income, negative impact from the volatile interest environment and lower deposit margins following intense competition. These factors offset higher lending margins and increased net gains.

Poland

In contrast to the rest of Central and Eastern Europe with contracting economies, Poland is less affected by the global recession. Upheld consumer spending and public investments in infrastructure are elements contributing to the positive development.

Nordea's lending portfolio is well diversified and the credit quality is strong as the level of impaired loans has remained stable compared to year-end 2008.

Strong position in selected corporate customer segments

Nordic-related corporates and medium to large-sized local corporates have been the corporate segments in focus for Nordea in Poland. Also municipalities are an important customer group. Nordea is among the leading banks within some of these target segments. Going forward, the expanding branch network will increase business with the small and medium-sized corporate segments, but Nordea will also more actively target a broader large corporate customer group. Nordea had approx. 51,600 corporate customers at year-end.

Nordea continued to move forward in the corporate segment during the year, winning several important mandates and establishing broad relationships with important new customers. Nordea also executed the largest single transaction so far in Poland during the year. Lending volumes decreased somewhat, while deposit volumes were largely unchanged.

Strong growth in household customer segment – number of Gold customers up 59%

Following the 100 branch openings in 2007–2008, 14 new branches were opened in 2009. In total, Nordea now has 158 branches in Poland, serving approx. 530,000 household customers and also corporate customers. The number of Gold customers, a key income driver, in Poland is now 45,900, up 59% compared to year-end 2008.

Benefitting from the increased branch network Nordea enjoyed markedly increased business volumes, supported by the competitive product offerings targeting household customers. The branch network expansion is also to continue with increased speed, with up to 50 new branches in

2010. The Nordea brand recognition is increasing in Poland and Nordea has also received strong ratings in independent customer surveys.

Income

Income in Poland reached EUR 149m for 2009, unchanged from 2008. Income was impacted by the weakening Polish currency in 2009. When excluding currency effects, double-digit income growth was recorded in Poland. Higher business volumes in combination with higher lending margins were the main drivers, to some extent offset by lower deposit margins, following fierce competition.

Russia

The financial crisis and the fall in commodity prices had a large impact on the Russian economy in 2009, resulting in a large fall in GDP. In the latter part of the year, the economy although showed signs of stabilisation on the back of higher commodity prices and improved export outlook.

The financial crisis affected consumers as well as corporates. In the beginning of the year, shortage of liquidity in the banking market due to outflow of capital caused interest rates to increase significantly. The market situation stabilised during the spring, but market liquidity was only gradually returning towards the end of the year.

Nordea's Russian business developed favourably during the year and many important activities that are basis for further development of the business have been executed. The organisational structure has been streamlined and adapted to that of the Group and the integration has gradually deepened. Since October the bank is also operating under the Nordea brand name.

Successful attraction of world-leading corporate customers

The main customer segment in Nordea Russia today is large Russian corporates and Nordea has relationships with a number of strong companies, world-leading in their respective field. This segment will also be the main growth driver in the years to come. Besides the local corporates, an important customer segment is the Nordic corporate customers present in Russia. The business volumes with this segment are increasing , while total lending volume decreased somewhat during the year. Lending margins have been on a high level during 2009, but declined somewhat towards the end of the year. Credit quality is high, following Nordea's focus on strong corporate customers.

Household customers important part of the long-term strategy

So far, the main focus of Nordea's banking operations in Russia has been the corporate customers, even if the long-term aim is to build a broad based full-service business. Several activities are also ongoing in order to strengthen the offering towards household customers. Key products include mortgage loans and cards.

Income

Income in Russia increased by 31% in 2009 and even more when excluding the impact of a weaker Russian currency. The main driver was higher corporate lending margins, reflecting limited credit supply. Lending volumes decreased somewhat during the year. Corporate volumes constituted more than 90% of the total volume.

Shipping, Oil Services & International

The Nordea brand has a strong standing in the market. Solid syndication franchise, placing power and the consistent strategy to serve strong customers – quality operators driving growth and industry consolidation – has placed Nordea in a pole position globally in the shipping industry as well as in the offshore and oil service industries.

Customers supported throughout the crisis

Throughout the financial crisis, Nordea has supported its core customers to execute their strategy. Benefitting from its strong balance sheet and placing power, Nordea managed to underwrite and successfully place all syndicated loan transactions despite prevailing challenging market conditions. Overall volumes of new lending to the industry were much lower in 2009 compared to 2008. Many international banks have focused on managing risk in the existing portfolio and a few are also bound to materially reduce their current exposure. The number of loan transactions is not expected to increase in 2010, however, dependent on global trade development.

In the fourth quarter of 2009, market sentiment in the loan capital markets continued to improve with respect to high quality credits and well structured transactions to reputable companies, but unfinanced capital expenditures continue to be high in the maritime industry. Terms and conditions tightened considerably over the year and lending margins have trended up.

Overcapacity a main challenges for the industry

Market outlook remains uncertain in the short to medium term. Most shipping segments are characterised by soft demand and substantial overcapacity, and hence very moderate profitability. Yet, the dry bulk segment has rebounded following increased import of bulk commodities, eg iron ore, to China. While there is more robustness in dry cargo markets, tanker – product, chemical and crude – and container segments face falling demand alongside over-supply of ships. Overcapacity is one of the main challenges for the shipping industry with additional large new capacity ordered for delivery in 2010. Significant excess capacity seems inevitable despite measures such as scrapping of vessels and attempted cancellation of orders.

Offshore and oil service sectors were affected by the lower oil price in the first half of 2009 as oil companies decreased their exploration and production spending. This coupled with oversupply in certain segments had a negative impact on earnings for many companies in the sector. Towards the end of 2009 though, there were some signs of increased demand as the oil price picked up. Long term fundamentals remain strong as oil supply continues to be tight. To maintain existing production rates require additional investments in increased depletion of current fields as well as exploration in new fields.

Nordea's exposure to the shipping industry is well diversified. In the first half of 2009, recession took its bite resulting in weaker credit quality for many players in the shipping industry. Majority of net loan loss provisions were booked in the first six months of 2009. As per December 31, impaired loans gross amounted to EUR 256m or 198 basis points of total loans compared with 40 basis points at year-end 2008. Net loan losses amounted to EUR 96m, of which collective provisions EUR 50m. The loan loss ratio was 70 basis points for the full year, while being 38 basis points in the fourth quarter 2009. Proactive risk management will remain high on the agenda going forward as the development within the shipping industry remains uncertain. Supporting existing core customers with strong financials remains paramount.

Income growth 20%

Income increased by 20% to EUR 379m driven by increased lending margins, robust income on capital markets products as well as commission income on syndicated loans arranged in 2009. On-balance volumes showed a declining trend due to the depreciation of the USD.

International Network

Through its international network with offices in New York, London, Frankfurt, Singapore, and Shanghai Nordea support its Nordic customers' business. In addition, representative offices are operated in Beijing and Sao Paulo.

Strong performance repeated in 2009

Strong performance marked the year with income growth of 7%, supported both by its edge in terms of geographic coverage and competitive product offerings. In 2009, New York and Sao Paulo celebrated 30 years of business.

Financial Institutions

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

Nordea moved positions forward

Financial markets have rebounded with surprising speed during the spring and summer 2009. Many variables are back at "pre-Lehman" levels although activity and valuations remain below pre-crisis levels from 2007. Market transaction volumes have decreased, traditional products have gained versus highly structured products and leverage has fallen to historic levels.

Nordea has strengthened its franchise and gained further market shares in the aftermath of the financial crisis, being one of the few active players in the market throughout the most turbulent times. The perception of Nordea was further strengthened by the clearly demonstrated capabilities of executing customer flows also in illiquid markets. Nevertheless, it is clear that international players are selectively returning to the Nordic region and competition in capital markets products is increasing again.

Nordea is the leading player in the highly competitive Nordic region. Customer surveys underline the great satisfaction with Nordea and its dedicated customer teams and product specialists, again highlighting the strength and competitive advantage of the relationship management process and segmentation model. Nordea's strategy to strengthen the equity offering has paid off with improved equity rankings reported in independent surveys during the fourth quarter 2009 as well as an increased appreciation amongst the customers.

Capital markets-related services are the main vehicle for growth and Nordea has an excellent platform to leverage from when market growth resumes. Nevertheless, the timing of the recovery in business activity is uncertain.

Proactive risk management will remain high on the agenda going into 2010, acknowledging the ambition to uphold high credit quality, efficient capital usage and avoid negative surprises as growth picks up.

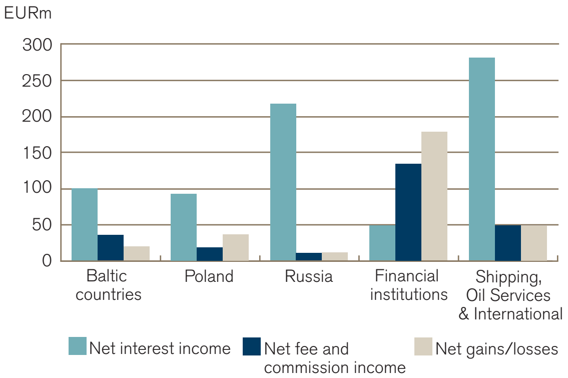
Income

Post-crisis business activity was high amongst institutional customers, which in combination with spreads and risk premiums exceeding normal levels provided income momentum. Total income was largely unchanged at EUR 412m.

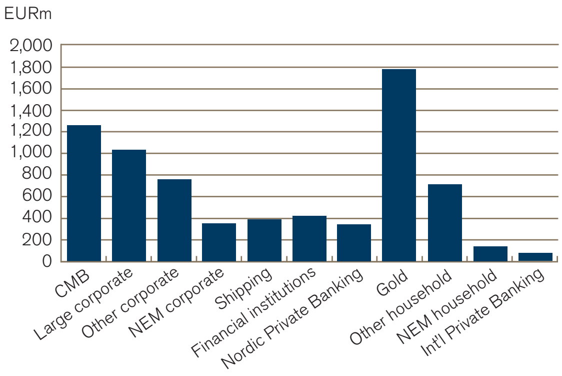
Institutional & International Banking, income and volumes per division

EURm	Baltic countries 2009	Baltic countries 2008	Poland 2009	Poland 2008	Russia 2009	Russia 2008	New European Markets Total 2009	New European Markets Total 2008	Financial Institutions 2009	Financial Institutions 2008	Shipping, Oil Services & International 2009	Shipping, Oil Services & International 2008
Total operating income	156	159	149	149	239	182	542	482	412	409	379	315
– of which Net interest income	101	106	92	96	217	153	410	347	50	73	281	231
– of which Net fee and commission income	35	38	18	17	10	21	62	76	134	146	49	51
– of which Net gains/losses on items at fair value	20	14	36	34	11	6	64	54	178	181	48	32
Volumes, EURbn												
Loans to the public, corporate	4.5	5.0	2.3	2.2	3.2	3.5	10.0	10.7	2.2	2.0	12.9	13.8
Loans to the public, household	2.8	2.7	2.3	1.6	0.2	0.3	5.3	4.6				
Deposits from the public, corporate	1.3	1.1	1.3	1.1	0.9	0.9	3.5	3.1	10.7	14.5	4.4	6.4
Deposits from the public, household	0.7	0.7	0.8	0.9	0.1	0.0	1.6	1.6				
Number of employees (FTEs)	1,148	1,161	1,630	1,542	1,613	1,679	4,410	4,402	375	411	304	295

Institutional & International Banking, income per division/market 2009



Customer segments, income per segment 2009



Private Banking

Nordic Private Banking

Strong net inflow and increase in AuM

In 2009, Nordic Private Banking continued to capitalise on Nordea's strong market position and strong reputation. In 2009, Nordea was thus awarded "the best Nordic Private Banking service provider" by Euromoney. Upon the general market depreciation in 2008, a rapid recovery of customer activities took place during 2009.

Accordingly, the 2009 business development was positive, with a net inflow of EUR 2.9bn and an increase in AuM of 27% to EUR 45.8bn from 2008. The number of customers increased 6% as new customers continued to enter Nordic Private Banking both from outside Nordea, and from other customer segments inside Nordea, and customer satisfaction was upheld at a high level. As customers' risk appetite increased steadily throughout 2009, the sentiment among customers was to transfer assets from deposits into other, more profitable investment products.

International Private Banking

Strengthened competitive position

Private Banking reported an increase in customer activity and number of new customers and strong performance in 2009. Consequently, a net inflow of EUR 0.6bn was captured in 2009, and AuM increased to EUR 8.7bn, up 28% from end 2008.

During 2009, International Private Banking strengthened its competitive position considerably by taking over customers and advisors from other banks. At the same time, wealth planning concepts and tax and systems infrastructure were enhanced with eg tax reporting facilities, which reinforced Nordea's position in the competition with large European Private Banks for international customers of non-Nordic origin.

Corporate customer segments and financial institutions, key figures

	Corporate Merchant Banking		Large corporate customers		Other corporate customers		Nordic corporate customers	
	2009	2008	2009	2008	2009	2008	2009	2008
Number of customers, '000	6	6	19	18				
Income, EURm	1,258	1,072	1,033	909	756	898	3,047	2,879
Volumes, EURbn								
Lending	42.6	43.2	41.5	42.0	23.0	23.0	107.1	108.2
Deposits	21.9	17.1	16.5	17.3	18.9	19.5	57.3	53.9
Margins, %								
Lending	1.29%	0.99%	1.39%	0.94%	1.67%	1.04%	1.43%	0.97%
Deposits	0.17%	0.39%	0.31%	0.64%	0.50%	1.59%	0.30%	0.93%

	New European Markets corporate customers		Shipping, Oil Services & International customers		Financial institutions		Corporate and financial institutions Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Number of customers, '000	89	79	1	1	1	1		
Income, EURm	350	291	379	315	412	409	4,188	3,894
Volumes, EURbn								
Lending	10.0	10.7	12.9	13.8	2.2	2.0	132.2	134.7
Deposits	3.5	3.1	4.4	6.4	10.7	14.5	75.9	77.9
Margins, %								
Lending	2.25%	1.72%	1.50%	1.10%	0.79%	0.55%	1.49%	1.03%
Deposits	0.98%	1.58%	0.14%	0.42%	0.21%	0.34%	0.30%	0.80%

Household customer segments, key figures

	Nordic Private Banking		Gold customers		Other household customers		Nordic household customers	
	2009	2008	2009	2008	2009	2008	2009	2008
Number of customers, '000	87	83	2,603	2,474				
Income, EURm	338	323	1,774	1,902	707	994	2,819	3,219
Volumes, EURbn								
Lending	5.9	5.0	103.3	89.9	10.3	10.9	119.5	105.9
Deposits	7.4	8.4	44.5	39.0	16.4	15.8	68.3	63.2
Assets under Management	45.8	36.1						
Margins, %								
Lending	1.07%	0.89%	1.21%	0.87%	3.24%	2.46%	1.40%	1.07%
Deposits	0.19%	0.68%	0.19%	1.47%	0.56%	2.57%	0.28%	1.74%

	New European Markets household customers		International Private Banking		Household customers Total	
	2009	2008	2009	2008	2009	2008
Number of customers, '000	871	746	12	12		
Income, EURm	130	108	79	85	3,028	3,412
Volumes, EURbn						
Lending	5.3	4.6	1.1	0.9	125.9	111.4
Deposits	1.6	1.6	1.8	1.7	71.7	66.5
Assets under Management			8.7	6.8		
Margins, %						
Lending	1.64%	1.48%	0.87%	0.77%	1.40%	1.08%
Deposits	0.39%	1.12%	0.42%	0.60%	0.29%	1.69%

Product areas and product groups

Account Products

Lending – strong income growth
Lending income developed positively in 2009. Total income grew by 30% to EUR 3.7bn. Income from corporate lending developed especially well following re-pricing of credit risk, although the demand for new loans in general was lower. Household lending, both housing loans and consumer lending developed well supported by both volume and margin growth. Demand for new housing loans and household lending was on a relatively high level. Competition has started to increase, narrowing lending margins.

After a very low activity in the beginning of the year, both mortgages and other household lending picked up in most markets during the second half of the year.

Late in 2009, Nordea launched Interest Caps as add-ons to normal mortgages in Norway. Nordea is the only bank offering them in the Norwegian market today.

Deposits – declining margins
Deposit income decreased by 66% to EUR 550m. Deposit income was mainly affected by decreasing margins as an effect of the lower market interest rates. Deposit volume increased, but the increase was not able to compensate the effect from lowering margins. Markets started to stabilise and deposits have transferred to stocks and investment funds.

On the deposit side, competition was fierce on savings products, and Nordea launched fixed term deposits with very small margins in order to maintain market shares.

Nordea was first to introduce micro savings in the Nordic markets. Launches have been made in Sweden, Finland and Norway. The offerings were well received by the customers, and by the end of the year, the number of accounts was 77,000.

Cards – positive net interest income development
Cards income developed positively in 2009, up 3% to EUR 246m, supported by higher net interest income development following the higher usage of credits, while commission income decreased due to lower annual fees. Nordea is a full range provider of credit and debit cards in both issuing and acquiring, with a stronger coverage in the Nordic countries than any of the competitors.

During 2009, the focus was on increasing customers' usage of cards as well as signing contracts with a number of new international companies in the travel and entertainment area. In 2010, the implementation of new systems and processes supporting the card business will start. The initiative will lead to better performance and time-to-market, and it will help contain costs and fraud losses.

The number of cards increased by 3% and card payments increased by 10%.

Private Netbank - usage increasing further
On a Nordic level, the usage of Private Netbank increased steadily. The number of net bank customers increased by more than half a million and number of logons increased by 9%. The Nordea Private Netbank was awarded "Best Web" in Sweden by the magazine "Internet World" in December 2009.

Transaction Products

Cash Management – aggressive competition
Cash Management income decreased by 18% to EUR 353m, mainly due to lower net interest income following decreasing market rates. Commission income developed well, due to made price increases.

Focused product development efforts have led to major improvements in our customer offering. Corporate Netbank, Nordea's key offering to complex corporate customers, is now perceived as a gateway to effective corporate financial management on a Nordic scale – and wider. Through Exidio's Trezone®, Nordea's customers also have on-line access to cash forecasts with information about idle cash and funding needs globally.

During 2009, Nordea handled over 1.7 billion domestic and 13 million international transactions, up 2% and down 2% respectively. Growth was driven mainly by our domestic volumes across Denmark, Finland and Norway. Both the number of Cash Management mandates from new Nordic customers and Nordea's share of wallet with existing customers have increased. Euromoney magazine awarded Nordea as "the Best Cash Manager in Nordic and Baltic countries" for the second year in a row.

In the next three to five years, Nordea will continue to develop the core payment systems and will participate in initiatives with the goal to simplify the payment infrastructure between institutions and between countries.

Trade & Project Finance – best trade finance provider
Income in Trade Finance increased 15% to EUR 177m. Development was particularily strong in domestic guarantees, due to both higher volumes and margins.

Market volumes of Nordic imports and exports had an overall decline in the Trade Finance area during 2009, but increased towards the end of the year. However, this has not translated into slow business for Nordea. Market shares increased (1.5%) during the last year and at the same time Global Finance magazine named us the "Best Trade Finance Providers" for Finland and Denmark in a survey published in February 2009.

Securities Services – leading position in sub-custody
Following the divestment of institutional global custody in 2008, Securities Services specialise primarily in sub-custody, where Nordea has a leading position in the Nordic region. Significant changes in the European securities landscape will follow with the launch of CCP (central counterparty clearing) by 2010 in the Nordic region. In markets where CCPs already have been introduced changed trading pattern and transaction flows have been noted. Measures have been undertaken to efficiently handle this and to also have a top rated service offer going forward.

Nordea Finance

Strong market position despite challenging markets
Total income was up 9% to EUR 429m. The investment level dropped in 2009 in all Nordea Finance segments, thus the demand for asset-based financing, like leasing, hire purchase and factoring, has declined. The drop in the market was offset by a stronger market position and by better margins. Lending volume remained at a stable level, of which approx. 60% is related to corporate and 40% to household lending.

In 2009, Nordea Finance made investments in the sales finance concept and offering to meet the needs of pan-regional customers and launched Asset Master, an asset management solution for financing ICT and healthcare equipment.

Capital Markets Products

Very strong demand for risk management products
Market conditions improved significantly during 2009 compared to the very turbulent market situation in 2008. Equity markets have risen steadily since spring and short term interest rates have generally shown a downward trend over the year. Volatility across all markets has decreased and liquidity improved in most markets.

The improved market conditions led to increased competition resulting in tightening of spreads across markets. The increased competition was due to the return of both Nordic and international banks, which had pulled partly out of the markets during the crisis.

Demand for risk management products, in particular within the foreign exchange and fixed income areas, was very strong in the first half of 2009 as corporate customers sought to hedge market volatility. Volumes dropped somewhat during second half of 2009 as commercial flows from corporate customer decreased as a consequence of the weakened activity. The number of transactions, however, remained at a high level.

The strategy for the Group to further increase business in risk management products with Nordea's corporate customers will continue in 2010. The starting point is strong, as Nordea was ranked first on foreign exchange and interest rate derivatives in the Greenwich customer ranking survey for Nordic customers published in 2009.

Activity among institutional customers was relatively diverse. Demand for credit bonds was strong, while equity activity was impacted by a general low appetite for risk. This also dampened the demand for currency products. However, despite difficult market conditions Nordea improved market share in secondary equity markets in all Nordic countries and the Equity Prospera customer rating for 2009 showed progress in all the Nordic countries compared to 2008. Also, Nordea maintained a very solid first place in the Nordic markets for primary equity issuance. Among the transactions executed were accelerated bookbuildings for AP Møller Maersk and Vestas and rights issues for SAS, Husqvarna and Stockmann.

M&A activity was subdued due to difficult market conditions, but Nordea has been well-represented in the transactions that have been closed, including the cross-border merger between Post Danmark and Posten.

In 2009, Nordea received the Euromoney awards as Best Investment Bank Denmark and Nordic Equity House of the Year as well as the Acquisition Monthly award as best Nordic Region M&A Adviser of the Year. Nordea's strategy in 2010 is to stay committed to a continued build-up of a competitive Corporate Finance and Equities offering.

Bond financing by Nordic issuers mirrored the Global/European trend of record volumes as there was a significantly increased issuance by Nordic corporates in the first half of 2009. However, in the second part of the year activity was more subdued. Nordea executed many of the most important Nordic transactions, including euro benchmark issues for Carlsberg (EUR 1bn), DONG Energy (EUR 1bn), Sampo plc. (EUR 750m), Vattenfall (EUR 2.7bn), Volvo (EUR 500m), Teliasonera (EUR 550m), Securitas (EUR 500m), TVO (EUR 750m), Fortum (EUR 1.5bn) and AP Møller Maersk (EUR 750m). Furthermore, Nordea lead managed the Kingdom of Denmark's EUR 1.25bn, the Republic of Finland's EUR 3bn, and the Kingdom of Sweden's USD 2bn, SEK 38bn, and EUR 4bn benchmark bonds and an USD 1bn benchmark for KommunInvest. Issuance in the Nordic domestic markets in local currencies was also high in 2009 and Nordea lead-managed many of these mandates as well.

Even though the activity in the Nordic and European syndicated loan markets was relatively subdued, Nordea executed more than 40 syndicated loan transactions for Nordic borrowers during 2009 with a total transaction value around EUR 30bn. Syndicated loan transactions included transactions for Nordic companies like ABB, Outokumpu, Nokia Siemens Networks, H.Lundbeck, AP Møller Maersk, Norsk Hydro, Telenor, Vattenfall and Tele2. Nordea consolidated the lead position as Mandated Lead Arranger and Bookrunner of Nordic syndicated loans.

Very strong product result

Customer activity in the first half of 2009 was strong, while activity in the second half of the year dampened somewhat. The improved market conditions and increased competition also put margins under pressure in the second half year. The result also benefitted from effective risk management and strong trading results in connection with managing the risk inherent in customer transactions. This was particularly the case in the foreign exchange and fixed income areas.

Net fee and commission income was somewhat lower than in 2008 due to the weak M&A activity.

In total, the result was very strong with a product result of EUR 1,616m, up 89% compared to 2008.

Savings Products & Asset Management

High net inflow and strong investment performance

Nordea's Assets under Management (AuM) increased by 26% during 2009 to EUR 158.1bn. A strong net inflow of EUR 9.8bn, positive market development as well as strong investment performance contributed to the increase in AuM.

Following a turbulent first quarter, the pressure of the financial crisis diminished and equity markets developed positively in the remaining three quarters. At the same time, Nordeas investment performance grew stronger over the year. Accordingly, the equity products showed strong both absolute and relative performance and 81% of the equity composites outperformed their benchmark in 2009. Also the fixed income products delivered strong performance, and thus 86% of total composites, representing 90% of the assets, outperformed their benchmarks during 2009. As a result, Nordeas average Morningstar rating increased in all four Nordic countries.

With positive development of the equity markets and decreasing interest rates, customers' risk appetite increased over the year. Consequently, sales of investment products to household customers increased significantly especially in the second half of 2009, while deposit products became relatively less in demand. The increase in equity prices sparked the interest in equity positions and the trading activity, especially in the online channel, increased substantially. With a diverse savings product portfolio and strong advisory concepts, Nordea was well positioned to respond to the changes in customer demand during 2009, and total retail net sales of savings products amounted to EUR 7.0bn.

The savings and asset management product offering was strengthened with the launch of new products and concepts in 2009 such as a discretionary portfolio management concept for Private Banking customers, emerging markets – and theme funds as well as several products capturing the opportunities in the credit markets. With the gradually improving financial markets, last year's net outflow from investment funds was turned to a net inflow of EUR 3.3bn in 2009. In the second half of 2009, Nordea's Nordic retail fund market share based on AuM increased, and Nordea captured a large part of total net inflow to retail funds in each of the Nordic countries in 2009.

Nordea's institutional asset management showed positive development during 2009. Additional business from existing customers as well as several new mandates won generated a net inflow of EUR 1.4bn resulting in an AuM of EUR 28.1bn (excluding Nordea Life & Pensions mandate) at year-end.

As a result of the financial crisis, new sources of risk surfaced. Increased emphasis on risk management as well as increased control and regulation is expected. With a centralised and fully integrated operational platform, Nordea is well positioned to meet these demands.

Income

Savings Products & Asset Management income consist of income related to funds, international private banking and institutional mandates, including Nordea Life & Pensions' mandate (AuM of EUR 101bn) as well as income from a few savings products not related to AuM.

Income decreased 1% compared to 2008 to EUR 621m. The slight decrease in income is primarily explained by an averagely lower AuM in 2009. Although AuM was up 27% from year end 2008, the average AuM was down 4% compared to 2008 average. Further, a small decrease in income margin of 1 basis point contributed to the decrease in income. Despite a considerable increase in margins related to transaction income margin and performance fees as a result of the increase in customers' investment activity and strong investment performance, the overall product sales mix was slightly in favour of institutional products compared to 2008, which affected income margin negatively.

European Fund Distribution – several new funds and new distribution partnerships

European Fund Distribution is the Group's platform for distribution of internally and externally managed funds in Europe.

The funds are licensed for sale across 16 European countries. Upon a 2008 marked by low activity, investors returned gradually to the European market for 3rd party funds during 2009. With a focus on high-alpha products, Nordeas European Fund Distribution was well positioned to meet the growing interest for well performing funds.

Accordingly, the European Fund Distribution reported net inflows of EUR 0.5bn and an increase in AuM of EUR 1.1bn to EUR 2.7bn at the end of 2009. In addition to expanding the portfolio with several funds matching market demands in 2009, the European Fund Distribution also entered into new distribution partnerships with banks inside and outside Europe.

The most significant of these is a distribution partnership with seven well-recognised Italian regional retail banks. The partnership will be managed through a joint Italian fund distribution company, thereby creating the advantages of local presence and close proximity to Italian customers. Income from the European Fund Distribution is included in the savings products and asset management income.

" A financial partnership built on a long-term relationship. Total savings volumes increased 19% in 2009.

Total savings volumes, household customers

EURbn	2009	2008	Change %
Retail funds	23.9	16.5	45
Life & Pensions products	16.1	14.8	9
Savings deposits	47.8	45.5	5
Equities, bonds and structured products[1]	30.5	22.8	34
Total	**118.3**	**99.6**	**19**

1) Custodian assets in Norway are not included.
2008 volumes restated.

Assets under Management (AuM)

			Net inflow	
EURbn	2009	2008	2009	2008
Nordic Retail funds	30.7	21.9	3.3	–4.5
European fund distribution	2.7	1.6	0.5	–0.8
Nordic Private Banking	45.8	36.1	2.9	2.1
International Private Banking	8.7	6.8	0.6	–0.6
Institutional asset management	28.1	23.1	1.4	1.1
Life & Pensions	42.2	36.1	1.2	0.6
Total	**158.1**	**125.6**	**9.8**	**–2.0**

Life & Pensions

Business development

Despite the general macro economic downturn, Nordea Life & Pensions reported once again record-high gross written premiums of EUR 4,391m up 4% from 2008. Accordingly, Nordea remained the leading Nordic provider of Life & Pensions products with a Nordic market share of 11%.

Premium growth was driven by increased sales of unit-linked products, up 28% compared to 2008, and primarily derived from Swedish, Finnish and Norwegian market. Overall, the achievement was a result of Life & Pensions delivering on its 2009 strategic ambition to capture the transfer market of "ITP" in Sweden, refocusing of the Finnish business with sales of the product "Selekta Capital", and in general increasing business from the bancassurance channel hand in hand with strong profit orientation and solid risk management.

In Sweden, gross written premiums were up 55% compared to 2008, driven by strong sales of the endowment product "Placera", up 56% from 2008, and the "Portfolio bond". A successful capturing of "ITP" transfers (privately-employed white-collar workers' pension schemes) also contributed to the growth, as it generated gross written premiums of EUR 117m, and by the end of 2009 Nordea held a remarkable 63% share of the ITP transfer market. In Finland, key to growth was efforts of refocusing the business towards unit linked. Accordingly, the product "Selekta Capital" was the main driver of premium growth, and the total Finnish unit-linked business was up 92% compared to 2008. The increasing demand for unit linked products was also a key growth driver in Norway primarily stemming from the corporate segment. Accordingly, the Norwegian unit-linked business increased with 32% compared to 2008.

The development in Danish gross written premiums was somewhat subdued as a direct consequence of worsened macro economic environment and uncertainty related to introduction of new tax regime in the beginning of 2010. As result Danish gross written premiums were 23% lower than 2008 and both the traditional and unit-linked business were affected.

In line with the strong profit orientation and prudent risk management, recovery of financial buffers was on top of the 2009 agenda, and improving financial markets and a solid investment process impacted the financial buffers positively. 2009 financial buffers ended at EUR 1,434m, an increase of EUR 761m compared to 2008. Accordingly, financial buffers were 6.1% of technical provisions related to traditional business at the end of 2009, up from a corresponding 3% at the end of 2008.

Income

In 2009, Life & Pensions generated a strong product result of EUR 271m, up 53% from 2008. The main reason for the increase was the recognition of fees in the Danish business, enabled by a strong recovery of the financial buffers during 2009, which lifted the fee recognition constraints on the Danish business.

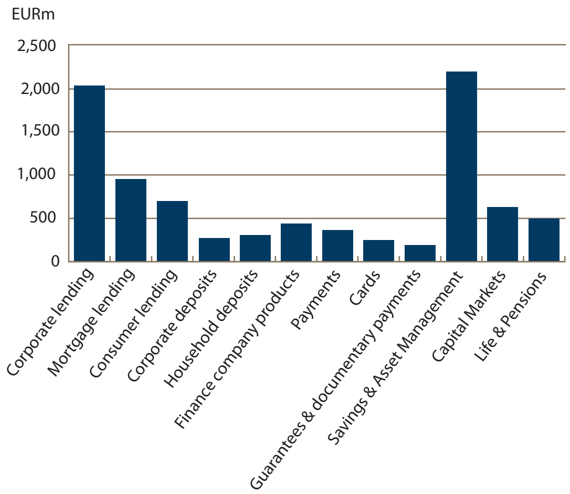
Product groups, key figures

EURm	Corporate lending[2] 2009	2008	Household mortgage lending 2009	2008	Consumer lending 2009	2008	Corporate deposits 2009	2008	Household deposits 2009	2008	Finance company products[2] 2009	2008
Income, EURm[1]	2,028	1,516	947	693	693	561	257	598	293	1,009	429	392
of which net interest income	1,919	1,427	895	645	649	518	241	581	279	992	347	311
Volumes, EURbn	119.9	121.7	98.4	86.4	18.4	16.8	75.9	77.9	71.7	66.5	12.9	13.9
Margins, %	1.30%	0.93%	0.89%	0.68%	3.50%	2.88%	0.30%	0.80%	0.29%	1.69%	2.55%	2.08%

EURm	Payments 2009	2008	Cards[2] 2009	2008	Guarantees & Documentary payments 2009	2008	Capital Markets Products 2009	2008	Savings Products & Asset Management 2009	2008	Life & Pensions 2009	2008
Income, EURm[1]	353	429	246	239	177	154	2,186	1,333	621	626	482	386
of which net commission income	313	332	165	184	160	128			559	583	146	145
Expenses							–550	–459	–310	–295	–197	–196
Distribution expenses							–20	–18	–137	–137	–13	–12
Product result[3]							**1,616**	**856**	**174**	**194**	**271**	**177**
Transaction volumes, ‘000	1,796	1,759	1,027	936	89	100						

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

Product groups, income per group 2009



> We assist you with full financial advice in the 360-degree meeting. The number of advisory meetings with Gold customers continued to increase strongly in 2009.

Group Operations

Group Operations consists of all Information Technology (IT) functions and Group Shared Services (GSS). GSS is responsible for premises, office workstations and equipment, procurement, travel management, catering and other support services. The actual product and service delivery resources are fully integrated in the product areas in order to create efficient value chains.

The effort to enhance the value chain mindset continued in 2009 as a further step was taken to extend the value chain to also include the IT area. After a change in August, three IT Solutions divisions now serve separate business areas; Nordic Banking, Capital Markets & Savings and Institutional & International Banking/Group Functions respectively. Production, infrastructure, architecture and methods are managed in the common Group IT unit.

All IT units are reviewing their methods and work processes, and a significant savings potential has been identified. In the area of systems development, work has started to utilise off-shore services from renowned vendors in one of the main markets for such services.

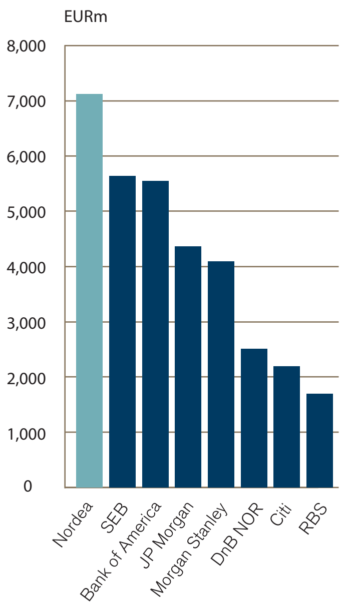
Nordea has come a long way in consolidating product and service delivery operations in each of the Nordic countries. A natural next step is to consolidate cross-border in the home markets. One such centre is set up in Poland, to benefit from a highly educated work force which provides stability and lower labour costs. The initial ambition is to have about 200 employees operative at this centre in the first phase.

An improvement programme for the key procurement contracts (not including the IT production contract) has been run in 2009.

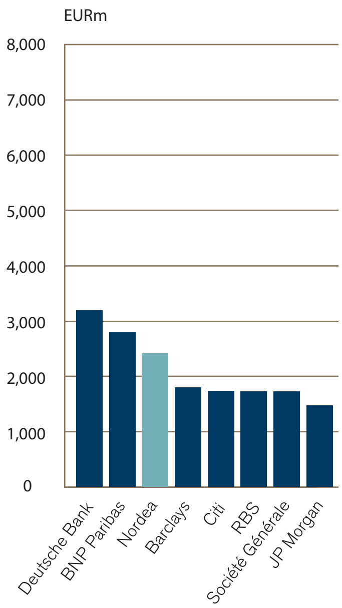
Market positions

	Denmark	Finland	Norway	Sweden	Estonia	Latvia	Lithu-ania	Poland	Russia	Ship-ping, fin.inst, interna-tional	Total
Number of customers:, 000's											
Corporate customers	47	123	84	330	13	5	4	52	6	2	666
Household customers					98	82	118	531	43		
Household customers in customer programme	1,113	2,493	391	2,962	98	71	55	176	n.a.		7,360
– of which Gold customers	640	923	217	823	18	19	14	46	n.a.		2,700
Private Banking	36	27	7	18	0.1	0.5	0.1	1.5	n.a.	12	102
Net banking	1,291	1,530	441	2,179	70	74	114	242	n.a.		5,943
Number of branches	323	313	124	325	22	22	21	158	49		1,357
Market shares ,%											
Corporate lending	20	34	15	17	17	13	11	2	1		
Corporate deposits	23	40	18	18	8	4	9	2	<1		
Institutional investment funds	11	25	8	10							
Household investment funds	16	24	12	13							
Life & Pensions	18	23	12	6				4			
Household mortgage lending	16	31	12	15	13	16	10	4	1		
Consumer lending	18	31	8	9	7	2	7	<1	<1		
Household deposits	22	31	9	18	7	7	2	1	<1		

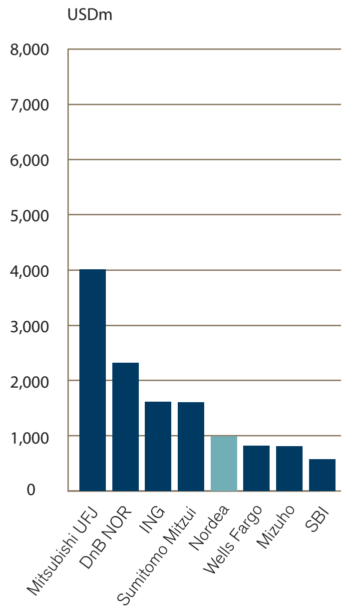
Nordic equity market, bookrunner 2009



Nordic corporate Eurobond benchmark, bookrunner 2009



Syndicated shipping loans, bookrunner 2009



Source: Dealogic

People forming Great Nordea

Nordea's 33,000 employees continues to create great customer experiences as ONE team living our vision – making it possible.

It's all about people
Creating the best team in the industry is not an easy task. Not least in the area of people, the focus area for the desired accomplishments as well as the strategy and activities are of essence for achieving the goal. In Nordea, we refer to this as our People Strategy, a strategy that is an integral part of our business strategy. The areas of priority in our People Strategy are:

- Building the foundation
- Being the employer of choice for those that will move us from Good to Great
- Staffing making sure we have the right person in the right place at the right time
- Mobilising, differentiating & rewarding thereby securing outstanding organisational performance
- Providing opportunities for our people to develop and grow
- Practising the leadership required to enable us to go from Good to Great

These priorities are guided by and shall serve to reinforce our values; Great Customer Experience, ONE Nordea Team and It's all about People.

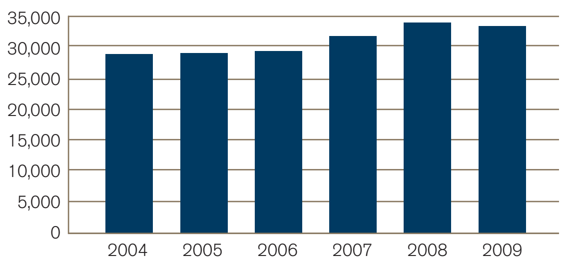
Building the foundation
Having a good understanding of our people resources and putting solid people processes in place is an integral part of our People Strategy. In 2009 we have improved in this area through a number of actions related to developing and making better use of our HR Information System. This has allowed us to provide our managers with better people data allowing for even better business decisions. We have also improved our key people processes Performance Management, Salary Reviews and Talent Management, which we know will contribute to making Nordea even more successful.

Being the employer of choice for those who will move us from Good to Great
Making Nordea Great requires us to be able to attract and retain the very best. To do this we early decided to stay with our high activity level also in 2009, a year when many companies decided to do less in the area of Employer Branding. This coupled with an exercise aimed at further targeting what categories of students we think have the right skills to move us from Good to Great and a more thorough analysis of what activities actually works to make the students understand, appreciate and eager to join Nordea have led to an improvement in ranking among those we decided to target in all markets in which this is being measured.

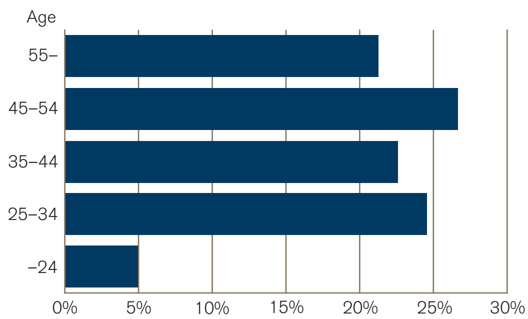
We have also intensified our work to identify and seek to retain those already with Nordea who we think have the greatest impact on our future success.

Staffing to ensure that we have the right person in the right place at the right time
Being successful in positioning ourselves as the employer of choice has limited value unless we are able to actually hire the right ones. Our prediction for 2009 was that it would be a year of growth and hence that it would be critical to make sure we hire many of the very best. We have done some recruiting also in 2009. However, great emphasis has been placed on making sure we adjust the organisation down by 2 percent in FTEs, which we have managed to do. This has been done without lay-offs but rather by being restrictive with replacing those leaving Nordea, and equally if such a decision is still being made that we try to hire from within. Consequently, we have been

Number of employees (full time equivalents, FTEs)



Employees distributed by age
% of employees 31 Dec 2009



dependent on internal mobility to make this work. This has been attended to by reinforcing the need for mobility in internal communication, through improved tools and processes for job posting and via Job Matching Meetings.

Mobilising, differentiating and rewarding, thereby securing outstanding organisational performance
Having the best team in place does not by default bring "…Great Results". We must make sure everyone in Nordea is aligned to our vision and targets and enabled to actually contribute. Hence we have worked to improve Performance Management (PM) at Nordea in 2009. This work will continue also in 2010 by further simplifying the process and tools for PM, but equally if not more importantly, by continuing to build a culture where all leaders understand that performance is dependent on what is being accomplished coupled with how it is being done, and that their leadership is the single most important driver for securing this balance.

Providing opportunities for our people to develop and grow
No organisation can grow unless the people develop and grow. At Nordea we know this and have made improvements in 2009 aimed at strengthening the tie in-between business needs and competency areas we must develop. We are proud of the improvements made but realise that we can and have to do a lot more. In 2010 we will seek to improve the People Planning Process and related tools while at the same time making it clear that development is the responsibility of all at Nordea as again – no organisation can grow without its people.

Practising the leadership required to enable us to go from Good to Great
Knowing that leadership drives performance and is the strongest individual driver for building a company's culture it has been one of the greatest priorities within the People Strategy in 2009, and will continue to be the case also in 2010. This has been proven by work done to further clarify what leadership is required to make Nordea Great, through the reinforcement of the importance of leadership by our CEO at many occasions and not least through the development and launch of a new way of doing Talent Management (TM) at Nordea, focusing on leadership. The objective of TM at Nordea is to make sure we have strong leaders in all key leadership positions and a continuous flow of talents, high-quality succession and development plans always giving us the option to hire from within. While some focus has been on actions in 2009 we are expecting tangible results already in 2010.

Employee satisfaction survey results

ESI, index	2009	2008	2007
Satisfaction and motivation	72	72	71
Development	72	72	70
Considered a good workplace	78	77	74
Proud to tell others where I work	82	80	78
Recommend others to start working in Nordea	77	76	74

Number of employees, by area or function 31 Dec 2009

Full-time equivalents (FTEs)	2009	2008
Nordic Banking	16,582	17,117
– of which Banking Denmark	5,190	5,146
Banking Finland	5,156	5,378
Banking Norway	1,810	1,859
Banking Sweden	4,423	4,732
Institutional & International Banking	5,096	5,114
– of which Baltic countries	1,148	1,161
Poland	1,630	1,542
Russia	1,613	1,679
Financial institutions	375	411
Shipping, Oil Services & International	304	295
Capital Markets & Savings	4,168	4,112
Banking Products & Group Operations	6,045	6,174
Group Identity & Communication	96	111
Group Credit & Risk Control	397	376
Group Corporate Centre	605	576
Group Human Resources	240	248
Other functions	118	180
Nordea Group	**33,347**	**34,008**

" With Nordea's netbank services, we assist in paying your bills, while you are skiing the hills. The number of netbank customers increased by 14% 2009.

Corporate Social Responsibility

Nordea strives to make Corporate Social Responsibility (CSR) an integrated part of our business and our identity – a part of our DNA. We strongly believe that responsible business leads to sustainable business results. Nordea's increased focus on CSR was manifested in the formation of a CSR Secretariat at the end of 2008 and a new CSR strategy was approved by Group Executive Management early 2009. The first deliveries, mainly focused on in-house operations, have been met.

During 2009, the financial crisis tested us and our main promise of staying close to our customers in good times as well as bad. Finding solutions to our customers' problems have been top on the agenda during this challenging year. Our customers were more concerned than ever over their finances and needed more advice and more attention. Throughout the bank we emphasized that in Nordea we stand by our customers in good times as well as in bad.

To succeed, we had to work as one Nordea team and the crisis has helped us live this value. Conducting business in a responsible way is not only the right thing to do – it's good for business.

Values and responsibility

CSR and our values are closely connected as the above illustrates. Living our values, Great Customer Experiences, One Nordea Team and It's All About People, is key to responsible business. Having our values in focus helps us do the right thing.

During 2009 Nordea's CSR work took several steps forward. The CSR secretariat, formed in November 2008, began its work in earnest, Nordea published its first CSR Report according to Global Reporting Initiative standards in March, a new CSR strategy was adopted and the first steps were taken towards its realization.

Responsibility at work

Nordea's CSR work is owned by business, albeit led or coached by the CSR Secretariat. CSR in Nordea is not cosmetics, it is integrated in business. It is a never ending process with continuous improvements.

Corporate Credits

Nordea has clear processes when working with corporate credits. Nordea currently has two tools for analysing environmental, social and political risks as part of corporate credit process. Both tools are mandatory and part of our regular credit routines beyond a threshold limit.

- The Environmental Risk Assessment Tool (ERAT), which creates a total environmental risk profile. ERAT is mandatory for customers with credit limits over EUR 500,000.
- The Social and Political Risk Assessment Tool (SPRAT), which ensures a country and industry risk profile as part of an overall social and political risk profile. SPRAT is mandatory for customers with credit limits over EUR 5 million.

Project Finance

Nordea has addressed risks in project finance for years. In order to govern these even more closely, we have adopted the Equator Principles, which are based on the World Bank's guidelines. We apply the principles by:

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

Emissions Trading

During the year Nordea put more energy into developing a competence centre within emissions trading. A competency centre and investments for a substantial energy product portfolio consisting of natural gas, oil, coal and carbon dioxide (CO_2) emissions is established in Nordea Markets. The product mix reflects the need for balancing emissions that Nordea's customers have when purchasing fossil energy products.

Nordea Markets is one of the largest energy product facilitators in the Nordic region, and commodities, such as energy, have been defined as key strategic business areas for the future.

Socially Responsible Investments

Nordea uses active ownership to influence companies that are in violation of international environmental social or governance issues. We believe that active ownership is a more responsible behaviour than exclusion and also better for customers' earnings.

If dialogue is fruitless we are ready to exclude companies from the investment portfolios. We define a company's responsibility as being observant of existing laws, regulations, relevant rules and international conventions. During 2009 we divested all shares in companies that produce cluster ammunition following fruitless dialogue.

- Our principles are based on the United Nation Principles for Responsible Investments (UNPRI).
- Nordea Investment Funds (NIF) has defined a structured process and guidelines for socially responsible investment (SRI).

Identification and active ownership
Nordea's main guidelines for socially responsible investment in Asset Management:
- We identify companies in our fund portfolios that violate the UN Global Compact and international norms for corporate responsibility.
- We exercise active ownership, among other things through dialogue, to change behaviour that is violating the norms.
- We divest in companies if it is not possible to achieve change through active ownership

Reducing own emissions
During the year, Nordea further reduced its CO2 emissions. In August, Nordea bought green certificates, through the European standard RECS, to neutralise all Nordea's energy consumption in the Nordic countries and thereby reduced CO2 emissions by 40%. The majority of Nordea's main office buildings were certified by Leadership in Energy Efficiency Development (LEED). This was the largest certification in Europe by the US based company and points the way towards more environmentally sound property management. Nordea has also reduced paper consumption by 30 million sheets, installed automatic shut downs of all computers and run several internal projects run to heighten employees awareness and to promote environmentally sound habits in daily work.

Further information on CSR in the Nordea Group is presented on www.nordea.com/csr. Nordea's Corporate Citizenship Principles, the Code of Conduct and the CSR report 2009 are available at the Group's web site.

"The right person in the right place. Nordea's advisers assist you in your financial matters.

The Nordea share and shareholders

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

The market capitalisation of Nordea at the end of 2009 was EUR 29bn. Ranked by market capitalisation Nordea was the fourth largest company in the Nordic area and the ninth largest among European financial groups.

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

Share price development

2009 was characterised by a rebound in international equity markets from the major corrections in 2008 and the continued pressure on financial shares in the beginning of 2009. Since lows in March, the optimism and the risk appetite have increased and most financial shares have been able to more than make up for their initial losses.

During the year, the share price of Nordea appreciated by 70% on the Stockholm Stock Exchange from SEK 42.94 to SEK 72.90. The daily closing prices listed for the Nordea share during 2009 ranged between SEK 79.10 and SEK 30.50. The SX40 Financials Index of the Stockholm Stock Exchange appreciated by 53% and the Dow Jones STOXX European banks index appreciated by 47%. Since 6 March 2000, the date of the merger between MeritaNordbanken and Unidanmark, the Nordea share has appreciated 108% and clearly outperformed the Dow Jones STOXX European banks index (-34%).

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

Total shareholder return 78.6% in 2009

Total shareholder return (TSR) is realised through market value growth per share and reinvested dividends. Total shareholder return in 2009 was 78.6% (-46.9% in 2008). Nordea ranked number seven among the European peer group banks in terms of TSR in 2009 (number two in 2008 and number three in 2007 and 2006.) The average TSR in the peer group was 55.4%.

Turnover – the most liquid Nordic financial share

The Nordea share was the most liquid Nordic financial share in 2009, with an average daily trading volume of approx. EUR 90m, corresponding to 17 million shares. This is an increase compared to 2008 (13 million shares). Turnover on the three stock exchanges combined totalled EUR 23bn in 2009, which corresponds to more than 4 billion shares. Of the total number of Nordea shares traded in 2009, approx. 79% was traded on the Stockholm Stock Exchange, 12% on the Helsinki Stock Exchange and 9% on the Copenhagen Stock Exchange. A trading lot is equivalent to 200 shares in Stockholm and Copenhagen and 1 share in Helsinki.

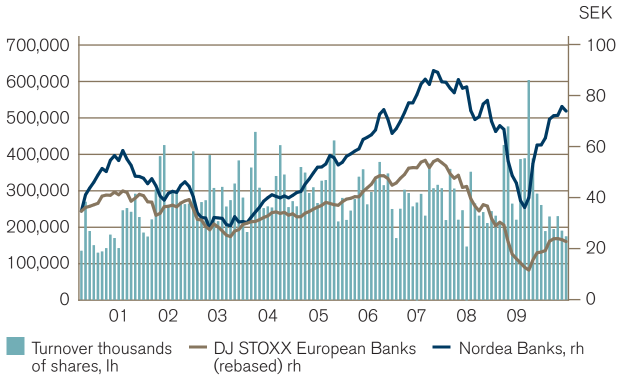
79% Total shareholder return 2009

Rights issue of approx. EUR 2.5bn oversubscribed

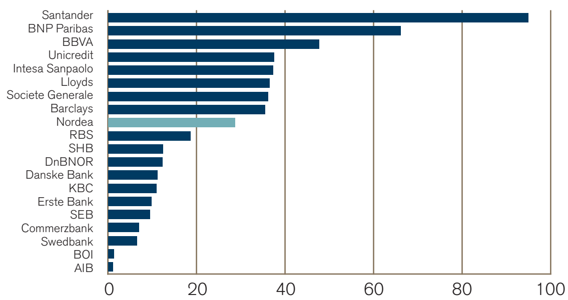
On 10 February 2009, Nordea announced a rights issue of approx. EUR 2.5bn. 49% of the rights offering were subscribed for and guaranteed by core shareholders of Nordea, Swedish Government, Sampo plc and Nordea-fonden, the remainder by underwriters. According to the terms of the rights offering shareholders in Nordea had the right to subscribe for 11 new ordinary shares per 20 existing ordinary shares, subscription price was EUR 1.81.

An extraordinary general meeting on 12 March 2009 approved the rights offering. The aggregated subscription ended at approx. 1,836 million shares compared to a total of approx. 1,430 million shares offered, this represented a total subscription level of 128.4%.

Nordea share performance compared to European banks, 2000–2009



Market capitalisation end 2009, EURbn



Source: Thomson Reuters Ecowin

Share capital

As a result of the rights offering, the number of ordinary shares increased by 1,430,059,524 shares and the share capital by EUR 1,430,059,524.

In order to implement the Long Term Incentive Programme (LTIP) in a cost-efficient manner the AGM decided on an issue of 7,250,000 redeemable and convertible C-shares. The C-shares that should hedge the programme against negative financial effects from share price appreciations. C-shares do not entitle to any dividend. From 12 May 2009 when the C-shares were converted to ordinary shares, the share capital amounts to EUR 4,037,417,751, including the rights offering.

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

Further to the LTIP, there are no convertible bond loans or staff/management options in Nordea.

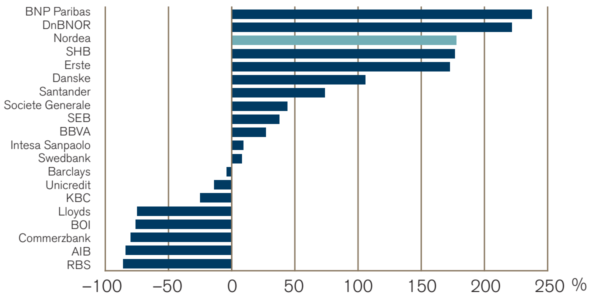
Dividend policy and proposed dividend

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

The Board of Directors proposes a dividend of EUR 0.25 per share for 2009. The total dividend payment for 2009 would then be EUR 1,006m, corresponding to a payout ratio of 43% of the net profit after tax. The dividend yield calculated on the share price 30 December 2009 is 3.5%.

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

Total Shareholder Return (TSR) 2000–2009



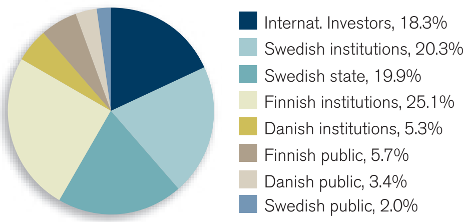
Source: Thomson Reuters Ecowin

Largest registered* shareholders in Nordea, 31 Dec 2009

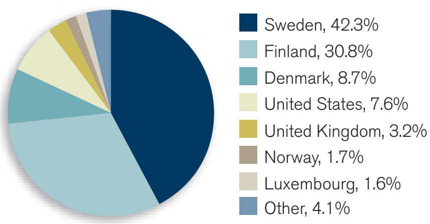
Shareholder	No of shares, million	Holdings %
Sampo plc	809.4	20.1
Swedish state	799.2	19.9
Nordea-fonden	158.2	3.9
Swedbank Robur Funds	135.2	3.4
AMF Insurance & Funds	67.2	1.7
Norwegian Petroleum Fund	54.6	1.4
SHB Funds	49.6	1.2
SEB Funds	49.5	1.2
Nordea Funds	47.1	1.2
Fourth Swedish National Pension Fund	43.7	1.1
Second Swedish National Pension Fund	38.3	1.0
Skandia Life Insurance	38.1	0.9
First Swedish National Pension Fund	36.3	0.9
Varma Mutual Pension Insurance	27.9	0.7
Nordea Profit-sharing Foundation	21.2	0.5
Government of Singapore Inv Corp	20.1	0.5
Alecta	18.5	0.5
Seventh Swedish National Pension Fund	18.4	0.5
SPP Funds	18.2	0.5
Folksam LO Funds	15.8	0.4
Total	**2,467**	**61.3**

Source: SIS ägarservice, Nordic Central Securities Depository, VP Online.
* Excluding nominee accounts.

Shareholder structure, 31 Dec 2009, by investor category



Shareholder structure, 31 Dec 2009, by geography



Shareholders

With approx. 481,000 registered shareholders at the end of 2009, Nordea has one of the largest shareholder bases of all Nordic companies. The number of shareholders in Sweden is approx. 94,000, slightly down from 2008. In Finland and Denmark, the number of shareholders increased by approx 1,000 each, to 196,000 and 191,000 end 2009.

The largest among the various categories of shareholders is Finnish institutions (including Sampo plc), holding 25% of the shares in Nordea compared to 17% at the end of 2008. Swedish institutional shareholders and the Swedish states holdings are unchanged while non-Nordic shareholders end 2009 holds 18% of the capital, compared to 23% end 2008. The largest individual shareholder is Sampo plc with a holding of 20.1% at year end, Swedish state holds 19.9%.

Distribution of shares, 31 Dec 2009

Distribution of shares	Number of shareholders	Shareholders, %	Number of shares	Shares, %
1–1,000	354,246	74%	110,782,828	3%
1,001–10,000	120,361	25%	284,262,132	7%
10,001–100,000	5,946	1%	138,981,481	3%
100,001–1,000,000	607	0%	226,802,289	6%
1,000,001–	273	0%	3,263,339,021	81%
Total	**481,433**		**4,024,167,751**	

Share data 5 years

	2009	2008	2007	2006	2005
Share price	SEK 72.90	SEK 54.70	SEK 108.00	SEK 105.50	SEK 82.50
High/Low	79.10 / 30.50	108.00/52.50	119.30/99.60	107.00/77.25	84.25/64.25
Market Capitalisation	EUR 28.7bn	EUR 13.0bn	EUR 29.6bn	EUR 30.3bn	EUR 23.7bn
Dividend	EUR 0.25[2]	EUR 0.20	EUR 0.50	EUR 0.49	EUR 0.35
Dividend yield[3]	3.5%	4.0%	4.9%	3.9%	4.0%
TSR	78.60%	–46.90%	6.39%	32.30%	27.50%
DJ STOXX European banks index	46.90%	–64.00%	–16.90%	18.50%	21.60%
P/E (actual)	11.85	7.20	9.50	10.70	10.20
Price-to-book	1.34	0.90	1.73	2.14	1.76
Equity per share[4]	EUR 5.56	EUR 5.29	EUR 5.09	EUR 4.56	EUR 3.85
Earnings per share[4]	EUR 0.60	EUR 0.79	EUR 0.93	EUR 0.94	EUR 0.67
Outstanding shares[1]	**4,024,167,751**	**2,594,108,227**	**2,594,108,227**	**2,594,108,227**	**2,594,108,227**

1) Excluding shares issued for the Long Term Incentive Programme.
2) Proposed dividend.
3) Dividend yield calculated at starting price on payment day, for 2009 calculated at price per 30 December 2009.
4) Previous years restated due to rights issue.

Change in share capital[1]

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

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

Financial Review 2009

Strong performance

- Total operating income increased 11%
- Risk-adjusted profit increased 22%
- Stabilisation of credit quality in the end of the year
- Net loan losses at expected levels, 54 basis points (excluding contested legal claim)
- Strong development in the customer business
- The number of Gold and Private Banking customers increased 158,000
- Increase in lending, deposits and Assets under Management

Legal structure

Nordea aims at continuous simplification of its legal structure and as regards the Nordic banks the aim is that Nordea Bank AB (publ) will be converted into a European company, a "Societas Europaea", ("SE"), in accordance with the European Company Statute.

Among other things, a conversion is conditional on Nordea obtaining necessary approvals from the relevant authorities. A transformation is expected to lead to improved operational efficiency, reduced operational risk and complexity as well as enhanced capital efficiency.

Nordea is still awaiting satisfactory regulatory and legislative solutions, particularly to the deposit guarantee issue. The final regulatory responses to the financial crisis that began in 2007 are further yet to be seen and to be evaluated. Nordea is following up and analysing the changes in process, which are not expected to be finalised during 2010.

Acquisition of Fionia Bank

In line with the growth strategy and to further strengthen the market position in the Funen region in Denmark, Nordea has acquired Fionia Bank, excluding the "bad bank" part, from Finansiel Stabilitet A/S. Fionia has a customer portfolio comprising 75,000 household customers and 9,500 corporate customers and 29 branches.

Nordea's Russian subsidiary

Effective from 6 May 2009 Nordea owns 100% of JSB Orgresbank, of which Nordea has been a majority owner since 29 March 2007. In the third quarter, the Nordea brand was launched in Russia and JSB Orgresbank was rebranded to OJSC Nordea Bank.

Result summary for 2009

During 2009, total income increased to EUR 9,073m, up 11% compared to last year, with a strong development in net interest income and net gains/losses. Profit before loan losses increased 18% while operating profit decreased 9%, due to the high increase in loan losses. Risk-adjusted profit increased 22% compared to last year.

Currency fluctuations had negative effects on income and result items and positive effect on balance sheet items compared to last year.

Income

Net interest income increased 4% to EUR 5,281m compared to last year. Lending and deposit volumes as well as lending margins were higher, while deposit margins were considerably lower than last year, following lower market interest rates. Lower deposit margins led to a decrease in income of approx. EUR 1.1bn, mainly in the first half of the year. Total lending to the public, excluding reversed repurchase agreements, increased 5% compared to one year ago.

Net fee and commission income decreased 10%, compared to last year, to EUR 1,693m, including expenses for state guarantee fees of EUR 201m. Excluding these fees, net fee and commission income was up 1%. Total lending-related commissions increased 5% to EUR 466m, while total savings-related commissions decreased 7% to EUR 1,071m, due to lower average Assets under Management and income margin, primarily as a result of a lower level of equities on average in the asset mix. Total payment commission income decreased 5% to EUR 729m.

Net gains/losses increased 89% to EUR 1,946m compared to last year, due to both strong development in the customer-driven capital markets operations and strong result in the treasury operations.

Income under the Equity method increased to EUR 48m from EUR 24m last year. Of the income, EUR 7m relates to the minority holding in Eksportfinans (last year EUR –15m).

Other income was EUR 105m compared to EUR 172m in the same period last year, which included the income of EUR 85m from the divestment of NCSD Holding AB.

Expenses

Total expenses increased 4% to EUR 4,512m, compared to last year. Staff costs increased by 6% to EUR 2,724m. Other expenses were down somewhat to EUR 1,639m.

The cost/income ratio was down to 50% from 53% last year.

Net loan losses
Loan losses were EUR 1,486m in 2009 compared to EUR 466m last year. This corresponded to a loan loss ratio, excluding the provision concerning the contested legal claim related to the debt/restructuring liquidation of Swiss Air Group, of 54 basis points. These included 4 basis points of provisions related to the Danish guarantee scheme.

Taxes
The effective tax rate was 25%, compared to 21% last year.

Net profit
Compared to last year, net profit decreased by 13% to EUR 2,318m, following the higher loan losses and higher tax expenses.

Risk-adjusted profit
Risk-adjusted profit increased by 22% compared to last year to EUR 2,786m.

Market Consistent Embedded Value (MCEV)
The market consistent embedded value, MCEV, was at the end of 2009 EUR 3,244m, up 24% from 2008. 43% of the increase in MCEV comes from the unit-linked business. Both strong sales – up 34% from last year – as well as a growth in assets of 48% contributed to this. In addition, the strengthening of financial buffers within the traditional business was an important driver for the positive development in MCEV.

Financial structure
Total assets increased by 7% or EUR 33bn to EUR 508bn during 2009. All balance sheet items in foreign currencies are translated to EUR at the year-end rates when consolidated into the Nordea Group. See Note 1 for more information on accounting policies and item 29 therein for cross currency rates used.

The Euro weakened against both the Swedish and Norwegian krona during the end of 2009. The Danish krona was unchanged v.s. the Euro. The net effect of changes in currency exchange rates amounted to a total increase in Group assets of EUR 14.8bn. Liabilities increased with EUR 14.0bn.

Lending
The growth in total assets was driven by a 7% increase in loans to the public, of EUR 17bn, to EUR 282bn and calculated in local currencies by 2% compared to one year ago.

Securities
Investments in interest bearing securities and shares increased by EUR 24bn, or 34%, to EUR 94bn.

Deposits and funding activities
The growth of the total assets was financed by a growth in deposits and borrowings from the public, which increased by EUR 5bn to EUR 154bn respectively, corresponding to 3%. During 2009, long-term issuance under Nordea funding programmes amounted to EUR 27bn, excluding Danish covered bonds. Total debt securities in issue as per the end of 2009 amounted to EUR 131bn.

Life insurance activities
Net premiums received in the Life business are invested in interest-bearing securities, shares and properties. Increase of fair values on these investments as well as higher premiums written led to a increase of "liabilities to policyholders" by EUR 5bn or 16%.

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

The derivatives volume, measured in nominal terms, increased by EUR 645bn, or 17%, to EUR 4,447bn. High activity in the customer-driven capital markets operations supported the volume growth. For more information on derivatives, see the Notes 1 and 20.

Nordea's funding operations
Nordea issued approx. EUR 27bn of long-term debt during the year, excluding Danish covered bonds.

A description of Liquidity management is presented on page 55.

Credit portfolio
Total lending increased to EUR 282bn, up 7% compared to one year ago. The share of lending to corporate customers was 56%. Lending in the Baltic countries constitutes 3% and to the shipping industry 4% of the Group's total lending. Lending to companies owned by private equity funds constitutes 3% of lending, of which 99% are senior loans.

Some weakening has been seen in credit quality in 2009, mainly in the corporate credit portfolio. The total effect from rating migration on RWA was an increase by approx. 6.9% in 2009.

Impaired loans gross in the Group increased 84% to EUR 4,102m at the end of the year compared to EUR 2,224m at the end of 2008. 54% of impaired loans gross are performing loans and 46% are non-performing loans.

Further information about the credit portfolio is presented under Risk management on page 49, in Note 54 and in the Capital and Risk management Report 2009 (Pillar 3 Report) published on the web pages.

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

Market risk
A description of Market risk is presented on page 53.

Capital position and capital policy
A description of the Capital position is presented under Capital management on page 57.

The Nordea Share and Rights issue
According to the Articles of Association shares in Nordea may be issued in two classes, ordinary shares and C-shares. The total number of shares in the Company is 4,037,417,751.

On 10 February 2009, Nordea announced measures to strengthen the Group's core tier 1 capital by EUR 3bn through an underwritten discounted issue of new ordinary shares with pre-emptive rights for existing shareholders of approx. EUR 2.5bn net and secondly by proposing reduction of the dividend payment to 19% of the net profit for 2008, which increased core tier 1 capital by approx. EUR 0.5bn. The rights offering was approved at an Extraordinary General Meeting on 12 March 2009 and the proposed dividend was decided on the Annual General Meeting on 2 April 2009.

The rights offering showed a total subscription level of 128.4%.

The final outcome of Nordea's rights offering showed that 1,415,564,378 shares, representing 99.0% of the total number of shares offered in the rights offering, were subscribed for with subscription rights. The remaining 14,495,146 shares, or 1.0% of the rights offering, that were not subscribed for with subscription rights were allocated to those subscribers who exercised their subscription rights, according to principles described in the prospectus.

During May, the following changes occurred. The final registration of the rights issue of ordinary shares was made. The directed new issue of C-shares in Nordea resolved at the AGM 2009 as part of a hedging of the Long Term Incentive Programme 2009 was completed and the C-shares were converted into ordinary shares. Following these changes the total number of shares and votes in Nordea amounts to 4,037,417,751. All shares are ordinary shares, see also Statement of changes in equity on page 75 and a table showing the change in share capital is found on page 39. The voting rights are described on page 38.

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

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

The 31 December 2009, Sampo plc was the largest individual shareholder with a holding of 20.1%. The second largest was the Swedish state with a holding of 19.9%. They were the only shareholders with a holding of more than 10%. A table showing the largest registered shareholders in Nordea, end of 2009 is found on page 38.

The employees have an indirect shareholding of 0.5% in the Company through Nordea Profit-sharing Foundation (see table on page 38) and a minor indirect shareholding in the Company through the Pension Foundation. The voting rights are in neither case exercised directly by the employees.

Holding of own shares
As of 31 December 2009, Nordea held 23,827,896 shares (0.6% of total number of shares) in Nordea. The quota value is EUR 1 and the acquisition price amounts to EUR 89m. These shares are partly held for trading purposes and partly as hedges of conditional rights in the Long Term Incentive Programmes.

Dividend
The Board of Directors proposes to the AGM a dividend of EUR 0.25 per share (EUR 0.20), corresponding to a payout ratio of 43% of net profit, in line with the dividend policy. Total proposed dividend amounts to EUR 1,006m.

The ex-dividend date for the Nordea share is 26 March 2010. The proposed record date for the dividend is 30 March, and dividend payments will be made on 8 April.

Mandate to repurchase and convey of own shares

In order to be able to adjust the Company's capital structure to the capital need existing at any time and to use own shares as payment in connection with acquisitions or in order to finance such acquisitions, the Board of Directors proposes to the AGM on 25 March an authorisation to decide on a repurchase of own shares on a regulated market where the Company's shares are listed, or by means of an acquisition offer directed to all shareholders. The authorisation is limited so that Nordea's holdings of own shares is maximum 10% of all shares.

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

During the recent year, no mandate to repurchase own shares has been in place, mainly due to the financial crisis.

Rating

Information on the Ratings of the Nordea Group is presented on page 165.

Personnel

Personnel expenses, significant agreements with key management personnel and the distribution by countries and gender are disclosed in Note 8. More information is presented in People forming Great Nordea on page 32.

Profit sharing and share-based incentive systems

In 2009, a total of approx. EUR 106m was provided for under Nordea's ordinary profit-sharing scheme for all employees and the Long Term Incentive Programmes for managers and key employees.

For 2009, each employee can receive a maximum of EUR 3,200, of which EUR 2,000 is based on a pre-determined level of risk-adjusted profit, an additional EUR 600 based on the level of relative customer satisfaction and an additional EUR 600 based on Nordea's relative performance compared to a Nordic peer group as measured by return on equity.

The Profit Sharing scheme for 2010 is suggested to replace current return on equity measure with Nordea's relative performance compared to a Nordic peer group as measured by total shareholder return. The possible maximum outcome for the three parameters is unchanged. If all performance criteria are met, the cost of the scheme will amount to a maximum of approx. EUR 100m.

The Annual General Meeting 2009 approved a Long Term Incentive Programme (LTIP 2009), for managers and key employees. To be part of the programme, the participants had to lock in Nordea shares and thereby align their interest and perspectives with the shareholders. The participants were granted a number of rights to acquire matching and performance shares, which can be exercised after two years at the earliest, conditional on continued employment and fulfilment of certain performance criteria, being growth in risk-adjusted profit per share and Total Shareholder Return (TSR) compared to Nordic and European financial companies.

The Board of Directors has decided to propose a Long Term Incentive Programme (LTIP 2010) to the AGM 2010, based on matching shares and performance shares free of charge with a vesting period of three years. The proposal for LTIP 2010, will be presented to the shareholders in the notice of the AGM 2010.

Pension liabilities

The total pension obligation in pension plans (Defined Benefit Plans) has increased from EUR 2,837m to EUR 3,087m during 2009. The increase is mainly due to new earned pension rights and translation differences, somewhat offset by actuarial gains. The fair value of plan assets has increased from EUR 2,099m to EUR 2,397m, mainly reflecting the positive development in the market. There has also been a positive impact from translation differences on plan assets. Total unrecognised actuarial losses amounts to EUR 430m at the end of 2009.

Legal proceedings

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

Environmental concerns

In accordance with Group Corporate Citizenship Principles, Nordea is committed to sustainable development by combining financial performance with environmental and social responsibility, caring for the environment and working to reduce the negative environmental impact of its business activities. The Nordea Group has adopted an environmental policy that provides guidance on how the group entities manage and control environmental issues in their own operations, supporting the reduction of related costs and business risks to the Group.

The policy also guides policymaking and business initiatives regarding financial involvement by business units and cooperation with suppliers.

Government guarantee schemes
The Nordic governments have established a number of measures in response to the global financial crisis. The measures were presented during the autumn 2008 and the beginning of 2009. Similar to many stability packages within EU, the measures include the following elements: implementation of a general framework for giving state support to ailing credit institutions, the creation of a stabilisation fund, a temporary guarantee program and a recapitalisation scheme. Nordea welcomes the actions taken by the Nordic governments to stabilise the markets.

Denmark
Nordea decided for commercial reasons that Nordea Bank Danmark A/S would participate in the Danish guarantee scheme launched in early October 2008. The scheme is valid for two years until end of September 2010 and guarantees the claims of unsecured senior creditors against losses in participating banks. The cost for the Danish guarantee scheme for Nordea during 2009 has been EUR 181m in annual commission expenses and an additional EUR 116m reported as loan losses. Approx. the same commission expense is expected for 2010, however only for the first three quarters. Following the successful rights offering in April, Nordea has chosen not to apply for hybrid loans from the Danish state under the Act on State-Funded Capital Injections, ie Nordea does not participate in the second Danish scheme.

Finland
Nordea has to date not participated in the Finnish scheme.

Norway
During the fourth quarter 2008, Nordea participated in swap facilities under the Norwegian scheme.

Sweden
Nordea has not participated in the Swedish government's stability measures. However, in order to facilitate the Swedish State's subscription in Nordea's rights offering through the Recapitalisation scheme, Nordea has signed an agreement with the Swedish National Debt Office. The funding for the State's participation thus came from the Stabilisation Fund. The fund is to be built up with fees from banks and other credit institutions. The total stability fee for Nordea was EUR 20m during 2009.

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

Outlook 2010
Nordea expects the macroeconomic recovery to continue in 2010, but the development is still fragile and hence uncertainty remains.

Based on this as well as a strong starting point and strong customer business development, Nordea will pursue a prudent growth strategy, balancing opportunities and risks, and will invest in the future through several growth and efficiency initiatives. The effect on the results from Group initiatives is expected to be neutral in 2010.

Nordea expects cost growth for 2010 to be largely in line with the growth rate in 2009, including the effects from growth and efficiency initiatives.

Nordea expects risk-adjusted profit to be lower 2010 compared to 2009, due to lower income in Treasury and Markets.

Credit quality continues to stabilise, in line with the macroeconomic recovery. However, loan losses could remain at a high level also in 2010, as it is difficult to forecast when loan losses will start to decline.

Nordea expects the effective tax rate to be around 26%.

Annual General Meeting 2010
The AGM will be held on Thursday 25 March 2010 in Stockholm. Further information is presented on the last page in the Annual Report.

Customer area results

Nordic Banking, operating profit per market

	Total		Denmark		Finland		Norway		Sweden	
EURm	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income	3,938	4,275	1,349	1,214	788	1,161	814	699	926	1,140
Net fee and commission income	1,517	1,531	364	413	466	415	168	161	521	540
Net gains/losses on items at fair value	552	517	179	173	147	128	94	95	133	121
Equity method	33	10	33	20	0	–9	0	0	0	0
Other operating income	22	24	9	6	4	7	6	8	0	1
Total operating income	**6,062**	**6,358**	**1,934**	**1,826**	**1,405**	**1,702**	**1,082**	**963**	**1,580**	**1,802**
Staff costs	–1,223	–1,161	–408	–375	–316	–289	–178	–170	–317	–321
Other expenses	–1,880	–1,904	–535	–514	–497	–479	–295	–310	–534	–587
Depreciations etc.	–57	–46	–4	–5	–2	–4	–6	–7	–13	–9
Total operating expenses	**–3,160**	**–3,111**	**–947**	**–894**	**–815**	**–772**	**–479**	**–487**	**–864**	**–917**
Profit before loan losses	**2,902**	**3,247**	**987**	**932**	**590**	**930**	**603**	**476**	**716**	**885**
Loan losses	–1,151	–402	–645	–192	–186	–65	–147	–66	–166	–76
Operating profit	**1,751**	**2,845**	**342**	**740**	**404**	**865**	**456**	**410**	**550**	**809**
Cost/income ratio, %	52	49	49	49	58	45	44	51	55	51
RAROCAR, %	16	20	20	17	14	25	14	17	17	22
Other information, EURbn										
Lending corporate	107.1	108.2	30.5	30.1	22.6	26.1	21.7	19.4	32.4	32.6
Lending household	119.5	105.9	40.3	37.9	27.4	26.0	20.8	15.6	30.9	26.4
Deposits corporate	57.3	53.9	13.9	14.1	13.6	13.3	14.0	11.1	16.0	15.4
Deposits household	68.3	63.2	22.4	19.5	22.1	22.4	7.6	6.1	16.1	15.2
Economic Capital	10.5	9.8	2.9	3.2	2.5	2.4	2.4	1.6	2.7	2.6

Group Corporate Centre, operating profit

EURm	2009	2008
Net interest income	390	100
Net fee and commission income	–7	–4
Net gains/losses on items at fair value	85	7
Equity method	0	0
Other operating income	7	88
Total operating income	**475**	**191**
Total operating expenses	**–155**	**–140**
Operating profit	**320**	**51**

Institutional & International Banking, operating profit by area

EURm	Total		Baltic countries		Poland		Russia		Total New European Markets		Financial Institutions		Shipping, Oil Services & Interna-tional		Other	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income	753	660	101	106	92	96	217	153	410	347	50	73	281	231	12	9
Net fee and commission income	246	274	35	38	18	17	10	21	62	76	134	146	49	51	1	1
Net gains/losses on items at fair value	290	271	20	14	36	34	11	6	64	54	178	181	48	32	0	4
Equity method	3	–12	0	0	0	0	0	0	0	0	0	0	0	0	3	–12
Other operating income	57	15	0	1	3	2	1	2	6	5	50	9	1	1	0	0
Total operating income	**1,349**	**1,208**	**156**	**159**	**149**	**149**	**239**	**182**	**542**	**482**	**412**	**409**	**379**	**315**	**16**	**2**
Staff costs	–192	–190	–27	–28	–36	–34	–46	–52	–114	–118	–30	–32	–41	–40	–7	0
Other expenses	–278	–266	–37	–28	–43	–40	–26	–24	–109	–95	–152	–152	–9	–11	–8	–8
Depreciations	–16	–10	–3	–2	–10	–6	–2	–2	–15	–9	0	0	–1	–1	0	0
Total operating expenses	**–486**	**–466**	**–67**	**–58**	**–89**	**–80**	**–74**	**–78**	**–238**	**–222**	**–182**	**–184**	**–51**	**–52**	**–15**	**–8**
Profit before loan losses	863	742	89	101	60	69	165	104	304	260	230	225	328	263	1	–6
Net loan losses	–321	–99	–148	–32	–2	–1	–13	–18	–163	–51	–13	–14	–96	–10	–49	–24
Operating profit	**542**	**643**	**–59**	**69**	**58**	**68**	**152**	**86**	**141**	**209**	**217**	**211**	**232**	**253**	**–48**	**–30**
Cost/income ratio, %	36	39	43	36	60	54	31	43	44	46	44	45	13	17		
RAROCAR, %	27	33	12	18	18	28	42	28	21	22	49	63	26	38		
Other information, EURbn																
Loans to the public, corporate	25.5	27.0	4.5	5.0	2.3	2.2	3.2	3.5	10.0	10.7	2.2	2.0	12.9	13.8	0.4	0.5
Loans to the public, household	5.3	4.6	2.8	2.7	2.3	1.6	0.2	0.3	5.3	4.6						
Deposits from the public, corporate	18.6	24.0	1.3	1.1	1.3	1.1	0.9	0.9	3.5	3.1	10.7	14.5	4.4	6.4		
Deposits from the public, household	1.6	1.6	0.7	0.7	0.8	0.9	0.1	0.0	1.6	1.6						
Economic capital	2.1	1.6	0.5	0.4	0.2	0.2	0.3	0.2	1.0	0.8	0.3	0.3	0.8	0.5		

Other customer operations, operating profit

EURm	Total		International Private Banking & Funds		Life		Markets Other	
	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income	61	60	44	49	0	0	17	11
Net fee and commission income	30	102	59	67	47	81	–76	–46
Net gains/losses on items at fair value	1,143	255	25	0	296	191	822	64
Equity method	0	0	0	0	0	0	0	0
Other operating income	21	9	1	0	20	9	0	0
Total operating income	**1,255**	**426**	**129**	**116**	**363**	**281**	**763**	**29**
Staff costs	–524	–474	–49	–50	–124	–117	–351	–307
Other expenses	–38	–10	–31	–31	–75	–83	68	104
Depreciations	–10	–10	–4	–4	–5	–5	–1	–1
Total operating expenses	**–572**	**–494**	**–84**	**–85**	**–204**	**–205**	**–284**	**–204**
Profit before loan losses	683	-68	45	31	159	76	479	–175
Net loan losses	0	–2	0	–2	0	0	0	0
Operating profit	**683**	**–70**	**45**	**29**	**159**	**76**	**479**	**–175**
Other information, EURbn								
Loans to the public	20.2	14.8	1.7	1.0	2.0	2.0	16.6	12.0
Deposits from the public	11.5	8.0	2.6	2.0	4.0	3.0	4.9	3.0

Product area results

Capital Markets Products, product result

EURm	2009	2008
Net interest income	322	313
Net fee and commission income	157	201
Net gains/losses on items at fair value	1,707	819
Other income	0	0
Total operating income	**2,186**	**1,333**
Staff costs	–351	–305
Other expenses	–199	–154
Total operating expenses	**–550**	**–459**
Distribution expenses	–20	–18
Net loan losses	0	0
Product result	**1,616**	**856**
Economic capital, EURbn	2.3	1.2

Savings Products & Asset Management, product result

EURm	2009	2008
Total income	**621**	**626**
of which related to Assets under Management (AuM)	485	526
Staff costs	–163	–155
Other expenses	–147	–140
Total operating expenses	**–310**	**–295**
Distribution expenses in Nordic Banking	–137	–137
Product result	**174**	**194**
of which income within Nordic Banking	464	472
Cost/income ratio, %	72	69
Income related to AuM, margin (basis points)	55	56
Economic capital, EURbn	0.3	0.3

Life & Pensions, product result

EURm	2009	2008
Profit drivers		
Traditional insurance:		
Fee contribution/profit sharing	84	5
Contribution from cost result	4	–1
Contribution from risk result	32	43
Return on shareholders' equity/ other profits	111	83
Total profit Traditional	**231**	**130**
Total profit Unit-linked	**54**	**59**
Estimated distribution expenses in Nordic Banking	–13	–12
Total product result	**271**	**177**
of which income within Nordic Banking	133	98
Key figures		
Gross premiums written	4,391	4,222
of which from Traditional business	2,244	2,539
of which from Unit-linked business	2,146	1,683
Investment return %	6.4	–1.6
Technical provisions	32,218	28,281
Financial buffers	1,434	673
Investment assets, EURbn	38.0	32.3
of which bonds, %	52	57
of which equities, %	6	4
of which alternative investments, %	6	8
of which property, %	9	9
of which unit linked, %	27	22
Economic capital, EURbn	1.0	0.9

MCEV composition of Nordea Life & Pensions

EURm	2009	2008
Denmark	1,253	1,040
Finland	803	648
Norway	661	558
Sweden	314	208
Poland	212	171
Total	**3,244**	**2,624**
Value of new business		
Traditional business (APE)	45	50
Unit-linked (APE)	159	121
Risk products	6	6
New business margin		
Traditional business	22.3%	18.8%
Unit-linked	44.7%	45.1%
Risk products	20.8%	31.3%

Risk, Liquidity and Capital management

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

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

Management principles and control

Board of Directors and Board Credit Committee

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

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

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

CEO and GEM

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

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

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

- The Asset and Liability Committee (ALCO), chaired by the Chief Financial Officer (CFO), prepares issues of major importance concerning the Group's financial operations, financial risks as well as capital management for decision by the CEO in GEM.
- The Risk Committee, chaired by the Chief Risk Officer (CRO), monitors developments of risks on an aggregated level.
- Capital Planning Forum (CPF), chaired by the CFO, monitors the development of the required (internal and regulatory) capital and the capital base and decides also upon capital planning activities within the Group.
- The ECC and Group Credit Committee (GCC), chaired by the CRO, decide on major credit risk limits and industry policies for the Group. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

CRO and CFO

The CRO is, through the unit Group Credit & Risk Control, responsible for the risk management framework, consisting of policies, instructions and guidelines for the whole Group.

The CFO is, through the unit Group Corporate Centre, responsible for the capital management framework including required capital as well as the capital base. Group Treasury, within Group Corporate Centre, is responsible for SIIR and liquidity risk.

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

Monitoring and reporting

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

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

Risk management

Credit Risk management

Group Credit and Risk Control is responsible for the credit risk management framework, consisting of policies, instructions and guidelines for the Group.

Each customer area and product area is primarily responsible for managing the credit risks in its operations, while Group Credit and Risk Control consolidates and monitors the credit risks on both Group and sub levels.

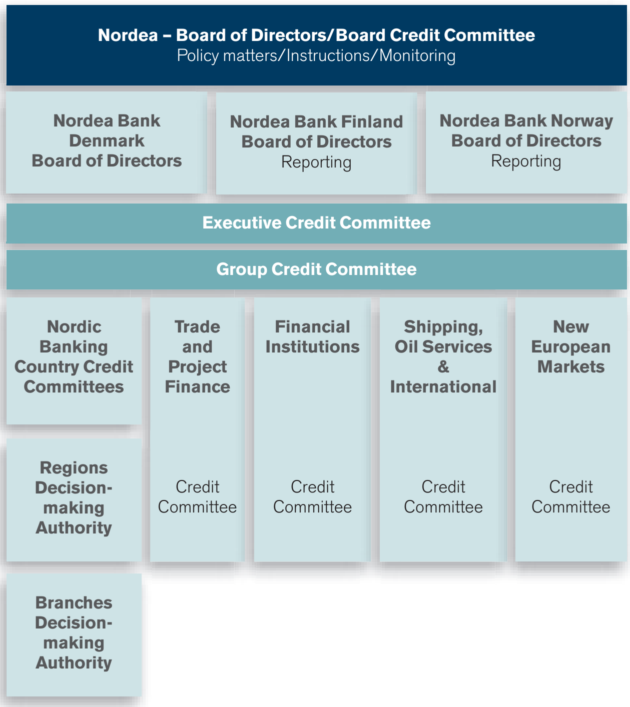
Within the powers to act granted by the Board of Directors, credit risk limits are approved by decision-making authorities on different levels in the organisation.

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

Credit risk appetite

Nordea has defined its credit risk appetite as an expected loan loss level of 25 basis points over the cycle. Net loan losses over the past years show an average not exceeding this level.

Credit decision-making structure for main operations



Credit risk definition and identification

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

Individual and collective assessment of impairment

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

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

In addition to individual impairment testing of all individually significant customers, collective impairment testing is performed for groups of customers that have not been found to be impaired on individual level. The collective impairment is based on the migration of rated and scored customers in the credit portfolio as well as management judgement. The assessment of collective impairment reacts to up- and down-ratings of customers as well as new customers and customers leaving the portfolio. Also customers going to and from default effect 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 management and credit risk analysis is presented in the Group's Capital adequacy and Risk management Report (Pillar 3) 2009, which is available on www.nordea.com and also in Note 54 to the Financial statements of the Annual Report.

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

EURm	31 Dec 2009	31 Dec 2008
To credit institutions	18,555	23,903
To the public	282,411	265,100
– of which corporate	153,503	151,711
– of which household	123,095	108,602
– of which public sector	5,814	4,787
Total Loans	**300,966**	**289,003**
Off balance credit exposure[1]	99,678	111,344
Counterparty risk exposure[2]	28,608	27,887
Treasury bills and interest-bearing securities[3]	57,325	39,368
Total credit risk exposure in the banking operations	**486,577**	**467,602**
Credit risk exposure in the life insurance operations	23,014	19,944
Total credit risk exposure including life insurance operations	**509,591**	**487,546**

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

Credit portfolio

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

Nordea's total loans have increased by 7% to EUR 282bn during 2009 (EUR 265bn 2008) and was mainly explained by the increase in the household portfolio. Including off-balance sheet exposures and exposures related to securities and Life insurance operations, the total credit risk exposure at year end was EUR 510bn (EUR 488bn). Out of lending to the public, corporate customers accounted for 54% (57%) and household customers 44% (41%). Lending in the Baltic countries constitutes 3% and the shipping industry 4% of the Group's total lending. Lending to companies owned by private equity funds constitutes 3% of lending, of which 99% are senior loans. Loans to credit institutions, mainly in the form of inter-bank deposits, decreased to EUR 19bn at the end of 2009 (EUR 24bn).

Loans to corporate customers

Loans to corporate customers at the end of 2009 was EUR 154bn (EUR 152bn), up 1%. Real estate, consumer durables and construction were the sectors that increased the most in 2009.

Real estate remains the largest sector in Nordea's lending portfolio, at EUR 37.2bn (EUR 35.5bn). The portfolio is predominantly comprised of relatively large and financially strong companies, with 69% (74%) of the lending in rating grades 4– and higher. Approx. 40% of lending to the real estate industry is to companies managing mainly residential real estate.

Loans to shipping and offshore decreased by 8% to EUR 10.4bn (EUR 11.3n). The portfolio is well diversified by type of vessel, has a focus on large and financially robust industrial players and exhibits strong credit quality, with an average rating of 4-. Reflecting Nordea's global customer strategy, there is an even distribution between Nordic and non-Nordic customers.

The distribution of loans to corporates by size of loans shows a high degree of diversification where approx. 62% of the corporate volume is for loans up to EUR 50m per customer.

Credit risk mitigation is an inherent part of the credit decision process. In every credit decision and review the valuation of collaterals are 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 which 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 done to a limited extent.

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

Loans to household customers

In 2009 lending to household customers increased by 13% to EUR 123bn (EUR 109bn). Mortgage loans increased by 15% to EUR 96.6bn and consumer loans increased by 8% to EUR 26.5bn. The portion of mortgage loans out of total household loans was 78% (77%), of which the Nordic market accounts for 98%.

Geographical distribution

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

The lending to New European Markets at year-end 2009 was stable compared to one year ago. At the end of 2009, lending to customers in the Baltic countries was EUR 7.3bn (EUR 7.7bn), in Poland EUR 4.6bn (EUR 3.8bn), and in Russia EUR 3.4bn (EUR 3.8bn).

Loans to the public, by country and industry

2009-12-31, EURm	Denmark	Finland	Norway	Sweden	Baltic countries	Poland	Russia	Total	Total 2008
Energy (oil, gas etc)	3	378	1,096	803	105	74	541	2,999	2,815
Metals and mining materials	17	391	144	110	14	1	552	1,229	1,750
Paper and forest materials	245	911	48	918	46	7	49	2,225	2,287
Other materials (building materials etc.)	886	1,698	643	1,273	266	90	347	5,203	5,377
Industrial capital goods	696	816	106	580	39	11	18	2,267	3,264
Industrial commercial services, etc.	6,073	1,219	5,188	2,188	197	71	0	14,937	15,482
Construction and engineering	1,242	831	1,283	684	274	46	97	4,456	3,671
Shipping and offshore	1,492	3,141	5,195	530	15	4	0	10,377	11,296
Transportation	888	920	553	1,309	416	106	287	4,479	4,017
Consumer durables (cars, appliances etc)	585	773	1,249	1,567	101	26	18	4,318	2,752
Media and leisure	1,040	641	496	605	145	103	3	3,032	3,171
Retail trade	4,272	2,211	1,216	2,024	578	114	125	10,540	11,020
Consumer staples (food, agriculture, etc.)	8,127	1,760	1,377	613	245	57	39	12,217	12,943
Health care and pharmaceuticals	1,016	269	193	523	19	2	44	2,066	1,606
Financial institutions	11,979	1,179	1,199	2,287	116	0	3	16,763	16,481
Real estate	5,626	6,745	8,689	14,237	1291	218	366	37,173	35,500
IT software, hardware and services	762	360	122	249	21	1	15	1,531	1,489
Telecommunication equipment	14	41	1	1	9	3	57	127	623
Telecommunication operators	361	379	98	664	6	53	111	1,672	1,686
Utilities (distribution and productions)	789	976	696	1,020	353	81	0	3,915	4,022
Other, public and organisations	6,224	2,356	129	2,942	158	165	0	11,974	10,462
Total corporate loans	**52,336**	**27,995**	**29,721**	**35,126**	**4,417**	**1,234**	**2,674**	**153,503**	**151,711**
Household mortgage loans	23,358	22,652	19,940	25,466	2,903	2,156	140	96,615	83,974
Household consumer loans	10,724	7,169	1,094	5,382		81	75	26,480	24,628
Public sector	2,561	162	112	1,886	424	599	69	5,814	4,787
Total	**88,979**	**57,979**	**50,866**	**67,860**	**7,745**	**4,069**	**2,959**	**282,411**	**265,100**

Rating and scoring distribution

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

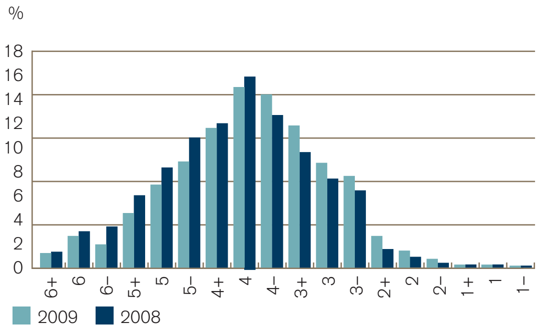
Following the economic downturn weakening in the credit quality has been seen in 2009, mainly in the corporate credit portfolio. 22% (16%) of the number of corporate customers have migrated downwards while 14% (16%) has been up-rated. 35% (23%) of the corporate customer exposure has migrated downwards while 15% (16%) has been up-rated. The total effect on risk-weighted assets (RWA) from rating migration in the portfolio was an increase by approx. 6.9% during the full year 2009.

67% (73%) of the corporate exposure is rated 4– or higher, with an average rating for this portfolio of 4+. Institutions and retail customers on the other hand exhibit a distribution that is skewed towards the higher rating grades. 86% (86%) of the retail exposures is scored C– or higher, which indicates a probability of default of 1% or lower. Impaired loans are not included in the rating/scoring distributions.

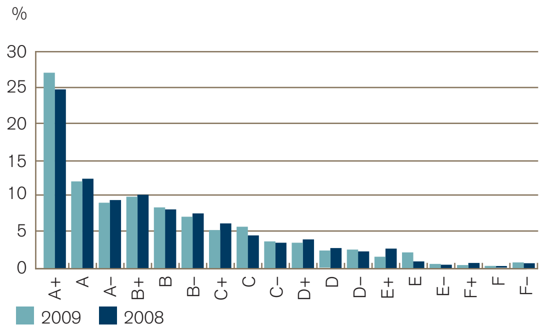
Impaired loans

Impaired loans gross in the Group increased during the year to EUR 4,102m from EUR 2,224m, corresponding to 135 basis points of total loans. 54% of impaired loans gross are performing loans and 46% are non-performing loans. Impaired loans net, after allowances for individually

Rating distribution IRB corporate customers



Scoring distribution IRB Retail customers



Impaired loans gross and allowances, by country and industry

(Loans to the public) 2009-12-31, EURm	Den-mark	Finland	Norway	Sweden	Baltic coun-tries	Poland	Russia	Group	Allow-ances	Provi-sioning ratio
Energy (oil, gas etc)	0	0	0	0	0	0	0	0	5	
Metals and mining materials	0	2	0	0	0	0	4	6	13	221%
Paper and forest materials	7	5	2	2	1	0	0	17	18	104%
Other materials (building mtrletc)	17	69	5	125	28	4	0	248	148	60%
Industrial capital goods	47	66	1	7	2	0	1	126	62	49%
Industrial commercial services etc	59	100	23	9	7	0	0	200	122	61%
Construction and engineering	84	17	37	5	50	5	4	202	120	59%
Shipping and offshore	3	43	192	0	0	0	0	239	97	41%
Transportation	17	40	4	20	5	1	0	88	40	45%
Consumer durables (cars,appl.etc)	84	73	4	49	4	1	0	215	92	43%
Media and leisure	21	45	6	13	8	0	0	94	34	36%
Retail trade	130	83	9	49	16	3	8	298	197	66%
Consumer staples (food, agric.etc)	164	38	6	8	18	3	9	247	149	61%
Health care and pharmaceuticals	7	7	1	2	0	0	0	17	7	42%
Financial institutions	58	8	10	1	3	0	0	81	55	68%
Real estate	136	65	117	49	134	0	0	501	261	52%
IT software, hardware, services	18	35	0	4	0	0	0	58	30	51%
Telecommunication equipment	0	4	0	0	7	0	0	11	13	110%
Telecommunication operators	1	0	102	0	0	0	0	103	34	33%
Utilities (distribution, production)	1	1	1	1	12	0	0	16	8	51%
Other, public and organisations	92	3	0	0	38	2	0	134	137	102%
Total corporate loans	**948**	**705**	**522**	**346**	**334**	**20**	**27**	**2,901**	**1,642**	**57%**
Household mortgage loans	8	248	52	3	200	12	4	503	170	34%
Household consumer loans	256	289	68	15		2	10	664	307	46%
Public sector	0	0	0	0	0	0	0	0	0	70%
Total impaired loans gross	**1,212**	**1,242**	**641**	**364**	**535**	**34**	**40**	**4,067**		
Total allowances	**760**	**420**	**330**	**227**	**319**	**19**	**36**	**2,118**	**2,118**	
Provisioning ratio	**63%**	**34%**	**52%**	**63%**	**60%**	**55%**	**89%**	**52%**		

assessed impaired loans amounted to EUR 2,771m (EUR 1,462m), corresponding to 91 basis points of total loans. Allowances for individually assessed loans increased to EUR 1,331m from EUR 762m. Allowances for collectively assessed loans increased to EUR 825m from EUR 408m. The provisioning ratio was 53% (53%).

The increase in impaired loans continued to be mainly related to Denmark. The sectors with the largest increases were real estate, consumer staples and industrial capital goods.

Past due loans to corporate customers that are not considered impaired decreased to EUR 1,527m (EUR 1,586m). The volume of past due loans to household customers increased to EUR 1,429m (EUR 1,323m) in 2009.

Net loan losses

Loan losses were EUR 1,486m in 2009 (EUR 466m). This corresponded to a loan loss ratio, excluding the provision concerning the contested legal claim related to the debt restructuring liquidation of Swiss Air Group, of 54 basis points. This included 4 basis points of provisions related to the Danish guarantee scheme. EUR 1,262m relates to corporate customers (EUR 330m) and EUR 245m (EUR 103m) relates to household customers. The main losses were in the corporate sectors retail trade, real estate, other materials and shipping as well as household consumer financing. Net loan losses as well as impaired loans continue to stem from a large number of smaller and medium-sized exposures rather than from a few large exposures.

Impaired loans and ratios

EURm	2009	2008
Impaired loans gross, Group	4,102	2,224
of which performing	2,234	1,389
of which non-performing	1,868	835
Impaired loans ratio, basis points	**135**	**77**
Total allowance ratio, basis points	**71**	**40**
Provisioning ratio	53%	53%

Net loan losses and loan loss ratios

Basis points of loans	2009	2008
Net loan losses, EURm	–1,486	–466
Loan loss ratio, Group	54[1]	19
of which individual	40	16
of which collective	14	3
Loan loss ratio, Nordic Banking	52	21
Loan loss ratio, Institutional & Int. Banking	66	31
Loan loss ratio, Baltic countries	259	72

1) Excluding provision of EUR 47m concerning a legal claim, contested by Nordea, related to the debt restructuring liquidation of Swiss Air Group.

New European Markets/Baltic countries
The recession in the Baltic countries has affected the credit quality as well as the collateral values.

At the end of 2009, gross impaired loans in the Baltic countries amounted to EUR 535m or 733 basis points of total loans and receivables, compared with EUR 141m or 184 basis points at the end of 2008. The total allowances for the Baltic countries at the end of 2009 were EUR 319m (EUR 137m) corresponding to 437 basis points of the lending portfolio (179 basis points). The provisioning ratio in the Baltic countries was 60%, down from 97% one year ago.

In the Baltic countries, the loan loss ratio was 259 basis points (72 basis points). Individual net loan losses amounted to 149 basis points (49 basis points) and collective provisions net amounted to 110 basis points (23 basis points).

In New European Markets, impaired loans gross increased to 402 basis points (201 basis points). The loan loss ratio was 141 basis points for New European Markets (60 basis points).

Baltic countries, net loan losses and impaired loans

	2009	2008
Net loan losses, EURm[1]	–199	–40
of which collective	–80	–17
Loan loss ratio, basis points[1]	259	72
Impaired loans gross, EURm	535	141
Impaired loans ratio gross, basis points	733	184
Total allowances, EURm	**319**	**137**
Total allowance ratio, basis points	437	179
Provisioning ratio[2]	60%	97%

1) Net loan losses and loan loss ratio including collective provisions for the Baltic countries reported in the unit IIB Other.
2) Total allowances in relation to gross impaired loans.

Counterparty risk
Counterparty risk is the risk that Nordea's counterpart in a FX, interest, commodity, equity or credit derivative contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart. The net counterparty credit risk exposure at the end of 2009 was EUR 28.6bn, of which the current exposure represents EUR 6.4bn. 57% of the total exposure and 30% of the current exposure was towards Financial institutions.

Market risk
Market risk is the risk of a loss in the market value of portfolios and financial instruments as a result of movements in financial market variables. The two key contributors to market risk in Nordea are the customer-driven trading activity of Nordea Markets and the investment and liquidity portfolios of Group Treasury. Furthermore, market risk on Nordea's account arises from the investment of policyholders' money with guaranteed minimum yields in Life & Pensions, and Nordea sponsored defined benefit pension plans for employees.

Structural foreign exchange risk arises primarily from investments in subsidiaries and associated enterprises denominated in foreign currencies. The general principle is to hedge this by matched funding, although exceptions from this principle may be made in markets where matched funding is impossible to obtain, or can only be obtained at an excessive cost. Nordea Bank AB's holding of OJCS Nordea Bank in Russia is financed in Euro. A 1% decrease in the Russian rouble's exchange rate towards Euro will cause a decrease in Nordea's equity capital of approximately EUR 6m.

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

Market price risk appetite
The Board of Directors has formulated market price risk appetites for both the investment and liquidity portfolios in Group Treasury and the trading activities in Nordea Markets. For Group Treasury, the Board of Directors has set the maximum level of risk such that it should not lead to an accumulated loss in earnings in excess of EUR 250m at any time in a financial year. The compliance with the risk appetite is ensured by market risk limits and stop-loss rules. For the trading activities in Nordea Markets, the risk appetite and the market risk limits are set in relation to the earnings these activities generate.

Market risk analysis
Nordea's market risk analysis is based on consolidated risk arising from both Group Treasury and Nordea Markets.

VaR
The total VaR was EUR 114m (EUR 86m) at the end of 2009 demonstrating a considerable diversification effect between interest rate, equity, foreign exchange and credit spread risk, as the total VaR is lower than the sum of the risk in the four categories.

The total interest rate VaR ended 2009 at EUR 111m (EUR 74m). The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates were to move adversely for Nordea, was EUR 375m at the end of 2009 (EUR 212m). The largest part of Nordea's interest rate sensitivity stemmed from interest rate positions in Danish Kroner and Euro, with positions in Norwegian Kroner, US Dollars and Swedish Kronor also contributing significantly.

At the end of 2009, Nordea's equity VaR stood at EUR 38m (EUR 31m)and structured equity option risk was EUR 17m (EUR 12m).

Credit spread VaR ended 2009 at EUR 24m (EUR 30m). Credit spread risk is to a large extent concentrated on Nordic financials.

Nordea's foreign exchange VaR was EUR 19m (EUR 17m) at year-end. The largest foreign exchange exposure is to Danish kroner.

Hedge and private equity fund risk
The net asset value of investments in hedge funds was EUR 197m at year-end (EUR 99m), and the fair value of investments in private equity funds was EUR 184m (EUR 143m). Both types of investments are spread over a number of funds.

Consolidated market risk figures
31 December 2009

EURm	Measure	31 Dec 2009	High 2009	Low 2009	Average 2009	31 Dec 2008
Total risk	VaR	114.1	136.4	48.1	87.1	85.8
– Interest rate risk	VaR	111.5	140.2	39.8	82.1	74.4
– Equity risk	VaR	37.5	52.5	6.4	27.2	31.1
– Credit spread risk	VaR	23.8	48.0	23.0	35.1	29.7
– Foreign exchange risk	VaR	18.8	33.9	7.5	21.2	17.2
Diversification effect	VaR	41%	63%	29%	48%	44%
Structured equity option risk	Simulation	16.8	24.1	8.8	14.6	12.0
Commodity risk	Simulation	8.9	9.9	1.4	4.4	4.1

Consolidated market risk exposures

EURm	Type of exposure	31 Dec 2009	2009 high	2009 low	2009 average	31 Dec 2008
Hedge funds	Net asset value	196.6	202.0	98.4	132.8	98.7
Private equity funds	Fair value	184.3	186.6	140.1	160.0	142.5

Other market risks
Market risk associated with the mismatch between policyholders' assets and liabilities in Nordea Life & Pensions is analysed separately. The scenario for normal market conditions shows a risk of EUR 9m at the end of 2009 (EUR 59m). The market risk from the internal pension plans is also measured separately.

Nordea's exposure to commodity risk, primarily pulp and paper, is solely related to customer-driven activities. The risk was EUR 9m at the end of 2009 (EUR 4m).

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

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

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

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

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

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

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

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

Liquidity management

Liquidity risk

Key issues during 2009

Nordea has during 2009 continued to benefit from its focus on prudent liquidity risk management, reflected by a diversified and strong funding base. The Group has had access to all relevant financial markets and has been able to actively use all the funding programmes. Nordea issued approx. EUR 27bn in long-term debt during 2009 excluding Danish covered bonds. Extensive discussions on new liquidity risk regulation are ongoing among regulators, Nordea is tightly participating in the discussions on several forums and is well prepared for potential changes. New regulation are presented in more detail on page 59.

Management principles and control

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

Liquidity risk management

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

Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude 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 manage the market access. Broad and diversified funding structure is reflected by the strong presence in the Group's four domestic markets in the form of a strong and stable retail customer base and the variety of funding programmes. Funding programs are both short-term (US Commercial Papers, European Commercial Papers, Commercial Papers, Certificates of Deposits) and long-term (Swedish and Danish Covered bonds, European Medium Term Notes, Medium Term Notes) in diverse currencies. However, foreign exchange risk is covered. The funding sources are presented in the table on next page. As of the end of 2009, the total volume utilised under short-term programmes was EUR 53bn with the average maturity of 0.4 years and the total volume under long-term programmes is EUR 77bn with the average maturity of 7.8 years. During 2009, the volume of long-term programmes increased by 12bn and the volume of short-term programmes increased by 9bn. Nordea publishes adequate information on the liquidity situation of the Group to remain trustworthy at all times.

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

Liquidity risk measurement methods

The liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. In order to manage short-term funding positions, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 14 days. Cash flows from both on-balance sheet and off-balance sheet items are included. Funding gap risk is measured and limited for each currency and as a total figure for all currencies combined. The total figure for all currencies combined is limited by the Board of Directors. To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. Limit is set by the Board of Directors for the minimum size of the liquidity buffer. The liquidity buffer is set to ensure a total positive cash flow defined by the funding risk measurement and consists of high-grade liquid securities that can be sold or used as collateral in funding operations. The structural liquidity risk of Nordea is measured and limited by the Board of Directors through the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a remaining term to maturity longer than 6 months, and shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 6 months and comitted facilities.

Liquidity risk analysis

The short-term liquidity risk has been held at moderate levels throughout 2009. The average funding gap risk, ie the average expected need for raising liquidity in the course of the next 14 days, has been EUR –9bn (EUR –9bn). Nordea's liquidity buffer has been in the range EUR 35–59bn (EUR 20–40bn) throughout 2009 with an average of EUR 46bn (EUR 27bn). Nordea's liquidity buffer is highly liquid, consisting of 96% of central bank eligible securities at the end of 2009. By utilising the liquidity buffer, Nordea is able to secure its funding requirements for more than one year without access to new market funding. The aim of always maintaining a positive net balance of stable funding has been comfortably achieved throughout 2009. The yearly average for the net balance of stable funding was EUR 17bn (EUR 8bn).

Structural Interest Income Risk

Structural Interest Income Risk (SIIR) is the amount Nordea's accumulated net interest income would change during the next 12 months if all interest rates change by one percentage point.

SIIR reflects the mismatch in the balance sheet items and the off-balance sheet items when the interest rate re-pricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly.

Nordea's SIIR management is based on policy statements resulting in different SIIR measures, targets and organisational procedures.

Policy statements focus on optimising financial structure, balanced risk taking and reliable earnings growth, identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information. Group Treasury has the responsibility for the operational management of SIIR and for complying with Group wide targets.

SIIR measurement methods

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

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

SIIR analysis

At the end of the year, the SIIR for decreasing market rates was EUR –191m (EUR –218m) and the SIIR for increasing rates was EUR 148m (EUR 55m). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

Net balance of stable funding, 31 December 2009

Stable liabilities and equity

Liability type, EURbn	Amount
Equity and Core Liabilities	
Deposits and borrowings from the public	125.4
Equity	22.4
Structural funding	
Long term deposits from credit institutions	6.9
Long CD and CP	1.9
Long term bonds issued	50.4
Other structural funding	3.9
Total stable liabilities	**210.9**

Stable long-term assets

Asset type, EURbn	Amount
Core assets	
Loans to the public	177.6
Long term loans to credit institutions	5.8
Illiquid assets	5.0
Total stable long-term assets	**188.4**
Net balance of stable funding (NBSF)	**22.5**

Funding sources, 31 December 2009

Liability type, EURm	Interest rate base	Average maturity	EURm
Deposits by credit institutions			
– shorter than 3 months	Euribor etc	0.1	46,721
– longer than 3 months	Euribor etc	0.8	5,468
Deposits and borrowings from the public			
– Deposits on demand	Administrative	0.0	101,359
– Other deposits	Euribor etc	0.3	52,218
Debt securities in issue			
– Certificates of deposits	Euribor etc	0.4	40,636
– Commercial papers	Euribor etc	0.4	12,586
– Mortgage covered bond loans	Fixed rate, Market based	9.9	54,785
– Other bond loans	Fixed rate, Market based	2.7	22,512
Derivatives		n.a.	73,043
Other non-interest-bearing items		n.a.	34,779
Subordinated debentures			
– Dated subordinated debenture loans	Fixed rate, Market based	5.8	5,000
– Undated and other subordinated debenture	Fixed rate, Market based	n.a.	2,185
Equity		n.a.	22,420
Total (total liabilities and equity)			**473,713**
Liabilities to policyholders		n.a.	33,831
Total (total liabilities and equity) including Life insurance operations			**507,544**

Capital management

Capital management

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

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

Capital governance

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

Nordea's ability to meet targets and to maintain minimum capital requirements is reviewed regularly within the Asset and Liability Committee (ALCO) and the Capital Planning Forum (CPF).

The CPF, headed by the CFO is the forum responsible for coordinating capital planning activities within the Group, including regulatory and internal capital as well as the capital base. Additionally the CPF reviews the future capital requirements in the assessment of annual dividends, share repurchases, external and internal debt and capital injection decisions.

Capital requirements and RWA

EURm	31 Dec 2009 Capital requirement	31 Dec 2009 Basel II RWA	31 Dec 2008 Basel II RWA
Credit risk	**12,250**	**153,123**	**150,746**
IRB foundation	9,655	120,692	119,207
– of which corporate	7,060	88,249	86,358
– of which institutions	821	10,262	12,699
– of which retail	1,673	20,912	18,313
– of which other	101	1,269	1,837
Standardised	**2,595**	**32,431**	**31,539**
– of which sovereign	70	871	940
– of which retail	711	8,887	7,875
– of which other	1,814	22,673	22,724
Market risk	**431**	**5,386**	**5,930**
– of which trading book, VaR	107	1,335	1,715
– of which trading book, non-VaR	267	3,341	3,372
– of which FX, non-VaR	57	710	843
Operational risk	**1,057**	**13,215**	**11,896**
Standardised	1,057	13,215	11,896
Sub total	**13,738**	**171,724**	**168,572**
Adjustment for transition rules			
Additional capital requirement according to transition rules	1,611	20,134	44,709
Total	**15,349**	**191,858**	**213,281**

Pillar 1

Risk Weighted Assets (RWA) are calculated based on pillar 1 requirements. Nordea had 79% of the exposure covered by Internal Rating Based (IRB) approaches by the end of 2009. Nordea will implement the IRB approach for some remaining portfolios.

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

Pillar 2

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

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

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

For 2010, the EC has been further aligned with the regulatory capital calculations by substitution of the internal estimates of Loss Given Default (LGD) and Credit Conversion Factors (CCF) for the corporate and institution portfolios with the estimates used under the Foundation IRB approach. As a consequence of on average higher LGD and CCF the EC will increase.

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

Economic Capital (EC including NLP) was at the end of 2009 EUR 14.1bn (EUR 12.8bn).

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 for shareholder value creation.

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

Expected losses (EL)

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

The average EL ratio used in the EP framework, calculated as EL divided by exposure at default (EAD), was 26 basis points as of end of 2009 (22 basis points as of end of 2008) excluding the sovereign and institution exposure classes.

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

Capital base

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

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

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

Summary of items included in capital base

EURm	31 Dec 2009	31 Dec 2008
Calculation of total capital base		
Equity	22,420	17,803
Proposed/actual dividend	–1,006	–519
Hybrid capital loans	1,811	1,447
Deferred tax assets	–122	–58
Intangible assets	–2,612	–2,193
IRB provisions excess (+)/shortfall (–)	–211	–269
Deduction for investments in credit institutions (50%)	–98	–87
Other items, net	–605	–364
Tier 1 capital (net after deduction)	**19,577**	**15,760**
– of which hybrid capital	1,811	1,447
Tier 2 capital	**4,933**	**6,097**
– of which perpetual subordinated loans	682	690
IRB provisions excess (+)/shortfall (–)	–211	–269
Deduction for investments in credit institutions (50%)	–98	–87
Other deduction	–1,275	–1,175
Total capital base	**22,926**	**20,326**

Capital situation of the financial conglomerate

EURm	2009	2008
Capital base (net of deductions and adjustments)	24,468	21,540
Capital requirements	16,459	18,148
Excess capital	**8,009**	**3,392**

Capital adequacy ratios

	2009	2008
Core Tier 1 ratio excluding transition rules (%)	10.3	8.5
Tier 1 ratio excluding transition rules (%)	11.4	9.3
Capital ratio excluding transition rules (%)	13.4	12.1
Core Tier 1 ratio including transition rules (%)	9.3	6.7
Tier 1 ratio including transition rules (%)	10.2	7.4
Capital ratio including transition rules (%)	11.9	9.5
Capital base / Regulatory capital requirement including transition rules	1.49	1.19

Capital situation of the financial conglomerate

The capital requirements valid for financial conglomerates are stated in the Swedish law (Act (2006:531) on Financial Conglomerates (FC), which was implemented by the 1 July 2006. Detailed instructions and requirements are stated in FFFS 2006:6. Both sectors contribute to the excess capital and especially the banking sector show a very strong capital position. Nordea uses the consolidation method for calculating the capital position in the financial conglomerate.

The right issue and the prudent dividend as for 2008 and other capital management measures contribute to a capital position of EUR 8 bn in excess.

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 schemes 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 Nordea as per end of 2009.

The Pillar 3 disclosure
Capital and risk management report

The disclosure in accordance with the Pillar 3 requirements according to the CRD in the Basel II framework is presented on www.nordea.com.

New regulations

The past crisis has revealed the devastating effect of financial instability on a global scale. Key regulatory initiatives are within the areas of capital, liquidity and new EU supervisory structure. Nordea is well prepared for new regulations. There is a strong focus on risk and capital management and liquidity risk management within the organisation in order to meet new regulatory demands.

New capital regulations

During 2009, several key regulatory initiatives have been discussed by regulators and other standard setters in order to increase the quantity and quality of capital. In December 2009, the Basel Committee on Banking Supervision (BCBS) published a proposal of a new regulatory regime ("Basel III") to strengthen global capital and liquidity regulations, which are described in the consultative document "Strengthening the resilience of the banking sector" and "International framework for liquidity risk measurement, standards and monitoring". A comprehensive Quan-titative Impact Study will be conducted by banks during the spring 2010 based on the draft proposals. The Basel Committee is expected to issue a fully calibrated and final comprehensive framework by end 2010, and has communicated that the aim is to implement the new regulatory regime by end 2012.

It has also been decided that the prolongation of the transitional floors (which limit the Basel II capital require ments to 80% of the requirements according to the old Basel I rules) will continue to the end of 2011. Key capital regulations under implementation in EU and in local legislations under 2010 and 2011 are the revised large exposure framework, securitisation framework and market risk framework.

The key elements of the capital proposal are to increase the quality of the capital base, strengthen the risk coverage, introduction of a supplementary leverage ratio as well as a series of measures to make the framework more countercyclical. The proposed changes in "Basel III" will lead to an increase in the quality and quantity of capital for many banks, but the magnitude of the capital effects depends on the final calibration and implementation of the proposal.

Nordea is well prepared for new capital regulations, with one of the strongest core tier 1 capital ratios in the European peer group and with a high portion of core equity in the capital base.

A new regulatory framework is also under implementation for the insurance sector, the Solvency II framework. During 2010, a Quantitative Impact Study (QIS5) will be conducted throughout Europe. The implementation is expected to come into force in local legislations by end of 2012. Nordea has established a program to monitor the development in legislation and prepare and implement Solvency II in Nordea by 2012.

New liquidity regulations

The proposed liquidity risk changes focus on elevating the resilience of internationally active banks to liquidity stresses across the globe, as well as increasing international harmonisation of liquidity risk supervision. The proposal includes the development of two internationally consistent regulatory standards ie Liquidity coverage ratio and Net stable funding ratio. The effects are dependent on both the underlying assumptions of metrics as well as required levels.

Even though Nordea will be impacted by the current proposal, Nordea is well prepared to adapt to new regulations, due to its high quality liquidity buffers, well-diversified funding base, strong funding name and high proportion of long-term debt issuance.

Already during 2008, the Basel Committee on Banking Supervision (BCBS) and the Committee of European Banking Supervisors (CEBS) published qualitative principles and guidelines on liquidity risk management. The publications cover among others issues liquidity strategy,

> "Nordea is well prepared for new regulations – with strong core tier 1 ratio, high core equity portion, high-quality liquidity buffers, well-diversified funding base, strong funding name and high proportion of long-term debt.

degree of risk tolerance, segregation of duties, funding strategy, contingent liquidity, contingency funding plan, liquidity buffers and public disclosure.

Above mentioned qualitative guidelines seem to be adapted by the banking industry in general, Nordea included. As a consequence, the general awareness of the inherited liquidity risks has improved within institutions.

In addition, CEBS has during 2009 initiated the process towards quantitative framework by publishing guidelines on liquidity buffers and liquidity identity card. Liquidity buffers paper sets out draft guidelines on the appropriate size and composition of liquidity buffers with a view to enhance banks' resilience to liquidity shocks. Bespoke buffers should be in place to enable credit institutions to withstand a liquidity stress for a period of at least one month without changing their business models. Liquidity identity card, in its part, aims at providing supervisors of European cross-border banking groups with a single prudential language to enable meaningful exchange of information, in particular within colleges of supervisors. Liquidity identity card introduces, in addition of liquidity buffer, also metrics like Long-term funding ratio and Core funding ratio. Long-term funding ratio compares long-term, stable funding with long-term assets. The ratio measures the extent to which core funding is used to finance longer-term, illiquid assets and contingencies. Core funding ratio is another type of long-term metrics and it measures the amount of stable or core liabilities as a percentage of total liabilities and equity. This ratio provides insight on the extent to which effective long-term funding is used, given the business model.

Further, BCBS issued at the end of 2009 a consultation paper called International framework for liquidity risk measurement, standards and monitoring. The document focuses on elevating the resilience of internationally active banks to liquidity stresses across the globe, as well as increasing international harmonisation of liquidity risk supervision. This quantitative document developed two internationally consistent regulatory standards i.e. Liquidity coverage ratio and Net stable funding ratio. These standards aim to set the minimum levels of liquidity for internationally active banks. Liquidity coverage ratio aims to ensure that a bank maintains an adequate level of unencumbered, high quality assets that can be converted into cash to meet its liquidity need for a 30-day time horizon under an acute liquidity stress scenario. Net stable funding ratio establishes a minimum acceptable amount of stable funding based on the liquidity characteristics of an institution's assets and activities over a one year horizon. To further strengthen and promote consistency in international liquidity risk supervision, BCBS has also developed a minimum set of monitoring tools to be used in the ongoing monitoring and in communicating these exposures among home and host supervisors.

However, above mentioned quantitative publications have not yet been able to create clear methodological standards or express the undisputed levels of liquidity, but the process has been started and is on-going. This process should be finalised during 2010, including an impact assessment carried out by BSCB followed by a calibration of the standards. Thereafter, it is possible to fully assess the consequences for the banking industry. The consequences are dependent on both the underlying assumptions of metrics as well as required levels and the impact analysis is challenging without the complete knowledge of both parameters.

New European Supervisory structure

During 2009, it has been agreed that a new European Supervisory structure will be implemented by establishing two new micro- and macro-prudential supervisors. Financial stability conditions (”macro-prudential supervision”) will be monitored by European Systemic Risk Board (ESRB). The ESRB will provide early warning of systemic risks that may be building up and, where necessary, recommendations for action to deal with these risks. European System of Financial Supervisors (ESFS) is established for the supervision of individual financial institutions (”micro-prudential supervision”). It consists of a network of national financial supervisors working in tandem with new European Supervisory Authorities (ESA), created by the transformation of existing Committees for the banking, securities and insurance and occupational pensions sectors. Nordea is supportive of the establishment of this new supervisory structure, but will continue to work closely with the college of supervisors which have been established since long for Nordea.

Corporate Governance

"The bank has delivered steady and healthy profits even in the most turbulent months and years. Nevertheless, the year 2009 was not like any other year for the Board of Directors. The financial turmoil influenced all our work.

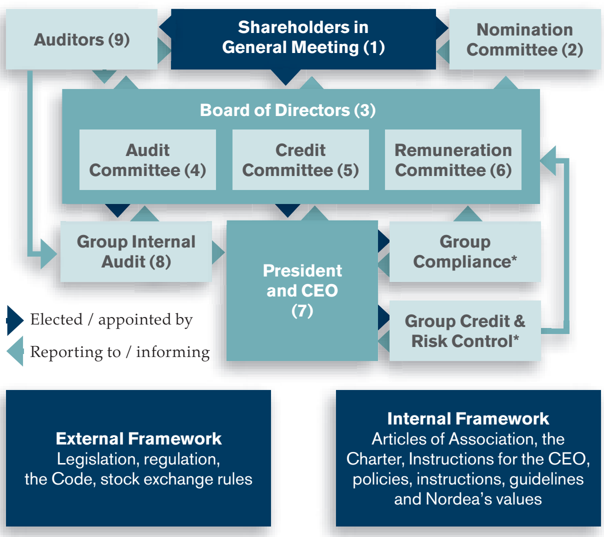
In challenging times, rules, procedures and guidelines safeguarding sound decision-making and prudent risk-taking are tested. Corporate governance in its broadest sense makes the difference. It is all about having straightforward and systematic decision making processes assuring clarity of responsibilities, avoiding conflicts of interest and ensuring satisfactory transparency. Governance shall enable the shareholders to take on responsibility and to influence the companies.

Good corporate governance facilitates sound strategy and competent management supporting a healthy corporate culture and successful business activities. It gives the company a competitive edge and enhances trust in the capital market."

Hans Dalborg,
Chairman of the Board of Directors

Corporate governance in Nordea follows generally adopted principles of corporate governance. The external framework which regulates the corporate governance work include the Swedish Companies Act, Banking and Financing Business Act, Annual Accounts Act, the NASDAQ OMX rules and the rules and principles of the Swedish Code of Corporate Governance (the Code). The Code can be found on www.corporategovernanceboard.se.

Corporate Governance Structure



The numbers in the brackets refer to text paragraphs.
* Group Credit & Risk Control as well as Group Compliance are described in separate sections and information can be found on page 48 to 54.

Division of powers and responsibilities

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

General Meetings (1)

Pursuant to the Swedish Companies Act, the General Meeting is the Company's highest decision-making body, where the shareholders exercise their voting rights. At the General Meeting decisions are taken regarding the annual accounts, dividend, election of the Board of Directors and auditors, remuneration to Board members and auditors, guidelines for remuneration to the executive officers as well as other matters in accordance with applicable Swedish legislation, the Articles of Association and the Code.

General Meetings are held in Stockholm. In addition, local shareholder information meetings are held in Copenhagen and Helsinki prior to the Annual General Meeting (AGM) 2010.

For the minutes of the AGM 2009, see www.nordea.com.

Voting rights

According to the Articles of Association, shares may be issued in two classes, ordinary shares and C-shares. All shares in Nordea carry voting rights, with each ordinary share entitled to one vote and each C-share entitled to one tenth of one vote at General Meetings. At General Meetings, each shareholder is entitled to vote for the full number of shares that he or she owns or represents. Nordea is not entitled to vote for own shares at General Meetings. C-shares are not entitled to any dividend. More information about the Nordea share can be found in the section "The Nordea Share" on page 37 and in the Board of Directors' Report on page 40.

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

Nomination process (2)

The AGM 2009 decided to set up a Nomination Committee whose task in reference to the AGM 2010 is to propose Board members and Chairman of the Board, as well as remuneration to the Board members and auditors.

The Nomination Committee comprises Hans Dalborg (Chairman of the Board) and of the four largest shareholders in terms of voting rights as of 31 August 2009, who wished to participate in the Committee. The appointment of the member of the Nomination Committee was made public on 15 September 2009. At the date of constitution the Nomination Committee represented approximately 44 percent of the shareholders votes. The Swedish government appointed Viktoria Aastrup. She was replaced by Kristina Ekengren on 22 December 2009. Sampo plc appointed Kari Stadigh, Nordea-fonden appointed Mogens Hugo and AMF appointed Ingrid Bonde. Viktoria Aastrup was chairman of the committee until 22 December 2009, when Kristina Ekengren was elected new chairman.

The proposals of the Nomination Committee was presented to the shareholders on 26 January 2010 on www.nordea.com and it will be presented in the notice of the AGM 2010.

Nordea Board of Directors (3)

Composition of the Board of Directors

According to the Articles of Association the Board of Directors shall consist of at least six and no more than fifteen members elected by shareholders at the General Meeting. The mandate period for Board members is one year. Nordea has no specific retirement age as Board member nor is there a time limit for how long a Board member may serve on the Board.

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

The Board currently consists of ten members elected by the General Meeting. In addition three members and one deputy member are appointed by the employees. Employees have a right according to Swedish legislation to be represented in the Board. The CEO of Nordea is not a member of the Board. The composition of the Board of Directors appears from the table on page 64 and further information regarding the Board members elected at the AGM 2009 is found in the separate section "Board of Directors", page 162.

Independence of the Board of Directors

Nordea complies with applicable rules regarding the independence of the Board. The Nomination Committee considers all of the members elected by the shareholders independent of the Company and its executive management, with the exception of Lars G Nordström and Stine Bosse. Lars G Nordström was employed as President and CEO of the Group until 13 April 2007. Stine Bosse is managing director and CEO of TrygVesta A/S, whose subsidiary TrygVesta Forsikring A/S has concluded agreements with companies within the Nordea Group have concluded agreements concerning property insurance and sales of life and pension products. Thus the majority of the Board members are independent in relation to the Company and its executive management.

All Board members elected by the shareholders, apart from Björn Wahlroos, are independent of the Company's major shareholders. Björn Wahlroos is Board chairman of Sampo plc, which owns more than ten per cent of all shares and votes in Nordea Bank AB (publ). At least two of the board members who are independent in relation to the Company and its executive management are thus also independent to the Company's major shareholders.

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

The work of the Board of Directors

The Board of Directors annually establishes its working plan, which also establishes the management and risk reporting to the Board. The statutory meeting following the AGM 2009 elected the vice Chairman and appointed the Board Committee members. The Board has adopted rules of procedures for the Nordea Board of Directors (the Charter), containing *inter alia* rules pertaining to the areas of responsibility of the Board and the Chairman, the number of meetings, documentation of meetings and rules regarding conflicts of interest. Furthermore, the Board of Directors has adopted Instructions for the CEO specifying the CEO's responsibilities as well as other policies, instructions and guidelines for the operations of the Group. These together with the Articles of Association, the Charter and Nordea's values constitute the internal framework, which regulate the corporate governance work in Nordea. Further information regarding Nordea's values is found in the separate section "Prudent growth – the way forward", page 8.

The Board is charged with the organisation of Nordea and the management of the Company's operations and the overall management of the Nordea Group's affairs in accordance with applicable rules and regulations, the Code, the Articles of Association and the Charter. Further, the Board shall ensure that the Company's organisation in respect of accounting, management of funds, and the Company's financial position in general includes satisfactory controls. The Board is ultimately responsible for ensuring that an adequate and effective system of internal control is established and maintained. Group Internal Audit (GIA) issues yearly to the Board an overall Assurance Statement on Nordea's risk management control and governance process. The assurance statement for 2009 concludes that the internal control system is adequate and effective. Further information regarding internal control within Nordea is given below under heading "Internal control". At least once a year the Board meets the external auditors without the CEO or any other Company executive being present.

During 2009, the Board held 20 meetings. 15 meetings were held in Stockholm, one in Copenhagen, one in Helsinki and three meetings were held per capsulam. On a regular basis the Board follows up the strategy, financial position and development and risks. The financial targets and the strategy are reviewed on an annual basis. During 2009, the Board also dealt with for example reports on and issues related to financial market and macro economic development, capital including issuance of new ordinary shares, Internal Capital Adequacy Assessment Process (ICAAP), new regulatory initiatives, revised overall Group organisation, remuneration issues, assessment of CEO and transactions of significance.

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

The Chairman

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

Evaluation of the Board

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

Board Committees

An established principle in Nordea is that the members of the Board of Directors elected by the shareholders, in addition to working in plenary meetings, conduct their responsibilities in separate working committees. The duties of the Board Committees, as well as working procedures, are defined in specific instructions adopted by the Board. Each Committee regularly reports on its work to the Board. The minutes are communicated to the Board.

The Audit Committee (4)

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

Members of the Audit Committee during 2009
Svein Jacobsen (Chairman)
Marie Ehrling
Timo Peltola
Ursula Ranin (until AGM 2009)

The members of the Audit Committee are independent of the Company and the executive management of the Company, as well as of the Company's major shareholders.

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

The Credit Committee (5)

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

Members of the Credit Committee during 2009
Hans Dalborg (Chairman)
Stine Bosse
Lars G Nordström
Heidi M. Petersen
Björn Wahlroos, and
Christian Clausen, CEO

The Head of Group Credit and Risk Control is present at meetings with the right to participate in discussions, but not in decisions.

The Remuneration Committee (6)

The Remuneration Committee is responsible for preparing and presenting proposals to the Board of Directors on remuneration issues. This includes proposals regarding the Company's guidelines for remuneration to the executive officers, the terms of employment for the CEO and the CAE and alterations of the terms of employment for GEM as a whole. At the request of the Board the Committee also prepares other issues of principle for the consideration of the Board. The CEO also consults with the Committee before determining the terms of employment of the individual members of GEM.

Members of the Remuneration Committee during 2009
Hans Dalborg (Chairman)
Tom Knutzen
Timo Peltola
Björn Savén

> "Good corporate governance facilitates sound strategy and competent management – gives competitive edge and enhances trust in the capital market.
>
> Hans Dalborg
> Chairman of the Board of Directors

The members of the Remuneration Committee are independent of the Company and the executive management of the Company, as well as of the Company's major shareholders.

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

Following the implementation of the European Commission's recommendation on remuneration policies, the responsibilities of the Remuneration Committee have been extended.

Further information regarding remuneration within Nordea is found in the separate section "Remuneration", page 66 and in Note 8, page 101.

Meetings and attendance

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

	Board of Directors	Audit Committee	Credit Committee	Remuneration Committee
Number of meetings	20	7	5	9
(of which per capsulam)	(3)	(—)	(—)	(2)
Meetings attended:				
Elected by AGM				
Hans Dalborg	20		5	9
Björn Wahlroos	19		3	
Stine Bosse	19		5	
Marie Ehrling	20	7		
Svein Jacobsen	20	7		
Tom Knutzen	20			9
Lars G Nordström	20		4	
Timo Peltola	19	6		8
Heidi M. Petersen	19		5	
Ursula Ranin[1]	8	2		
Björn Savén	20			8
Christian Clausen, CEO[2]			5	
Appointed by employees				
Kari Ahola (deputy 1 Nov 08-30 Apr 09)[3]	20			
Ole Lund Jensen[4]	3			
Nils Q. Kruse[5]	17			
Lars Oddestad (deputy 1 Nov 09-30 Apr 10)	20			
Steinar Nickelsen (deputy 1 May 09-31 Oct 09)	20			

1) Board member and Committee member until AGM 2009
2) The CEO is not a board member but a member of the Credit Committee
3) Change of position as per 1 November 2008 effective following the submission of the Annual Report 2008
4) Board member from 1 October 2009 replacing Nils Q. Kruse
5) Board member until 30 September 2009

The CEO and Group Executive Management (7)

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

The CEO is accountable to the Board for the management of the Nordea Group's operations and he is also responsible for developing and maintaining effective systems for internal control within the Group. The CEO works together with senior officers within the Group in GEM. Presently GEM consists of six members and the CEO. GEM has recorded weekly meetings. These meetings are chaired by the CEO, who reaches decisions after consulting with the other members of GEM. Further information regarding the CEO and GEM is found in the separate section "Group Executive Management", page 164.

Internal control process

The Internal control process is carried out by the Board of Directors, management and other staff within Nordea, and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations,
- reliability of operational and financial reporting,
- compliance with external and internal regulations, and
- safeguarding of assets, including sufficient management of risks in operations.

The Internal control process is based on the control environment which includes the following elements: values and management culture, goal-orientation and follow-up, a clear and transparent organisational structure, segregation of duties, the four-eyes principle, quality and efficiency of internal communication and an independent evaluation process.

The framework for the internal control process aims at creating the necessary preconditions for the whole organisation to contribute to the effectiveness and the high quality of internal control.

The framework is based on clear definitions, assignments of roles and responsibilities, common tools and procedures, and is expressed in a common language. The main components of the framework are:

- risk assessment,
- measurement systems and reporting procedures,
- control activities, and
- management monitoring.

Report on the key aspects of the systems for internal control and risk management regarding financial reports according to the Code

The Board's Report on the key aspects of the systems for internal control and risk management regarding financial reports for the Financial Year 2009 is submitted in a separate section of the Corporate Governance Report 2009, which is attached to this annual report.

Internal audit (8)
Group Internal Audit (GIA) is an independent function commissioned by the Board of Directors. The Audit Committee is responsible for guidance on and evaluation of GIA within the Nordea Group. The Group Chief Audit Executive (CAE) has the overall responsibility for GIA. The CAE reports functionally to the Board of Directors and the Audit Committee. The CAE reports administratively to the CEO. The Board of Directors approves the appointment and dismissal of the CAE.

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

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

GIA operates free from interference in determining the scope of internal auditing, in performing its audit work, and in communicating its results. GIA is authorised to carry out all investigations and obtain all information that is required to discharge its duties. The work of GIA shall comply with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the IT Audit and Assurance Standards for Information Systems Auditing issued by ISACA. The annual audit plans are based on a comprehensive risk assessment.

External audit (9)
According to the Articles of Association one or two auditors shall be elected by the General Meeting of shareholders for a term of four years. At the re-election of auditors the General Meeting may decide that the assignment will continue for a term of three years. At the AGM 2003 KPMG AB was re-elected auditor for the time period up to the end of the AGM 2007. Following a tender process KPMG AB was re-elected auditor at the AGM 2007 for a period up to the end of the AGM 2011. Carl Lindgren is the auditor-in-charge.

Corporate Governance Report
Nordea's Corporate Governance Report 2009 is attached to this annual report. The report, including the Report on the key aspects of the systems for internal control and risk management regarding financial reports, has not been reviewed by the auditors.

"The management and control of Nordea is divided among the shareholders, the Board of Directors and the President and CEO.

Remuneration

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

The Board of Directors resolves the Nordea Remuneration Policy and sees to that it is applied and followed-up, on proposal by the Remuneration Committee and based on an analysis of the risks it could be associated with.

Nordea Remuneration Policy will

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

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

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

Nordea remuneration components – purpose and eligibility

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

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

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

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

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

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

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

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

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

Risk analysis

Nordea's remuneration components have been evaluated during 2009 to ensure compliance with both local and international remuneration guidelines. In addition to the review of the components as such, a risk analysis addressing issues arising in respect of Nordea's Remuneration Policy has been conducted. Key factors addressed include risks related to the governance and structure of the remuneration schemes, goal setting and measurement of results, as well as fraud and reputation. The main focus of the analysis is the variable components, potentially leading to total compensations that might be considered high.

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

Risks related to the processes governed by the Remuneration Policy exist and will continue to exist going forward. Nordea applies a wide range of processes, tools and control activities to manage the risks and thereby reduce potential negative effects. A summary of the risk analysis will be published on the Nordea homepage during March.

A number of employees who could impact Nordea's risk profile, as defined in the risk analysis, have on voluntary basis accepted a share-linked deferral on part of their variable compensation for 2009. The share-linked deferral is indexed with Nordea Total Shareholder Return and vests in equal installments over a three-year period. This to make Nordea compliant with international guidelines. Going forward, Nordea aims to comply with international guidelines and national regulations where implemented.

Remuneration to the Board of Directors

The AGM annually decides on remuneration to the Board of Directors. Further information is found in Note 8 on page 101.

Remuneration to CEO and Group Execeutive Management (GEM)

The Board of Directors prepares the proposal for guidelines for remuneration to the executive officers to be approved by the AGM annually. According to these guidelines, the Board of Directors has decided on the actual remuneration to the CEO following a proposal from the Remuneration Committee. More information regarding the Remuneration Committee is found in the separate section "Corporate Governance", page 61. The Remuneration Committee has also prepared proposal to the Board of Directors for alterations of the terms of employment for GEM as a whole. The external auditors presented a report to the AGM 2009 stating that the Board of Directors and the CEO during 2008 have complied with the guidelines for remuneration to executive officers as adopted by the AGM 2007 and 2008.

Further information about remuneration is found in Note 8 on page 101.

Following the implementation of the European Commission's recommendation on remuneration policies the responsibilities of the Board of Directors and the Remuneration Committee have been extended. On proposal by the Remuneration Committee the Board of Directors decides on remuneration for CEO and also other employees in leading positions. The Remuneration Committee at least annually follows-up the application of the Nordea Remuneration Policy and supplementing instructions through an independent review by Group Internal Audit.

Approved guidelines for remuneration to the executive officers for 2009

The AGM 2009 approved the following guidelines for remuneration to the executive officers.

Nordea maintains remuneration levels and other conditions needed to recruit and retain executive officers with competence and capacity to deliver according to Group targets. Salaries and other remuneration in line with market levels is thus the overriding principle for compensation to executive officers within Nordea. The term executive officers includes the CEO of Nordea Bank AB (publ) and the executives reporting directly to him also being members of Group Executive Management.

Fixed salaries are paid for fully satisfactory performance. In addition variable salary can be offered to reward performance meeting agreed specific targets. The variable salary shall as a general rule not exceed 35 per cent of fixed salary, and is determined by to what extent predetermined financial, customer related and personal objectives are met. However, no such variable salary will be paid for 2009.

The AGM 2007 decided to introduce a share- and performance-based Long Term Incentive Programme which requires an initial investment in Nordea shares by the participants. According to the programme the remuneration is proposed to be given in the form of a right to acquire Nordea shares, and requires, for full outcome, that certain predetermined financial targets are reached. The programme has a cap. The underlying basic principles for compensation under the Long Term Incentive Programme are that the compensation shall be dependent on the creation of long term shareholder value and the fulfilment of Nordea's financial targets, which are based on the principles of risk adjusted profit and total shareholder return. On a yearly basis the board of directors will evaluate whether a similar incentive programme should be proposed to the Annual General Meeting. The members of Group Executive Management will be invited to join the Long Term Incentive Programmes. If the Annual General Meeting does not approve a Long Term Incentive Programme, the variable cash remuneration to Group Executive Management may be increased and shall as a general rule not exceed 50 per cent of fixed salary.

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

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

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

Proposal for guidelines for remuneration to the executive officers for 2010

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

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

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

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

Fixed salary is paid for fully satisfactory performance.

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

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

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

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

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

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

Additional information to the Board of Directors' proposal for guidelines

Previous undertakings not yet due:

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

Deviations from approved guidelines 2009:

GEM members employed in Nordea Bank Danmark A/S could not be offered the LTIP 2009 due to the restrictions in the Danish Act on Financial Stability. These GEM members could due to the remuneration guidelines neither be offered the cash based incentive programme, see below, offered to managers and key employees employed in Nordea Bank Danmark A/S.

Estimated cost for variable remunerations in 2010:

It is estimated that the total cost for variable salary parts, excluding Long Term Incentive Programmes, for GEM can reach a maximum of approx. EUR 0.3m.

The estimated cost in 2010 for the approved Long Term Incentive Programmes (LTIP 2008 and LTIP 2009) and for the proposed Long Term Incentive Programme (LTIP 2010), allocated to GEM members is shown in the following table.

	LTIP 2008	LTIP 2009	LTIP 2010
Maximum cost[1]	EUR 0.2m	EUR 0.6m	EUR 0.4m
Expected cost[2]	EUR 0.1m	EUR 0.4m	EUR 0.2m
Calculated cost[3]	EUR 0.6m	EUR 1.0m	EUR 0.7m

1) Maximum cost in 2010 assuming maximum investments by CEO and all GEM members and that all criteria are fully met expensed during 24 months 2008-2010 and 2009-2011 respectively and for LTIP 2010 expensed over 36 months in 2010-2013, excluding social costs.
2) Expected cost in 2010 assuming maximum investments by CEO and all GEM members based on 50% fulfilment of the performance criteria for each programme expensed during 24 months 2008-2010 and 2009-2011 respectively and for LTIP 2010 expensed over 36 months in 2010-2013, excluding social costs.
3) The calculated cost of respective whole programme for GEM as at grant date, excluding social costs.

Additional information about incentive schemes

Profit Sharing scheme

The Profit Sharing scheme is capped and not based on the value of the Nordea share. It is a benefit, by which the employees get a part of the profit to encourage good performance and one Nordea team, which in turn will lead to better profitability and make it more attractive to work within the Nordea Group.

In 2009, a total of EUR 98m was provided for under Nordea's Profit Sharing scheme for all employees. For 2009, each employee can receive a maximum of EUR 3,200, of which EUR 2,000 is based on a pre-determined level of risk-adjusted profit, an additional EUR 600 based on the level of relative customer satisfaction and an additional EUR 600 based on Nordea's relative performance compared to a Nordic peer group as measured by Return on equity.

The Profit Sharing scheme for 2010 is suggested to replace current Return on equity measure with Nordea's relative performance compared to a Nordic peer group as measured by Total Shareholder Return. If all performance criteria are met, the cost of the scheme will amount to a maximum of approx. EUR 100m.

Variable Salary Part (VSP)

VSP may be offered to selected managers, specialists and key employees to reward strong performance and to attract, motivate and retain employees with strong performance within Nordea Group. VSP must be transparent and have predefined success criteria with clear weightings. A VSP must include success criteria based on Nordea Group KPIs decided annually by CEO. In the event of weak or negative overall Nordea Group results, VSP outcomes will be adjusted downwards at the discretion of the CEO.

A VSP agreement should not exceed a maximum outcome of 25 % of annual fixed salary, except for very few managers and key employees within specific areas, where the amount can be a maximum of 50 % of annual fixed salary. Head of Customer Areas and correspondent units may in extraordinary cases approve a VSP agreement exceeding 50 % of annual fixed salary.

Nordea adheres to the Grandfather Principle when enrolling employees to any VSP scheme and approving the outcome. Group Board decides on VSP outcome for employees in leading positions on proposal from the Board Remuneration Committee.

Bonus schemes

Bonus scheme is offered only to selected groups of employees employed in specific businesses areas or units approved by GEM. Nordea pays bonuses linked to performance where both divisional bonus pools and individual allocations are explicitly based on defined performance measures. Divisional financial performance is measured as risk-adjusted profits, explicitly incorporating capital and funding costs, and adjust for multi-period revenue effects as well as minimum required profit. In the event of weak or negative overall Nordea Group result, bonus pools will be adjusted downwards at the discretion of the Board of Directors. As such, individual compensation is determined based on detailed performance evaluations covering a range of financial and non-financial factors.

Inappropriate individual bonuses are prevented through both caps on the percentage of risk-adjusted profit that can be paid out, and strict allocation procedures. Control and compliance staff compensation in divisions having bonus schemes is determined independently of front-office performance, and care is taken to ensure these functions remain competitively rewarded. Nordea has decided to introduce deferral programmes for staff, who in the risk analysis is defined as employees who could impact Nordea's risk profile.

Board of Directors decides new or revised bonus schemes and outcome of divisional bonus pools on proposal by the Remuneration Committee. GEM has responsibility for the implementation of the agreed bonus schemes. Nordea also applies a stringent process to ensure that compensation for individuals does not encourage excessive risk taking behaviour. To supplement the division level assessment, there is an approval process for significant bonuses to individuals, with CEO's approval required for bonuses exceeding a predetermined level.

Long Term Incentive Programmes

Nordea's Long Term Incentive Programme ("LTIP 2007") was introduced in May 2007, targeting up to 400 managers and key employees identified as essential to the future development of the Group. LTIP 2007 has been followed by LTIP 2008 and LTIP 2009 based on the same principles. On a yearly basis the Board of Directors evaluate whether a similar incentive programme should be proposed to the AGM.

The LTIPs are share-based and the outcome is subject to certain performance conditions. The Board's main objective with the programmes is to strengthen Nordea's capability to retain and recruit the best talent for key leadership positions. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and value growth, to increased efforts by aligning their interests and perspectives with those of the shareholders.

The participants take direct ownership by allocating Nordea shares to the programmes. For each ordinary Nordea share the participant locks into an LTIP, the participant is granted a right to acquire one ordinary share for an exercise price at a future date and additional rights, based on performance conditions, to acquire in total up to three additional ordinary shares for an exercise price, at a future date conditional upon fulfilment of certain performance conditions.

The underlying basic principles under the LTIPs are that the outcome shall be dependent on the creation of long term shareholder value by fulfilment of Nordea's long term financial targets related to Risk Adjusted Profit and Total Shareholder Return.

It is further required that the participant, with certain exemptions, remains employed within the Nordea Group during the initial two year vesting period and that all Nordea shares locked into LTIPs are kept during this period. The LTIPs have a term of four years, including the initial vesting period.

As employees employed in Nordea Bank Danmark A/S could not join LTIP 2009 due to the restrictions in the Danish Act on Financial Stability, a cash based incentive programme has been granted to these selected managers and key employees. The programme is based on similar principles as LTIP 2009, though the Total Shareholder Return target has been replaced by a Return On Equity target.

More information on the LTIP 2007, LTIP 2008 and LTIP 2009 is presented in Note 8 and on www.nordea.com, as well as in Annual Reports of previous years.

The Board has decided to propose a Long Term Incentive Programme (LTIP 2010) to the AGM 2010 based on matching shares and performance shares though measuring performance over a longer time period, three years, and based on shares free of charge instead of rights to acquire Nordea shares. The proposal for LTIP 2010 will be presented to the shareholders in the notice of the AGM 2010.

Financial statements – Contents

Income statement

EURm	Note	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Operating income					
Interest income		10,973	16,753	1,793	3,646
Interest expense		–5,692	–11,660	–1,127	–3,123
Net interest income	3	**5,281**	**5,093**	**666**	**523**
Fee and commission income		2,468	2,532	614	622
Fee and commission expense		–775	–649	–158	–154
Net fee and commission income	4	**1,693**	**1,883**	**456**	**468**
Net gains/losses on items at fair value	5	1,946	1,028	152	–13
Profit from companies accounted for under the equity method	23	48	24	—	—
Dividends	6	—	—	973	2,063
Other operating income	7	105	172	123	190
Total operating income		**9,073**	**8,200**	**2,370**	**3,231**
Operating expenses					
General administrative expenses:					
Staff costs	8	–2,724	–2,568	–595	–632
Other expenses	9	–1,639	–1,646	–443	–473
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 24, 25	–149	–124	–106	–103
Total operating expenses		**–4,512**	**–4,338**	**–1,144**	**–1,208**
Profit before loan losses		**4,561**	**3,862**	**1,226**	**2,023**
Net loan losses	11	–1,486	–466	–165	–80
Impairment of securities held as financial non-current assets	22	—	—	—	–26
Operating profit		**3,075**	**3,396**	**1,061**	**1,917**
Appropriations	12	—	—	–52	–40
Income tax expense	13	–757	–724	–24	11
Net profit for the year		**2,318**	**2,672**	**985**	**1,888**
Attributable to:					
Shareholders of Nordea Bank AB (publ)		2,314	2,671	985	1,888
Non-controlling interests		4	1	—	—
Total		**2,318**	**2,672**	**985**	**1,888**
Basic earnings per share, EUR	14	0.60	0.79		
Diluted earnings per share, EUR	14	0.60	0.79		

Statement of comprehensive income

	Group		Parent company	
EURm	2009	2008	2009	2008
Net profit for the year	**2,318**	**2,672**	**985**	**1,888**
Currency translation differences during the year	740	–1,233	—	—
Currency hedging of net investments in foreign operations	–507	691	—	—
Tax on currency hedging of net investments in foreign operations	133	–175	—	—
Available-for-sale investments:				
Valuation gains/losses during the year	1	—	—	—
Tax on valuation gains/losses during the year	0	—	—	—
Transferred to profit or loss on sale for the year	–1	–6	0	–7
Tax on transfers to profit or loss on sale for the year	—	—	0	2
Cash flow hedges:				
Valuation gains/losses during the year	6	–7	6	–7
Tax on valuation gains/losses during the year	–2	2	–2	2
Group contributions	—	—	152	–19
Tax on group contributions	—	—	–40	5
Other comprehensive income, net of tax	**370**	**–728**	**116**	**–24**
Total comprehensive income	**2,688**	**1,944**	**1,101**	**1,864**
Attributable to:				
Shareholders of Nordea Bank AB (publ)	2,684	1,943	1,101	1,864
Non-controlling interests	4	1	—	—
Total	**2,688**	**1,944**	**1,101**	**1,864**

Balance sheet

EURm	Note	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Assets					
Cash and balances with central banks		11,500	3,157	208	276
Treasury bills	15	12,944	6,545	3,656	2,098
Loans to credit institutions	16	18,555	23,903	43,501	43,855
Loans to the public	16	282,411	265,100	28,860	29,240
Interest-bearing securities	17	56,155	44,830	17,019	10,080
Financial instruments pledged as collateral	18	11,240	7,937	2,276	3,097
Shares	19	13,703	10,669	682	1,107
Derivatives	20	75,422	86,838	2,421	3,562
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	763	413	332	27
Investments in group undertakings	22	—	—	16,165	15,866
Investments in associated undertakings	23	470	431	2	2
Intangible assets	24	2,947	2,535	701	757
Property and equipment	25, 26	452	375	79	81
Investment property	27	3,505	3,334	—	—
Deferred tax assets	13	125	64	20	28
Current tax assets	13	329	344	0	76
Retirement benefit assets	37	134	168	—	—
Other assets	28	14,397	14,604	1,610	2,099
Prepaid expenses and accrued income	29	2,492	2,827	794	783
Total assets		**507,544**	**474,074**	**118,326**	**113,034**
Liabilities					
Deposits by credit institutions	30	52,190	51,932	30,187	34,713
Deposits and borrowings from the public	31	153,577	148,591	34,617	33,457
Liabilities to policyholders	32	33,831	29,238	—	—
Debt securities in issue	33	130,519	108,989	22,119	17,949
Derivatives	20	73,043	85,538	2,173	2,756
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	874	532	285	42
Current tax liabilities	13	565	458	34	0
Other liabilities	34	28,589	17,970	6,190	4,229
Accrued expenses and prepaid income	35	3,178	3,278	453	465
Deferred tax liabilities	13	870	1,053	0	0
Provisions	36	309	143	30	3
Retirement benefit obligations	37	394	340	128	118
Subordinated liabilities	38	7,185	8,209	6,605	6,829
Total liabilities		**485,124**	**456,271**	**102,821**	**100,561**
Untaxed reserves	39	**—**	**—**	**5**	**2**
Equity					
Non-controlling interests		80	78	—	—
Share capital		4,037	2,600	4,037	2,600
Share premium reserve		1,065	—	1,065	—
Other reserves		–518	–888	–1	–5
Retained earnings		17,756	16,013	10,399	9,876
Total equity		**22,420**	**17,803**	**15,500**	**12,471**
Total liabilities and equity		**507,544**	**474,074**	**118,326**	**113,034**
Assets pledged as security for own liabilities	40	121,052	95,507	2,564	3,360
Other assets pledged	41	6,635	10,807	6,963	9,504
Contingent liabilities	42	22,267	26,287	18,503	21,947
Commitments	43	79,797	88,434	28,460	24,139

Statement of changes in equity

Group

EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to shareholders of Nordea Bank AB (publ)[4]		Other reserves:						
Balance at 1 Jan 2009	**2,600**	**—**	**–883**	**–5**	**0**	**16,013**	**17,725**	**78**	**17,803**
Total comprehensive income	—	—	366	4	0	2,314	2,684	4	2,688
Rights issue[2]	1,430	1,065	—	—	—	—	2,495	—	2,495
Issued C-shares[5]	7	—	—	—	—	—	7	—	7
Repurchase of C-shares[5]	—	—	—	—	—	–7	–7	—	–7
Share-based payments[5]	—	—	—	—	—	10	10	—	10
Dividend for 2008	—	—	—	—	—	–519	–519	—	–519
Purchases of own shares[3]	—	—	—	—	—	–55	–55	—	–55
Other changes	—	—	—	—	—	—	—	–2	–2
Balance at 31 Dec 2009	**4,037**	**1,065**	**–517**	**–1**	**—**	**17,756**	**22,340**	**80**	**22,420**
Balance at 1 Jan 2008	**2,597**	**—**	**–166**	**—**	**6**	**14,645**	**17,082**	**78**	**17,160**
Total comprehensive income	—	—	–717	–5	–6	2,671	1,943	1	1,944
Issued C-shares[5]	3	—	—	—	—	—	3	—	3
Repurchase of C-shares[5]	—	—	—	—	—	–3	–3	—	–3
Share-based payments[5]	—	—	—	—	—	7	7	—	7
Dividend for 2007	—	—	—	—	—	–1,297	–1,297	—	–1,297
Purchases of own shares[3]	—	—	—	—	—	–10	–10	—	–10
Other changes	—	—	—	—	—	—	—	–1	–1
Balance at 31 Dec 2008	**2,600**	**—**	**–883**	**–5**	**0**	**16,013**	**17,725**	**78**	**17,803**

1) Total shares registered were 4,037 million (31 Dec 2008: 2,600 million).
2) Shares issued in relation to the Nordea rights issue.
3) Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 31 Dec 2009 were 23.8 million (31 Dec 2008: 9.8 million).
4) Restricted capital was at 31 Dec 2009 EUR 4,037m (31 Dec 2008: EUR 2,600m). Unrestricted capital was 31 Dec 2009 EUR 18,303m (31 Dec 2008: EUR 15,125m).
5) Refers to the Long Term Incentive Programme (LTIP). LTIP 2009 was hedged by issuing 7,250,000 C-shares (LTIP 2008: 2,880,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 12.1 million (31 Dec 2008: 6.0 million).

Parent company

EURm	Restricted equity	Unrestricted equity[1]				
			Other reserves:			
	Share capital	Share premium reserve	Cash flow hedges	Available-for-sale investments	Retained earnings	Total equity
Balance at 1 Jan 2009	**2,600**	**—**	**–5**	**0**	**9,876**	**12,471**
Total comprehensive income	—	—	4	—	1,097	1,101
Rights issue[2]	1,430	1,065	—	—	—	2,495
Issued C-shares[3]	7	—	—	—	—	7
Repurchase of C-shares[3]	—	—	—	—	–7	–7
Share-based payments[3]	—	—	—	—	9	9
Dividend for 2008	—	—	—	—	–519	–519
Purchases of own shares	—	—	—	—	–57	–57
Balance at 31 Dec 2009	**4,037**	**1,065**	**–1**	**—**	**10,399**	**15,500**
Balance at 1 Jan 2008	**2,597**	**—**	**—**	**5**	**9,308**	**11,910**
Total comprehensive income	—	—	–5	–5	1,874	1,864
Issued C-shares[3]	3	—	—	—	—	3
Repurchase of C-shares[3]	—	—	—	—	–3	–3
Share-based payments[3]	—	—	—	—	7	7
Dividend for 2007	—	—	—	—	–1,297	–1,297
Purchases of own shares	—	—	—	—	–13	–13
Balance at 31 Dec 2008	**2,600**	**—**	**–5**	**0**	**9,876**	**12,471**

1) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m.
2) Shares issued in relation to the Nordea rights issue.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2009 was hedged by issuing 7,250,000 C-shares (LTIP 2008: 2,880,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 12.1 million (31 Dec 2008: 6.0 million).

Description of items in equity is included in Note 1 Accounting policies.

Share capital

	Quota value per share, EUR	Total number of shares	Share capital, EUR
Balance at 31 Dec 2007	**1.0**	**2,597,228,227**	**2,597,228,227**
New issue[1]	1.0	2,880,000	2,880,000
Balance at 31 Dec 2008	**1.0**	**2,600,108,227**	**2 600,108,227**
New issue[1]	1.0	7,250,000	7,250,000
New issue[2]	1.0	1,430,059,524	1,430,059,524
Balance at 31 Dec 2009	**1.0**	**4,037,417,751**	**4,037,417,751**

1) Refers to the Long Term Incentive Programme (LTIP).
2) Shares issued in relation to the Nordea rights offering.

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the AGM on 25 March 2010, a dividend in respect of 2009 of EUR 0.25 per share (2008 actual dividend EUR 0.20 per share) amounting to a total of EUR 1,006,337,153 (2008 actual EUR 518,821,646) is to be proposed. The financial statements for the year ended 31 December 2009 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2010.

Cash flow statement

	Group		Parent company	
EURm	2009	2008	2009	2008
Operating activities				
Operating profit	3,075	3,396	1,061	1,917
Adjustment for items not included in cash flow	2,450	–594	–1,106	–1,912
Income taxes paid	–816	–534	52	–8
Cash flow from operating activities before changes in operating assets and liabilities	**4,709**	**2,268**	**7**	**–3**
Changes in operating assets				
Change in treasury bills	–4,828	1,020	–1,630	–1,455
Change in loans to credit institutions	7,295	–1,526	1,406	–3,723
Change in loans to the public	–5,898	–41,085	196	–2,700
Change in interest-bearing securities	–5,675	704	–4,764	–2,346
Change in financial assets pledged as collateral	–3,272	–3,148	820	–291
Change in shares	–2,940	6,323	297	950
Change in derivatives, net	–531	–792	514	–975
Change in investment properties	–171	137	—	—
Change in other assets	355	–6,903	1,411	1,617
Changes in operating liabilities				
Change in deposits by credit institutions	–1,366	24,670	–4,526	10,437
Change in deposits and borrowings from the public	–2,472	16,558	1,160	1,161
Change in liabilities to policyholders	1,870	–687	—	—
Change in debt securities in issue	18,767	15,137	4,170	4,110
Change in other liabilities	7,781	–1,837	1,862	207
Cash flow from operating activities	**13,624**	**10,839**	**923**	**6,989**
Investing activities				
Acquisition of business operations	–270	–81	–299	–412
Sale of business operations	—	—	0	2
Acquisition of investments in associated undertakings	–4	–41	0	—
Sale of investments in associated undertakings	6	135	5	110
Acquisition of property and equipment	–147	–162	–23	–45
Sale of property and equipment	17	12	0	1
Acquisition of intangible assets	–105	–132	–30	–29
Sale of intangible assets	8	6	0	—
Investments in debt securities, held to maturity	–5,413	–10,938	–2,174	–2,518
Purchase/sale of other financial fixed assets	0	17	—	—
Cash flow from investing activities	**–5,908**	**–11,184**	**–2,521**	**–2,891**
Financing activities				
Issued subordinated liabilities	686	500	686	500
Amortised subordinated liabilities	–1,808	—	–25	—
New share issue	2,503	3	2,503	3
Repurchase of own shares incl change in trading portfolio	–55	–10	–65	–16
Dividend paid	–519	–1,297	–519	–1,297
Cash flow from financing activities	**807**	**–804**	**2,580**	**–810**
Cash flow for the year	**8,523**	**–1,149**	**982**	**3,288**
Cash and cash equivalents at the beginning of year	4,694	7,097	4,897	1,609
Translation difference	745	–1,254	0	0
Cash and cash equivalents at the end of year	13,962	4,694	5,879	4,897
Change	**8,523**	**–1,149**	**982**	**3,288**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

	Group		Parent company	
EURm	2009	2008	2009	2008
Depreciation	140	114	104	101
Impairment charges	9	10	1	28
Loan losses	1,559	530	184	101
Unrealised gains/losses	–1,530	–973	249	–243
Capital gains/losses (net)	–6	–83	–4	–88
Change in accruals and provisions	318	173	4	–269
Anticipated dividends	—	—	–656	–1,593
Group contributions	—	—	–18	–177
Translation differences	–616	1,216	–788	–142
Change in bonus potential to policyholders	853	–2,033	—	—
Other	1,723	452	–182	370
Total	**2,450**	**–594**	**–1,106**	**–1,912**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
EURm	2009	2008	2009	2008
Interest payments received	11,158	16,230	1,870	3,504
Interest expenses paid	5,865	11,429	1,212	3,020

Investing activities

Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets. Aggregated cash flows arising from acquisition and sale of business operations are presented separately and consist of:

	Group	
EURm	2009	2008
Acquisition of business operations		
Cash and cash equivalents	15	4
Loans to credit institutions	510	—
Loans to the public	746	394
Property & equipment and intangible assets	213	32
Other assets	90	5
Total assets	**1,574**	**435**
Liabilities and borrowings from the public	–1,192	–340
Other liabilities and provisions	–97	–10
Total liabilities	**–1,289**	**–350**
Purchase price paid[1]	**–285**	**–85**
Cash and cash equivalents in acquired business operations	15	4
Net effect on cash flow	**–270**	**–81**

1) Including translation difference, see also Note 53 Acquisitions.

Financing activities

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

Cash and cash equivalents

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

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Cash and balances with central banks	11,500	3,157	208	276
Loans to credit institutions, payable on demand	2,462	1,537	5,671	4,621
	13,962	**4,694**	**5,879**	**4,897**

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

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

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

Quarterly development

Group

EURm	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	2009	2008
Net interest income	1,299	1,321	1,305	1,356	1,386	1,296	1,230	1,181	5,281	5,093
Net fee and commission income	463	437	412	381	390	480	518	495	1,693	1,883
Net gains/losses on items at fair value	351	486	594	515	325	221	198	284	1,946	1,028
Profit from companies accounted for under the equity method	15	7	17	9	45	–25	22	–18	48	24
Other income	30	26	31	18	105	24	24	19	105	172
Total operating income	**2,158**	**2,277**	**2,359**	**2,279**	**2,251**	**1,996**	**1,992**	**1,961**	**9,073**	**8,200**
General administrative expenses:										
Staff costs	–702	–670	–687	–665	–655	–635	–634	–644	–2,724	–2,568
Other expenses	–471	–382	–392	–394	–461	–395	–406	–384	–1,639	–1,646
Depreciation, amortisation and impairment charges of tangible and intangible assets	–46	–35	–37	–31	–34	–30	–33	–27	–149	–124
Total operating expenses	**–1,219**	**–1,087**	**–1,116**	**–1,090**	**–1,150**	**–1,060**	**–1,073**	**–1,055**	**–4,512**	**–4,338**
Profit before loan losses	**939**	**1,190**	**1,243**	**1,189**	**1,101**	**936**	**919**	**906**	**4,561**	**3,862**
Net loan losses	–347	–358	–425	–356	–320	–89	–36	–21	–1,486	–466
Operating profit	**592**	**832**	**818**	**833**	**781**	**847**	**883**	**885**	**3,075**	**3,396**
Income tax expense	–145	–206	–200	–206	–144	–192	–190	–198	–757	–724
Net profit	**447**	**626**	**618**	**627**	**637**	**655**	**693**	**687**	**2,318**	**2,672**
Earnings per share (EPS)	0.11	0.15	0.15	0.19	0.19	0.19	0.21	0.20	0.60	0.79
EPS, rolling 12 months up to period end	0.60	0.68	0.72	0.78	0.79	0.85	0.89	0.91	0.60	0.79

5 year overview

Group
Income statement

EURm	2009	2008	2007	2006	2005
Net interest income	5,281	5,093	4,282	3,869	3,663
Net fee and commission income	1,693	1,883	2,140	2,074	1,935
Net gains/losses on items at fair value	1,946	1,028	1,209	1,042	776
Profit from companies accounted for under the equity method	48	24	41	68	67
Other income	105	172	217	320	138
Total operating income	**9,073**	**8,200**	**7,889**	**7,373**	**6,579**
General administrative expenses:					
Staff costs	–2,724	–2,568	–2,388	–2,251	–2,082
Other expenses	–1,639	–1,646	–1,575	–1,485	–1,455
Depreciation, amortisation and impairment charges of tangible and intangible assets	–149	–124	–103	–86	–131
Total operating expenses	**–4,512**	**–4,338**	**–4,066**	**–3,822**	**–3,668**
Profit before loan losses	**4,561**	**3,862**	**3,823**	**3,551**	**2,911**
Net loan losses	–1,486	–466	60	257	137
Operating profit	**3,075**	**3,396**	**3,883**	**3,808**	**3,048**
Income tax expense	–757	–724	–753	–655	–779
Net profit for the year	**2,318**	**2,672**	**3,130**	**3,153**	**2,269**

Balance sheet

EURm	2009	2008	2007	2006	2005
Treasury bills and interest-bearing securities	69,099	51,375	43,975	35,744	31,727
Loans to credit institutions	18,555	23,903	24,262	26,792	31,578
Loans to the public	282,411	265,100	244,682	213,985	188,460
Derivatives	75,422	86,838	31,498	24,207	28,876
Other assets	62,057	46,858	44,637	46,162	44,908
Total assets	**507,544**	**474,074**	**389,054**	**346,890**	**325,549**
Deposits by credit institutions	52,190	51,932	30,077	32,288	29,790
Deposits and borrowings from the public	153,577	148,591	142,329	126,452	115,550
Liabilities to policyholders	33,831	29,238	32,280	31,041	26,830
Debt securities in issue	130,519	108,989	99,792	83,417	82,609
Derivatives	73,043	85,538	33,023	24,939	28,602
Subordinated liabilities	7,185	8,209	7,556	8,177	7,822
Other liabilities	34,779	23,774	26,837	25,254	21,386
Equity	22,420	17,803	17,160	15,322	12,960
Total liabilities and equity	**507,544**	**474,074**	**389,054**	**346,890**	**325,549**

Ratios and key figures

Group	2009	2008	2007	2006	2005
Basic earnings per share[2], EUR	0.60	0.79	0.93	0.94	0.67
Diluted earnings per share[2], EUR	0.60	0.79	0.93	0.94	0.67
Share price[2,3], EUR	7.10	3.90	8.90	9.10	6.85
Total shareholders' return, %	78.6	–46.9	6.4	32.3	27.5
Proposed / actual dividend per share, EUR	0.25	0.20	0.50	0.49	0.35
Equity per share[2,3], EUR	5.56	5.29	5.09	4.56	3.85
Potential shares outstanding[3], million	4,037	2,600	2,597	2,594	2,594
Weighted average number of diluted shares[2], million	3,846	3,355	3,352	3,352	3,380
Return on equity, %	11.3	15.3	19.7	22.9	18.0
Assets under management, EURbn	158.1	125.6	157.1	158.1	147.6
Cost/income ratio, %	50	53	52	52	56
Tier 1 capital ratio, excl transition rules[3], %	11.4	9.3	8.3	—	—
Total capital ratio, excl transition rules[3], %	13.4	12.1	10.9	—	—
Tier 1 capital ratio[3], %	10.2	7.4	7.0	7.1	6.8
Total capital ratio[3], %	11.9	9.5	9.1	9.8	9.2
Tier 1 capital[3], EURm	19,577	15,760	14,230	13,147	11,438
Risk-weighted assets, incl transition rules[1,3], EURbn	192	213	205	185	169
Loan loss ratio, basis points[4]	54	19	–3	–14	–9
Number of employees (full-time equivalents)[3]	33,347	34,008	31,721	29,248	28,925
Risk-adjusted profit[5], EURm	2,786	2,279	2,239	1,957	1,717
Economic profit[5], EURm	1,556	1,260	1,421	1,262	1,061
Economic capital[3], EURbn	13.5	11.8	10.2	9.3	8.7
EPS, risk-adjusted[2,5], EUR	0.72	0.68	0.67	0.58	0.51
RAROCAR[5], %	20.6	19.3	21.9	21.2	19.8
MCEV, EURm	3,244	2,624	3,189	2,873	2,283

1) RWA according to Basel I for the years 2005–2006.
2) Previous years are restated due to rights issue, see Note 1 section 2.
3) End of the year.
4) Loan loss ratio excluding a one-off provision of EUR 47m concerning a contested legal claim during 2009.
5) Risk-adjusted profit for previous years has been restated related to the IRB approval and subsequent model alignments.

Business definitions

These definitions apply to the descriptions in the Annual Report.

Tier 1 capital
The proportion of the capital base, which includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations and half of the expected shortfall deduction, - the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans (Tier 1 capital contributions and hybrid capital loans). The Core tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of the book value of the shares in wholly owned insurance companies and the potential deduction for expected shortfall.

Risk-weighted assets
Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as operational risks of the Group's undertakings, in accordance with regulations governing capital adequacy, excluding assets in insurance companies, book value of shares which have been deducted from the capital base and intangible assets.

Tier 1 capital ratio
Tier 1 capital as a percentage of risk-weighted assets. The Core tier 1 ratio is calculated as core tier 1 capital as a percentage of risk-weighted assets.

Total capital ratio
Capital base as a percentage of risk-weighted assets.

Return on equity
Net profit for the year excluding minority interests as a percentage of average equity for the year. Average equity including net profit for the year and dividend until paid, minority interests excluded.

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

Basic earnings per share
Net profit for the year divided by the weighted average number of outstanding shares, minority interests excluded.

Diluted earnings per share
Net profit for the year divided by the weighted average number of outstanding shares after full dilution, minority interests excluded.

Equity per share
Equity as shown in the balance sheet after full dilution and minority interest excluded divided by the number of shares after full dilution.

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

Risk-adjusted profit
Risk-adjusted profit is defined as total income minus total operating expenses, minus Expected losses and standard tax (26 % 2009). In addition, Risk-adjusted profit excludes major non-recurring items.

Economic profit
Economic profit is derived by deducting Cost of equity from Risk-adjusted profit.

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

Cost of equity
Cost of equity (%) is defined as required return by investors on the Nordea share, measured as the long risk free euro rate plus required average risk premium to invest in equities multiplied by Beta, which reflects the Nordea share's volatility and correlation with market volatility.

Cost of equity in EUR is defined as Cost of equity (%) times Economic capital. The Cost of equity is set by management once a year as a parameter to manage risk appetite and investment level.

Economic capital
Economic Capital is Nordea's internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas.

The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

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

MCEV
MCEV is an estimate of the value a shareholder would put on a portfolio of in-force life and pension business based on objective market return. No franchise value or other additional value is included in MCEV.

5 year overview

Parent company

Income statement

EURm	2009	2008	2007	2006	2005
Net interest income	666	523	360	365	444
Net fee and commission income	456	468	463	481	432
Net gains/losses on items at fair value	152	–13	194	186	–38
Dividends	973	2,063	1,323	4,739	1,023
Other income	123	190	127	130	121
Total operating income	**2,370**	**3,231**	**2,467**	**5,901**	**1,982**
General administrative expenses:					
Staff costs	–595	–632	–596	–568	–500
Other expenses	–443	–473	–514	–501	–536
Depreciation, amortisation and impairment charges of tangible and intangible assets	–106	–103	–101	–99	–99
Total operating expenses	**–1,144**	**–1,208**	**–1,211**	**–1,168**	**–1,135**
Profit before loan losses	**1,226**	**2,023**	**1,256**	**4,733**	**847**
Net loan losses	–165	–80	25	18	13
Impairment of securities held as financial non-current assets	—	–26	—	—	–309
Operating profit	**1,061**	**1,917**	**1,281**	**4,751**	**551**
Appropriations	–52	–40	–44	–33	595
Income tax expense	–24	11	–34	–76	–229
Net profit for the year	**985**	**1,888**	**1,203**	**4,642**	**917**

Balance sheet

EURm	2009	2008	2007	2006	2005
Treasury bills and interest-bearing securities	20,675	12,178	5,783	5,426	5,379
Loans to credit institutions	43,501	43,855	36,824	36,970	26,638
Loans to the public	28,860	29,240	26,640	21,501	19,069
Investments in group undertakings	16,165	15,866	15,488	16,561	16,551
Other assets	9,125	11,895	9,743	8,979	7,094
Total assets	**118,326**	**113,034**	**94,478**	**89,437**	**74,731**
Deposits by credit institutions	30,187	34,713	24,275	23,971	20,784
Deposits and borrowings from the public	34,617	33,457	32,296	30,482	26,579
Debt securities in issue	22,119	17,949	13,839	12,638	10,248
Subordinated liabilities	6,605	6,829	6,151	6,397	5,540
Other liabilities/untaxed reserves	9,298	7,615	6,007	3,940	3,296
Equity	15,500	12,471	11,910	12,009	8,284
Total liabilities and equity	**118,326**	**113,034**	**94,478**	**89,437**	**74,731**

Note 1 Accounting policies

1. Basis for presentation
Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1.2 "Supplementary Accounting Rules for Groups" and the supplementary UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25) have also been applied.

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

On 17 February 2010 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 25 March 2010.

2. Comparative figures
The comparative figures for 2008 include effects of changes in the presentation described in section 3 "Changed accounting policies and presentation" below.

In addition, basic and diluted earnings per share (and any other share related key ratio) have been adjusted retrospectively using the adjustment factor 1.294 as a consequence of that Nordea's rights issue includes a bonus element. See note 14 "Earnings per share" for more information.

3. Changed accounting policies and presentation
The accounting policies and basis for calculations are, in all material aspects, unchanged in comparison with the 2008 Annual Report. The impact on the presentation from the amendment to IAS 1 "Presentation of Financial Statements" is described below, together with the impact on disclosures from the new standard IFRS 8 "Operating Segments" and the amendment to IFRS 7 "Financial instruments: Disclosures".

The implemented revision of IAS 23 "Borrowing Costs" and amendments to IAS 32 "Financial Instruments: Presentation" (Puttable Financial Instruments and Obligations Arising on Liquidation), IAS 39 "Financial Instruments: Recognition and Measurement" (Reassessment of embedded derivatives), including also IFRIC 9, and IFRS 2 "Share-based Payment" (Vesting Conditions and Cancellations) as well as "Improvements to IFRSs" and new interpretations (IFRIC 13, 14, 15, 16), have had no or only an insignificant impact on Nordea (EU commission endorsement for IFRIC 15 and 16 as from 2010).

Amendment of IAS 1 "Presentation of Financial Statements"
IASB has amended IAS 1 "Presentation of Financial Statements" with effective date for Nordea as from 1 January 2009. The main impact from this amendment is that the "Statement of changes in equity" has been added and the "Statement of comprehensive income" renamed and relocated to be displayed immediately after the "Income statement".

New standard IFRS 8 "Operating Segments"
IFRS 8 is mandatory for Nordea as from 1 January 2009. The IFRS requires identification of operating segments on the basis of the information regularly reviewed by the entity's chief operating decision maker (CODM) in order to allocate resources to the segment and assess its performance. The reportable segments in Nordea have, mainly as a consequence of the restrictions in the aggregation criteria, been changed, and information has been added to comply with the requirements in the new standard. See note 2 "Segment reporting" for more information.

Amendment of IFRS 7 "Financial instruments: Disclosures"
In March 2009 the International Accounting Standards Board (IASB) published the amendment "Improving Disclosures about Financial Instruments", effective as from 1 January 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. See the separate section Risk, Liquidity and Capital management as well as note 54 "Credit risk disclosures" for more information.

Forthcoming changes in IFRSs
IFRS 9 "Financial instrument" (Phase 1)
IASB has published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers classification and measurement of financial assets. The effective date is for annual periods beginning on or after 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2009.

Nordea has, due to the fact that the standard has been recently published and that it is not yet endorsed by the EU commission, not finalised the investigation of the impact on the period of initial application or on subsequent periods.

Other forthcoming changes in IFRSs
IASB has revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements". Nordea has chosen not to implement these changes in advance and the updated standards will generally be applied prospectively for business combinations effected as from 1 January 2010, meaning that there will generally be no restatement of business combinations with acquisition dates prior to the implementation of this IFRS. The transition rules furthermore state that changes in recognised deferred tax assets, originating from business combinations effected before the application of this IFRS, shall be recognised in the income statement without any equivalent adjustments made to goodwill through the income statement, unless there is an impairment of goodwill. On acquisitions on and after 1 January 2010 the major expected impacts on Nordea from the amended IFRS 3 and IAS 27 will include a broader definition of business combinations, the need to expense acquisition costs and continuous fair value adjustments of contingent considerations recognised in the income statement.

IASB has amended IAS 32 "Financial instruments: Presentation" with respect to classification of rights issues. Nordea has chosen not to implement these changes early and the updated standard will be applied retroactively as from 1 January 2011. There is currently no identified significant impact on the period of initial application, but the amendment may affect future rights issues involving different currencies.

IASB has furthermore revised IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 24 "Related Party Disclosures" (not yet endorsed by the EU commission), amended IFRS 2 "Share-based payment" (Group Cash-settled Share-based Payment Transactions), IAS 39 "Financial Instruments: Recognition and Measurement" (Eligible hedged items) as well as published "Improvements to IFRSs". These revised and amended standards and improvements are effective for Nordea as from 1 January 2010, except for the revision of IAS 24 which is effective as from 1 January 2011, but are not expected to have any significant impact on the period of initial application or on subsequent periods.

In addition, one new interpretation not mandatory for Nordea in 2009, but where early adoption is allowed, has been published (IFRIC 17 "Distributions of Non-cash Assets to Owners"). There is currently no identified significant impact on the period of initial application or on subsequent periods.

The abovementioned revised and amended standards, improvements and new interpretation not yet adopted are not, on the period of initial application or on subsequent periods, expected to have any significant impact on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. Actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of Nordea, since they require management to make difficult, complex or subjective judgements and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments.
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions.
- the actuarial calculations of pension liabilities and plan assets related to employees.
- the actuarial calculations of liabilities to policyholders.
- claims in civil lawsuits.

Fair value measurement

Critical judgement is exercised when determining fair value of OTC Derivatives and other financial instruments that lack quoted prices or recently observed market prices in the following areas:

- The choice of valuation techniques
- The determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active)
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk
- The judgement of which market parameters that are observable

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies. In order to ensure proper governance, Nordea has a Group Valuation Committee that on an ongoing basis reviews critical judgements that are deemed to have a significant impact on fair value measurements.

See also the separate section 11 "Determination of fair value of financial instruments" and Note 47 "Assets and liabilities at fair value".

Impairment testing

Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated.

The forecasts of future cash flows are based on Nordea's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant effect on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other, affects the forecasted cash flows and may result in impairment charges of goodwill.

See also the separate section 16 "Intangible assets" and Note 24 "Intangible assets".

Loans to the public/credit institutions

When testing individual loans for impairment, the most critical judgement, containing the highest uncertainty, relates to the estimation of the most probable future cash flows generated from the customer.

When testing a group of loans collectively for impairment, the key aspect is to identify the events and/or the observable data that indicate that losses have been incurred in the group of loans. Assessing the net present value of the cash flows generated by the customers in the group contains a high degree of uncertainty when using historical data and the acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

See also the separate section 14 "Loans to the public/credit institutions" and Note 16 "Loans and their impairment".

Actuarial calculations of pension liabilities and plan assets related to employees

The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions as to salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 37 "Retirement benefit obligations".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 37 "Retirement benefit obligations".

See also the separate section 22 "Pensions to employees" and Note 37 "Retirement benefit obligations".

Actuarial calculations for liabilities to policyholders
The liabilities to policyholders consist of long-term obligations with some insurance contracts having long durations. A valuation of these liabilities includes estimations and assumptions, both financial and actuarial. One of the important financial assumptions is the interest rate used for discounting future cash flows. Other important actuarial assumptions are mortality and disability assumptions, which affect the size and timing of the future cash flows. The financial and actuarial assumptions are, to a large extent, stipulated in local legislation and therefore not under Nordea's discretion. Also assumptions for future administrative and tax expenses effect the calculation of policyholder liabilities.

See also the separate section 19 "Liabilities to policyholders" and Note 32 "Liabilities to policyholders".

Claims in civil lawsuits
Within the framework of the normal business operations, the Group faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. None of the current disputes is considered likely to have any significant adverse effect on the Group or its financial position. See also Note 36 "Provisions" and Note 42 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities
The consolidated financial statements include the accounts of the parent company Nordea Bank AB (publ), and those entities that meet the definition of a subsidiary according to IAS 27. This definition is generally fulfilled when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the purchase method, except for the forming of Nordea in 1997–98 when the holding in Nordea Bank Finland Plc was consolidated using the pooling method. Under the purchase method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition cost to the Group is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is established as the fair values of recognised identifiable assets, liabilities and contingent liabilities. 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 net assets acquired, plus any costs directly attributable to the business combination. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is immediately recognised in the income statement.

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

Equity and net income attributable to non-controlling interests are separately disclosed in the balance sheet and income statement.

In the consolidation process the reporting from the subsidiaries is adjusted to ensure consistency with IFRS principles applied by Nordea.

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Investments within Nordea's investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39.

Profits from companies accounted for under the equity method are reported post-taxes in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for Nordea.

Special Purpose Entities (SPE)
In accordance with IFRS Nordea does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether Nordea controls an SPE or not, Nordea has to make judgements about risks and rewards and assesses the ability to make operational decisions for the SPE in question.

When assessing whether Nordea shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on Nordea's behalf or if Nordea has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. Nordea consolidates all SPEs, where Nordea has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that Nordea does not have any significant risks or rewards on these assets and liabilities.

SPEs used to allow clients to hold investments are structures that allow one or more clients to invest in an asset or set of assets (e.g. mutual funds), which are generally purchased by the SPE. The risks and rewards of the assets held by the SPE entirely reside with the clients. Typically, Nordea will receive service and commission fees for the creation of the SPE, or because it acts as investment manager, custodian or in some other function. Nordea is the investment manager and has sole discretion about investments and other administrative decisions, but has no or only an insignificant amount of capital invested. In most instances, SPEs used to allow clients to hold investments are not consolidated as Nordea's legal and contractual rights and obligations indicate that Nordea does not have the power to govern the financial and operating policies of these entities. Nordea consequently does not have the objective of obtaining benefits from its activities through such power. Nor does Nordea have the majority of the residual- or ownership risk.

The number of SPEs that Nordea has created is limited. The SPEs that are consolidated in the Group, and that have been set up for enabling investments in structured credit products and for acquiring assets for customers, are further described in Note 22 "Investments in Group undertakings".

Principles of elimination
Intra-group transactions and balances between the consolidated group undertakings are eliminated.

Currency translation of foreign entities
The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank AB (publ). The current method is used when translating the financial statements of foreign entities into EUR from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements are translated at the

average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

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

Information on the most important exchange rates is disclosed in the separate section 29 "Exchange rates".

6. Recognition of operating income and loan losses

Net interest income

Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expense related to all balance sheet items in Markets and Life are recognised in the income statement on the line "Net gains/losses on items at fair value". Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense.

Net fee and commission income

Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

Commission expenses are transaction based and recognised in the period when the services are received.

Income from issued financial guarantees and expenses from bought financial guarantees are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense" respectively.

Net gains/losses on items at fair value

Realised and unrealised gains and losses, including net interest in Markets and Life, on financial instruments measured at fair value are recognised in the item "Net gains/losses on items at fair value".

Realised and unrealised gains and losses derive from:

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

"Net gains/losses on items at fair value" includes also losses from counterparty risk on instruments in the category Financial assets at fair value through profit or loss. Impairment losses from instruments within other categories are recognised in the item "Loan losses" (see also the sub-section "Loan losses" below).

Income recognition and explanations to the lines relating to life insurance are described in section 7 "Income recognition life insurance".

Dividends

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

Profit from companies accounted for under the equity method

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

The change in Nordea´s share of the net assets is based on the external reporting provided by the associates and affects the financial statements of Nordea in the period in which the information is available.

Other operating income

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

Loan losses

Impairment losses from financial assets classified as Loans and receivables, Held to maturity and interest bearing securities classified as Available for sale (see section 13 "Financial instruments") are reported as "Loan losses", together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Accounting policies for the calculation of impairment losses on loans are found in section 14 "Loans to the public/credit institutions.

Losses relating to Financial assets at fair value through profit or loss, including credit derivatives, are reported under "Net gains/losses on items at fair value".

7. Income recognition life insurance

Premiums received, and repayments to policyholders, related to the saving part of the Life insurance contracts are reported as increases or decreases of liabilities to policyholders. See further information in section 19 "Liabilities to policyholders".

The total income from Life insurance mainly consists of the following components:

- Cost result
- Insurance risk result
- Risk & performance margin
- Investment return on additional capital in Life insurance

The result from these components is, except for the cost result and the risk and performance margin relating to Unit Linked and Investments contracts, included in "Net gains/losses on items at fair value".

The cost result is the result of expense loading from policyholders and is included in the item "Fee and commission income". The related expenses are included in the items "Fee and commission expense" and "Operating expenses". The policyholder's part of a positive or negative cost result (profit sharing) is included in the note line "Change in technical provisions, Life" within "Net gains/losses on items at fair value".

The insurance risk result consists of income from individual risk products and from unbundled Life insurance contracts as well as Health and personal accident insurance. The risk premiums are amortised over the coverage period as the provisions are reduced when insurance risk is released. A large part of the unbundled risk result from traditional life insurance is subject to profit sharing, which means that the policyholders receive a part of a net income or a net deficit. The risk income and the risk expenses are presented gross on the lines "Insurance risk income, Life" and "Insurance risk expense, Life" in the note to "Net gains/losses on items at fair value". The policyholder's part of the result is included in the line "Change in technical provisions, Life" in the note.

Gains and losses derived from investments in Life are split on the related lines in the note "Net gains/losses on items at fair value" as for any other investments in Nordea. The lines include investment return on assets held to cover liabilities to policyholders and return on the additional capital allocated to Life (Shareholders capital in the Life group).

The note line "Change in technical provisions, Life" includes:

- Investment returns on assets held to cover liabilities to policyholders (including liabilities from traditional life insurance, unit linked insurance and investment contracts), individually transferred to policyholders' accounts according to the contracts.
- Additional bonus (discretionary participation feature) to policyholders concerning traditional life insurance contracts or any other transfers to the policyholders to cover a periodical deficit between the investment result and any agreed minimum benefit to the policyholders.
- Risk & performance margin regarding traditional life insurance products according to local allocation rules in each Life unit and according to contracts with policyholders. The recognition of a risk and performance margin in the income statement is mainly conditional on a positive result for traditional life insurance contracts. Risk & performance margins not possible to recognise in the current period due to poor investment results, can, in some countries, partly or wholly be deferred to years with higher returns.
- The policyholder's part of the cost- and risk result regarding traditional life insurance contracts or unit linked contracts.

The note line "Change in collective bonus potential, Life" relates only to traditional Life insurance contracts. The line includes policyholders' share of investment returns not yet individualised. The line includes also additional bonus (discretionary participation feature) and amounts needed to cover a periodical deficit between the investment result and any minimum benefits to the policyholders.

8. Recognition and derecognition of financial instruments in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 13 "Financial instruments", as well as Note 49 "Obtained collaterals which are permitted to be sold or repledged".

9. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. The parent company Nordea Bank AB (publ) uses two functional currencies for reporting in consolidated accounts, based on the different activities in the underlying business.

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

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

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in other comprehensive income, to the extent the hedge is effective. This is performed in order to offset the translation differences affecting other comprehensive income when consolidating the group undertaking into Nordea. Any ineffectiveness is recognised in the income statement in the item "Net gains/losses on items at fair value".

10. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. All derivatives are measured at fair value. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities.

The hedge accounting policy within Nordea has been developed to fulfil the requirements set out in IAS 39. Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments and in order to hedge the exposure to variability in cash flows and net investments in foreign operations. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are three forms of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments

Fair value hedge accounting

Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item "Net gains/losses on items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in accordance with IAS 39.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net gains/losses on items at fair value".

Cash flow hedge accounting

Cash flow hedge accounting is used for the hedging of exposure to variations in future interest payments on asset or liabilities with variable interest rates. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised directly in other comprehensive income and accumulated in the hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the item "Net gains/losses on items at fair value" in the income statement.

Gains or losses on hedging instruments recognised directly in the hedge reserve in equity are recognised in the income statement in the same period as interest income or interest expense from the hedged asset or liability.

Hedges of net investments

See separate section 9 "Translation of assets and liabilities denominated in foreign currencies".

Hedging instruments

The hedging instruments used in Nordea are predominantly interest rate swaps. Currency interest rate swaps and cash instruments are only utilised in a few transactions. Cash instruments are only used as hedging instruments when hedging currency risk.

Hedged items

According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness

The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item. In cash flow hedges, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net gains/losses on items at fair value" in the income statement.

11. Determination of fair value of financial instruments

Financial assets and liabilities classified as financial assets/liabilities at fair value through profit or loss and 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 gains/losses on items at fair value".

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation

techniques to establish fair value for items disclosed under the following balance sheet items:
- Treasury bills (when quoted prices in an active market are not available)
- Loans to the public (mortgage loans in the Danish subsidiary Nordea Kredit Realkreditaktieselskab)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counter party credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

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

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

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the contract. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

A breakdown of fair values of financial instruments measured on the basis of quoted prices in active market for the same instrument (level 1), valuation techniques using observable data (level 2), and valuation techniques using non-observable data (level 3) is provided in Note 47 "Assets and liabilities as fair value".

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments and incorporate the factors that market participants consider when setting a price.

New valuation models are subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

For further information, see Note 47 "Assets and liabilities at fair value".

12. Cash and cash equivalents

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

Cash and cash equivalents are financial instruments classified within the category "Loans and receivables", see section 13 "Financial instruments".

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

13. Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets:
- Financial assets at fair value through profit or loss:
  - Held for trading
  - Financial assets upon initial recognition designated at fair value through profit or loss (Fair Value Option)
- Loans and receivables
- Held to maturity investments
- Available for sale financial assets

Financial liabilities:
- Financial liabilities at fair value through profit or loss:
  - Held for trading
  - Financial liabilities upon initial recognition designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note 46 "Classification of financial instruments" the classification of the financial instruments in Nordea's balance sheet 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 gains/losses on items at fair value".

The category consists of two sub-categories; Held for trading and Financial assets/financial liabilities upon initial recognition 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 sub-categories Financial assets/financial liabilities upon initial recognition designated at fair value through profit or loss are mortgage loans and related issued bonds in the Danish subsidiary Nordea Kredit Realkreditaktieselskab and interest-bearing securities, shares and investment contracts in Life. Assets and liabilities in Nordea Kredit Realkreditaktieselskab are classified as upon initial recognition designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Interest-bearing securities, shares and investment contracts in Life also belongs to this category, as a consequence of that these assets and liabilities are managed on a fair value basis.

Nordea also applies the Fair value option on certain financial assets and financial liabilities related to Markets. The classification stems from that Markets is managing and measuring all its financial assets and liabilities to fair value. Consequently, all financial assets and financial liabilities in Markets are classified as Financial assets and financial liabilities at fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 14 "Loans to the public/credit institutions".

Held to maturity investments
Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as "Loan losses" in the income statement. See section 14 "Loans to the public/credit institutions" for more information on the identification and measurement of objective evidence of impairment.

Available for sale financial assets
Available for sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised directly in the revaluation reserves in equity. Interest is recognised as interest income in the income statement and foreign exchange effects from Available for sale financial assets are recognised in the income statement in the item "Net gains/losses on items at fair value". Impairment losses on interest bearing securities classified as Available for sale are, as stated in section 6 "Recognition of operating income and loan losses", reported as "Loan losses".

When an available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in other comprehensive income are removed from equity and recognised in the income statement in the item "Net gains/losses on items at fair value".

Available for sale financial assets are assessed at least annually in order to determine any need of 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 in the income statement. The amount of the accumulated loss that is removed from equity is the difference between the asset's acquisition cost and current fair value.

Other financial liabilities
Financial liabilities, other than those classified as Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is recognised in the item "Interest expense" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond, is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as stand-alone derivatives at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative actually meets the definition of a derivative instrument. Changes in fair values, of the embedded derivatives, are recognised in the income statement in the item "Net gains/losses on items at fair value".

Index-linked bonds issued by Markets as part of the trading portfolio are classified as Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net gains/losses on items at fair value".

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

Securities in securities lending transactions are recognised off balance sheet in the item "Assets pledged as security for own liabilities".

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

Interest income and expense generated from these transactions are recognised in "Net gains/losses on items at fair value".

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

Securities delivered under repurchase agreements are recognised off-balance sheet in the item "Assets pledged as security for own liabilities".

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

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

Derivatives

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

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

14. Loans to the public/credit institutions

Financial instruments categorised within "Loans and receivables" are measured at amortised cost (see also the separate section 8 "Recognition and derecognition of financial instruments in the balance sheet" as well as Note 46 "Classification of financial instruments").

Nordea monitors loans as described in the separate section on Risk, Liquidity and Capital management. Loans attached to individual customers or groups of customers are identified as impaired if the impairment test indicates objective evidence of impairment.

Impairment test of loans attached to individual customers

Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment (loss event) and whether these represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital Management section.

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the carrying amount of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

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

Impairment test of loans attached to groups of customers

All loans not impaired on an individual basis are collectively assessed for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc. Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups with similar risk characteristics where Nordea assesses that the customers' future cash flows are insufficient to serve the loans in full.

Impairment loss

If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

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

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item "Loan losses" in the income statement. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate

The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer and, if applicable, to a group of loans.

Restructured loans

In this context a restructured loan is defined as a loan where the creditor has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for the creditor. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investments properties. At initial recognition, all assets taken over for protection of claims are valued at fair value. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified as Available for sale (see section 13 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income.

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

15. Leasing

Nordea as lessor

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

Operating leases
Assets subject to operating leases in the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term. The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as depreciation on property and equipment in the income statement.

Nordea as lessee

Finance leases
In the consolidated accounts finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value, or if lower, the present value of the minimum lease payments of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between finance charge and reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment testing of leased assets is performed following the same principles as for similar owned assets.

Operating leases
For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of the user's benefit. The lease terms range between 3 to 25 years.

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

The central district properties in Finland, Norway and Sweden that Nordea has divested are leased back. The duration of the lease agreements were initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefits from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. These leases are thus classified as operating leases. The rental expense for these premises is recognised on the basis of the time-pattern of Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

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

16. Intangible assets

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

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is 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.

As part of its transition to IFRS, Nordea elected to restate only those business combinations that occurred on or after 1 January 2004. In respect of acquisitions prior to that date, goodwill represents the amount recognised under Nordea's previous accounting framework (Swedish generally accepted accounting principles) less any impairment losses.

Computer software
Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditure directly attributable to preparing the asset for use. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of 3 to 10 years.

Customer related intangible assets
When acquiring customer related contracts the fair value of these contracts is recognised as customer related intangible assets. Amortisation is recognised over the expected lifetime of the contracts.

Other intangible assets
Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the customer areas by country. 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 discount rate determined as the cost of equity, estimated according to standard capital asset pricing. If the recoverable amount is less than the carrying amount, an impairment loss is recognised.

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

Depreciation is calculated on a straight-line basis as follows:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10–20 years and the remaining leasing term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

18. Investment property
Investment properties are primarily properties held to earn rent and capital appreciation. The majority of the properties in Nordea are attributable to Life. Investment properties are measured at fair value. The best evidence of a fair value is normally given by quoted prices on an active market for similar property in the same location and condition. In the absence of quoted prices on an active market, discounted cash flow projections based on reliable estimates of future cash flows are used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net gains/losses on items at fair value".

19. Liabilities to policyholders
Liabilities to policyholders include obligations according to insurance contracts and investment contracts with policyholders.

An insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance risks from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder".

Investment contracts are contracts with policyholders that have the legal form of insurance contracts but where the insurance risk transfer has been assessed to be insignificant.

The insurance risk is generally calculated as the risk sum payable as a percentage of the reserve behind the contract at the beginning of the contract period. It is Nordea's assessment that a risk percentage of five or higher is a significant insurance risk.

The contracts can be divided into the following classes:
- Insurance contracts:
  - Traditional life insurance contracts with and without discretionary participation feature
  - Unit-Linked contracts with significant insurance risk
  - Health and personal accident
- Investment contracts:
  - Investment contracts with discretionary participation feature
  - Investment contracts without discretionary participation feature

Insurance contracts
The measurement principles under local GAAP have been maintained consequently resulting in a non-uniform accounting policies method on consolidation.

Traditional life insurance provisions represent consolidated provisions for all the companies in Nordea Life & Pensions, including companies in Sweden, Norway, Finland, Denmark, Poland, Luxembourg, Isle of Man, Estonia and Lithuania.

In Denmark, Sweden and Finland the measurements are prepared by calculating the present value of future benefits, to which the policyholders are entitled. The calculation includes assumptions about market consistent discounting rates as well as expenses and life risk. The discount rate is based on the liabilities' current term. In Denmark, the provision, in addition, includes bonus potential on paid policies and on future premiums.

In Norway the provisions are mainly calculated on the basis of a prospective method. The discount rate used is equal to the original tariff rates and assumptions about expenses and risk.

The accounting policy for each company is based on the local structure of the business and is closely related to solvency rules and national regulation concerning profit sharing and other requirements about collective bonus potential.

Unit-Linked contracts represent life insurance provisions relating to Unit-Linked policies written either with or without an investment guarantee. Unit-Linked contracts classified as insurance contracts include the same insurance risk elements as traditional insurance contracts. These contracts are mainly recognised and measured at fair value on the basis of:
- the fair value of the assets linked to the Unit-Linked contracts, and
- the estimated present value of the insurance risk which is calculated in the same way as traditional insurance contracts considering the impact on every risk element included in the cash flows.

Health and personal accident provisions include premium reserves and claims outstanding. This item is recognised and measured on deferred basis in the same way as general insurance contracts.

Investment contracts
Investment contracts are contracts with policyholders, which do not transfer sufficient insurance risk to be classified as insurance contracts.

However, investment contracts with discretionary participation features are, in line with IFRS 4, accounted for as insurance contracts using local accounting principles. Nordea Life & Pension has only a small number of these contracts.

Investment contracts without discretionary participation features are recognised and measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", equal to fair value of the assets linked to these contracts. These assets are classified as upon initial recognition designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Discretionary participating features (DPF)
Some traditional life insurance contracts and investment contracts include a contractual right for the policyholder to receive significant benefits in addition to guaranteed benefits. Nordea has discretion to pay these additional benefits as bonus on risk result, expense result and interest rate. These DPF-features (Collective bonus potential) are classified as liabilities in the balance sheet.

Collective bonus potential includes amounts allocated but not attributed to the policyholders. In Finland, collective bonus potential includes the policyholder's part of the total unrealised investment gains and bonus potential on paid policies and future premiums (the difference between retrospective and market consistent prospective measurement principles of the insurance contracts). In Norway, collective bonus potential includes the policyholder's part of both the total unrealised investment gains and additional reserves. In Sweden and Denmark, the main valuation principle is fair value (insurance contracts). The policyholder's part of both realised and unrealised investment gains is therefore included in the balance sheet representing either Change in technical provisions, Life and/or Change in collective bonus potentials, Life, depending on whether the investment result is allocated or not. Both the mentioned lines are included in the balance sheet line "Liabilities to policyholders".

Liability adequacy test
The adequacy of insurance provisions is assessed at each reporting date to ensure that the carrying amount of the liabilities is higher than the best estimate of future cash flows discounted with current interest rates. If needed, additional provisions are accounted for and recognised in the income statement.

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

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

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

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

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

21. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of Nordea Bank AB by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise rights to performance shares in the long term incentive programmes.

The potential ordinary shares are only considered to be dilutive, on the balance sheet date, if all performance conditions are fulfilled and if a conversion to ordinary shares would decrease earnings per share. The rights are furthermore considered dilutive only when the exercise price, with the addition of future services that are accounted for in accordance with IFRS 2, is lower than the period's average share price.

22. Pensions to employees

Pension plans

The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where they operate. Defined benefit plans are predominantly sponsored in Sweden, Norway and Finland. The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Most pensions in Denmark, but also certain Finnish plans, are based on defined contribution arrangements that hold no pension liability for Nordea. Nordea also contributes to public pension systems.

Pension costs

The pension calculations are carried out by country and by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 37 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement. Rather, only when the net cumulative unrecognised actuarial gain or loss exceeds a "corridor" equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the excess is recognised in the income statement over the expected average remaining service period of the employees participating in the plan. Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the Nordea entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

23. Equity

Non-controlling interests

Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank AB (publ).

Share premium reserve

The share premium reserve consists of the difference between the subscription price and the nominal value of the shares in Nordea's rights issue. Transaction costs in connection to the rights issue have been deducted.

Other reserves

Other reserves comprise income and expenses, net after tax effects that are reported in equity in accordance with IFRS. These reserves include revaluation reserves in accordance with IAS 39 (Fair value reserve and Cash flow hedges) as well as translation differences in accordance with IAS 21.

Retained earnings

Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves.

Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in respective country.

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

Treasury shares

Treasury shares are not accounted for as assets. Acquisition of treasury shares is recorded as a deduction of retained earnings. Also own shares in trading portfolios are classified as treasury shares.

Contracts on Nordea shares that can be settled net in cash are either a financial asset or financial liability.

24. Financial guarantee contracts and credit commitments

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

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

25. Share-based payment

Nordea has issued Long Term Incentive Programmes in 2007, 2008 and 2009. Employees participating in these programmes are granted share-based and equity-settled rights, i.e. rights to acquire shares in Nordea at a significant discount to the share price at grant date. According to IFRS 2, the value of such rights is to be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

Social security costs are also allocated over the vesting period, in accordance with statement UFR 7 issued by the Swedish Financial Reporting Board: "IFRS 2 and social security contributions for listed enterprises". The provision for social security costs is reassessed on each reporting occasion to ensure that the provision is based on the rights' fair value at the reporting date.

For more information see Note 8 "Staff costs".

26. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

Shareholders with significant influence

Shareholders with significant influence are shareholders that, by any means, have a significant influence over Nordea.

Group undertakings

For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the Nordea Group is found in Note 22 "Investments in group undertakings".

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. These transactions are eliminated in the consolidated accounts.

Associated undertakings

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

Further information on the associated undertakings included in the Nordea Group is found in Note 23 "Investments in associated undertakings".

Key management personnel

Key management personnel includes the following positions:

- The Board of Directors
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation, pensions and other transactions with key management personnel, see Note 8 "Staff costs".

Other related parties

Other related parties comprise close family members to individuals in key management personnel. Other related parties also include companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include Nordea's pension foundations.

Information concerning transactions between Nordea and other related parties is found in Note 52 "Related-party transactions".

27. Segment reporting

Segment reporting structure

Within Nordea, customer responsibility is fundamental. Nordea's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet. The operating segments have been identified based on Nordea's operating model and internal reporting structure.

Financial results are presented for the four operating segments Nordic Banking, New European Markets, Financial Institutions and Shipping, Oil Services & International. The customer operations not included in these segments are included in Other operating segments (International Private Banking & Funds, Group Corporate Centre, the customer operations within Life and the result in Capital Market Products which is not allocated to the main operating segments). Group Functions, eliminations as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Allocation principles

Costs are allocated from Group Functions and Product Areas to operating segments based on internal principles, aiming at the highest possible degree of cost transparency. Income is allocated with the underlying business transactions as driver combined with the identification of the customer responsible unit. Assets, liabilities and economic capital are allocated to the operating segments.

Transfer pricing

Funds transfer pricing is based on current market interest rates and applied to all assets and liabilities allocated to or accounted for in the operating segments or Group Functions.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. The financial result of such transactions is reported in the relevant operating segment based on assigned product and customer responsibilities.

28. Parent company

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2.2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25). Under RFR 2.2, the parent company shall apply all standards and interpretations issued by the IASB and IFRIC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments to IFRS that shall be made.

Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2008 Annual Report, except for the applicable changes described above in section 3 "Changed accounting policies and presentation" and the amendment to IAS 27 "Consolidated and Separate Financial Statements" (Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate), which could have an impact only on the parent company going forward, but has had no impact in 2009.

Accounting policies applicable to the parent company only
Investments in group undertakings and associated undertakings
The parent company's investments in subsidiaries and associated companies are recognised under the cost model. Impairment tests are performed according to IAS 36 "Impairment of Assets". At each balance sheet date, all shares in subsidiaries and associated companies are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

Dividends
Dividends paid to the shareholders of Nordea Bank AB (publ) are recorded as a liability following the approval of the Annual General Meeting.

Dividends paid by group undertakings to the parent company are anticipated if the parent alone can decide on the size of the dividend, if the formal decision has been made before the financial report is published. Dividends from group- and associated undertakings are recognised on the separate income line "Dividends".

Differences compared to IFRS
The accounting principles applied differ from IFRS mainly in the following aspects:

Amortisation of goodwill
Under IAS 38, goodwill and other intangible assets with indefinite useful lives are not amortised in the consolidated financial statements. In the parent company financial statements goodwill is amortised as any other intangible asset in accordance with the rules set out in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), i.e. normally over a period of five years unless, in exceptional circumstances, a longer amortisation period is justified.

Functional currency
The functional and presentation currency of Nordea Bank AB (publ) is EUR. All transactions in other currencies are converted to EUR in accordance with the policies disclosed in section 9 "Translation of assets and liabilities denominated in foreign currencies".

Pensions
In Sweden, actuarial pension commitments are guaranteed by a pension foundation or recognised as a liability. The pension cost in Sweden consists only of changes in recognised pension provisions (including special wage tax) for active employees and is recognised in the item "Staff costs". Pension benefits paid, contributions made to or received from the pension foundation and related special wage tax are recognised in the item "Appropriations" in the income statement.

Group contributions
Group contributions paid or received between Swedish companies for the purpose of optimising Nordea's tax expense are in the legal entity reported as a decrease/increase of unrestricted equity (after adjustment for tax) in accordance with UFR 2 "Group contributions and shareholders' contributions", issued by the Swedish Financial Reporting Board. Group contributions that can be regarded as substitutes for dividends are accounted for as income by the receiving entity.

Untaxed reserves
The parent company report untaxed reserves, comprising accelerated depreciation under tax regulations, including the deferred tax component. In the consolidated financial statements, untaxed reserves are reported split into the components equity (retained earnings) and deferred tax liability.

29. Exchange rates

EUR 1 = SEK	Jan–Dec 2009	Jan–Dec 2008
Income statement (average)	10.6101	9.6043
Balance sheet (at end of period)	10.2701	10.9361
EUR 1 = DKK		
Income statement (average)	7.4460	7.4560
Balance sheet (at end of period)	7.4410	7.4532
EUR 1 = NOK		
Income statement (average)	8.7283	8.2088
Balance sheet (at end of period)	8.3022	9.8512
EUR 1 = PLN		
Income statement (average)	4.3189	3.5020
Balance sheet (at end of period)	4.1268	4.1483
EUR 1 = RUB		
Income statement (average)	44.0882	36.4110
Balance sheet (at end of period)	43.3452	41.5041

Note 2 Segment reporting

Operating segments
Group

Income statement, EURm	Nordic Banking 2009	Nordic Banking 2008	New European Markets 2009	New European Markets 2008	Financial Institutions 2009	Financial Institutions 2008	Shipping, Oil Services & International 2009	Shipping, Oil Services & International 2008	Other Operating segments 2009	Other Operating segments 2008	Total operating segments 2009	Total operating segments 2008	Reconciliation 2009	Reconciliation 2008	Total Group 2009	Total Group 2008
Net interest income	3,938	4,275	410	347	50	73	281	231	483	191	5,162	5,117	119	–24	5,281	5,093
Net fee and commission income	1,517	1,531	62	76	134	146	49	51	38	113	1,800	1,917	–107	–34	1,693	1,883
Net gains/losses on items at fair value	552	517	64	54	178	181	48	32	1,228	266	2,070	1,050	–124	–22	1,946	1,028
Profit from companies accounted for under the equity method	33	10	0	0	0	0	0	0	3	–12	36	–2	12	26	48	24
Other income	22	25	6	5	50	9	1	1	28	97	107	137	–2	35	105	172
Total operating income	**6,062**	**6,358**	**542**	**482**	**412**	**409**	**379**	**315**	**1,780**	**655**	**9,175**	**8,219**	**–102**	**–19**	**9,073**	**8,200**
Staff costs	–1,223	–1,161	–114	–118	–30	–32	–41	–40	–578	–513	–1,986	–1,864	–738	–704	–2,724	–2,568
Other expenses	–1,880	–1,904	–109	–95	–152	–152	–9	–11	–164	–129	–2,314	–2,291	675	645	–1,639	–1,646
Depreciation, amortisation and impairment charges of tangible and intangible assets	–57	–46	–15	–9	0	0	–1	–1	–10	–10	–83	–66	–66	–58	–149	–124
Total operating expenses	**–3,160**	**–3,111**	**–238**	**–222**	**–182**	**–184**	**–51**	**–52**	**–752**	**–652**	**–4,383**	**–4,221**	**–129**	**–117**	**–4,512**	**–4,338**
Profit before loan losses	**2,902**	**3,247**	**304**	**260**	**230**	**225**	**328**	**263**	**1,028**	**3**	**4,792**	**3,998**	**–231**	**–136**	**4,561**	**3,862**
Net loan losses	–1,151	–402	–163	–51	–13	–14	–96	–10	–77	–10	–1,500	–487	14	21	–1,486	–466
Operating profit	**1,751**	**2,845**	**141**	**209**	**217**	**211**	**232**	**253**	**951**	**–7**	**3,292**	**3,511**	**–217**	**–115**	**3,075**	**3,396**
Income tax expense	–455	–740	–37	–54	–56	–55	–60	–66	–261	–51	–870	–966	113	242	–757	–724
Net profit for the year	**1,296**	**2,105**	**104**	**155**	**161**	**156**	**172**	**187**	**690**	**–58**	**2,422**	**2,545**	**–104**	**127**	**2,318**	**2,672**
Balance sheet, EURbn																
Loans to the public	227	214	15	16	2	2	13	14	23	17	280	263	2	2	282	265
Deposits and borrowings from the public	125	117	6	5	11	15	4	6	12	8	158	151	–4	–2	154	149

Reconciliation between total operating segments and financial statements

	Total operating income, EURm 2009	Total operating income, EURm 2008	Operating profit, EURm 2009	Operating profit, EURm 2008	Loans to the public, EURbn 31 Dec 2009	Loans to the public, EURbn 31 Dec 2008	Deposits and borrowings from the public, EURbn 31 Dec 2009	Deposits and borrowings from the public, EURbn 31 Dec 2008
Total Operating segments	9,175	8,219	3,292	3,511	280	263	158	151
Group functions[1]	106	79	–152	–73	—	—	—	—
Unallocated items	–50	42	–160	–42	2	2	–4	–2
Eliminations	–158	–140	—	0	—	—	—	—
Differences in accounting policies[2]	—	—	95	—	—	—	—	—
Total	**9,073**	**8,200**	**3,075**	**3,396**	**282**	**265**	**154**	**149**

1) Consists of Group Management Secretariat, Executive Management, Group Internal Audit, Group Credit and Risk Control, Human Resources and Group Identity and Communications.
2) Internally developed and bought software is expensed as incurred in the operating segments, but capitalised as required by IAS 38 in the entity's balance sheet.

Note 2 Segment reporting, cont.

Basis of segmentation and measurement of segment profit or loss

In November 2006 the IASB issued IFRS 8 "Operating Segments", which is mandatory for periods beginning on or after 1 January 2009. IFRS 8 has had an impact on the reportable segments in Nordea, mainly as the previously aggregated segment Institutional & International Banking has been divided into three individual reportable segments (New European Markets, Financial Institutions and Shipping, Oil Services & International). Other Operating segments below the quantitative thresholds in IFRS 8 are included in Other operating segments. Comparative information has been restated accordingly.

The accounting policies of the operating segments complies with the Group's significant accounting policies described in note 1, except for that software is, as from Q1 2009, expensed as incurred in the operating segments, but capitalised as required by IAS 38 in the Group's balance sheet.

Reportable operating segments

Nordea's operating model defines four areas in the organisation reflecting different responsibilities; Customer areas, Product areas, Group operations and Support areas. The Operating segments have been identified based on the Customer areas in the operating model and on the internal reporting structure. The Customer areas are responsible for the overall business relation with a customer or customer group.

Nordic Banking conducts a full service banking operation. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets. The branches within Nordea's banking activities in the New European Markets offer full banking services for local and Nordic corporate and personal customers in Estonia, Latvia, Lithuania, Poland and Russia. Customers within Nordic Banking and New European Markets are offered a complete range of banking products and services including accounts products, transactions products, markets products and insurance products. The Financial Institutions segment is responsible for Nordea's customers within the financial institution industry. Nordea's financial institution services include single products such as funds, equity products etcetera as well as consulting services within asset allocation and fund sales. The segment Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries. Within this area Nordea provides tailormade solutions and syndicated loan transactions.

Total operating income split on product groups
Group

EURm	2009	2008
Banking products	5,072	5,307
Capital Markets products	2,186	1,333
Savings Products & Asset Management	621	626
Life & Pensions	271	177
Other	923	757
Total	**9,073**	**8,200**

Banking products consists of three product responsible divisions. Account products is responsible for developing and delivering account based products such as lending, deposits and cards and Netbank services. Transaction products provides and develops cash management, trade and project finance services. Nordea Finance is responsible for asset based financing through leasing, hire purchase and factoring as well as offering sales to finance partners such as dealers, vendors and retailers. Capital Markets products includes financial instruments, or arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks, bonds, and existing arrangements. Savings Products & Asset Management includes Investment funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invests in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers investment decision. Nordea Life & Pensions provides life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn	
Group	2009	2008	31 Dec 2009	31 Dec 2008
Sweden	1,729	1,570	116	106
Finland	1,679	2,195	38	83
Norway	1,572	1,582	72	61
Denmark	3,189	2,012	221	176
Baltic countries	158	154	8	9
Poland	158	161	5	4
Russia	210	152	3	4
Other	378	375	45	31
Total	**9,073**	**8,200**	**508**	**474**

Nordea's main geographical market comprises the Nordic countries, the Baltic countries, Poland and Russia. Revenues and assets are distributed to geographical areas based on the location of the legal entities. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Note 2 Segment reporting, cont.

Operating segments

Parent Company

Income statement	Nordic Banking		Group Corporate Centre		Other Operating segments		Total operating segments		Reconciliation		Total	
EURm	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income	672	1,035	10	–332	48	31	730	734	–64	–211	666	523
Net fee and commission income	518	529	–2	0	96	89	612	618	–156	–150	456	468
Net gains/losses on items at fair value	133	119	47	73	–18	–141	162	51	–10	–64	152	–13
Other income	3	4	989	2,153	5	–1	997	2,156	99	97	1,096	2,253
Total operating income	**1,326**	**1,687**	**1,044**	**1,894**	**131**	**–22**	**2,501**	**3,559**	**–131**	**–328**	**2,370**	**3,231**

Geographical information

	Sweden		Finland		Norway		Denmark		Others		Total	
EURm	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income	666	523	—	—	—	—	—	—	—	—	666	523
Net fee and commission income	456	468	—	—	—	—	—	—	—	—	456	468
Net gains/losses on items at fair value	152	–13	—	—	—	—	—	—	—	—	152	–13
Other income	157	385	612	1,301	180	305	106	207	41	55	1,096	2,253
Total operating income	**1,431**	**1,363**	**612**	**1,301**	**180**	**305**	**106**	**207**	**41**	**55**	**2,370**	**3,231**

Note 3 Net interest income

	Group		Parent company	
EURm	2009	2008	2009	2008
Interest income				
Loans to credit institutions	356	1,121	534	1,739
Loans to the public	8,995	13,862	771	1,594
Interest-bearing securities	1,519	1,571	487	308
Other interest income	103	199	1	5
Interest income	**10,973**	**16,753**	**1,793**	**3,646**
Interest expense				
Deposits by credit institutions	–258	–1,595	–267	–897
Deposits and borrowings from the public	–2,166	–4,398	–242	–892
Debt securities in issue	–3,092	–4,587	–421	–820
Subordinated liabilities	–275	–393	–238	–303
Other interest expenses[1]	99	–687	41	–211
Interest expense	**–5,692**	**–11,660**	**–1,127**	**–3,123**
Net interest income	**5,281**	**5,093**	**666**	**523**

1) The net interest income from derivatives, measured at fair value and related to Nordea´s funding can have both a positive and negative impact on other interest expense, for further information see Note 1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 7,471m (EUR 12,237m) for the Group and EUR 1,402m (EUR 3,086m) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –3,855m (EUR –8,807m) for the Group and EUR –1,181m (EUR –2,873m) for the parent company.

Net interest income	Group		Parent company	
EURm	2009	2008	2009	2008
Interest income	10,676	16,361	1,793	3,646
Leasing income, net	297	392	—	—
Interest expense	–5,692	–11,660	–1,127	–3,123
Total	**5,281**	**5,093**	**666**	**523**

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2009	2008	2009	2008
Asset Management commissions	454	532	59	67
Life insurance	271	270	8	7
Brokerage	226	217	107	61
Custody	77	84	9	11
Deposits	43	45	27	28
Total savings related commissions	**1,071**	**1,148**	**210**	**174**
Payments	392	422	109	139
Cards	337	344	158	173
Total payment commissions	**729**	**766**	**267**	**312**
Lending	283	299	69	76
Guarantees and documentary payment	183	143	23	20
Total lending related to commissions	**466**	**442**	**92**	**96**
Other commission income	202	176	45	40
Fee and commission income	**2,468**	**2,532**	**614**	**622**
Life insurance	–64	–67	—	—
Payment expenses	–280	–287	–109	–130
State guarantee fees	–201	–50	–20	—
Other commission expenses	–230	–245	–29	–24
Fee and commission expense	**–775**	**–649**	**–158**	**–154**
Net fee and commission income	**1,693**	**1,883**	**456**	**468**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amount to EUR 308m (EUR 329m) for the Group and EUR 96m (EUR 104m) for the parent company.

Note 4 Net fee and commission income, cont

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to EUR 951m (EUR 1,019m) for the Group and EUR 174m (EUR 135m) for the parent company. The corresponding amount for fee expenses is EUR –64m (EUR –67m) for the Group.

Note 5 Net gains/losses on items at fair value

	Group		Parent company	
EURm	2009	2008	2009	2008
Shares/participations and other share-related instruments	1,762	–3,125	44	40
Interest-bearing securities and other interest-related instruments	2,537	830	122	–104
Other financial instruments	–117	90	49	–73
Foreign exchange gains/losses	329	670	–63	124
Investment properties	117	167	—	—
Change in technical provisions, Life[2]	–1,870	320	—	—
Change in collective bonus potential, Life	–865	2,025	—	—
Insurance risk income, Life	297	282	—	—
Insurance risk expense, Life	–244	–231	—	—
Total	**1,946**	**1,028**	**152**	**–13**

Net gains/losses for categories of financial instruments[1]	Group		Parent company	
EURm	2009	2008	2009	2008
Available for sale assets, realised	2	5	—	—
Financial instruments designated at fair value through profit or loss	20	29	0	0
Financial instruments held for trading[3]	1,764	982	146	13
Financial instruments under hedge accounting	–52	–58	6	–26
– of which net losses on hedging instruments	–212	714	–147	396
– of which net gains on hedged items	160	–772	153	–422
Other	3	4	0	—
Financial risk income, net Life[2]	157	16	—	—
Insurance risk income, net Life	52	50	—	—
Total	**1,946**	**1,028**	**152**	**–13**

1) The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, ie before eliminations of intra-group transactions.
2) Premium income amounts to EUR 1,667m (EUR 2,077m).
3) Of which deferred day one profits amounts to EUR 112m for 2009 (EUR 63m) for the Group and EUR 9m for 2009 (EUR 9m) for the parent company.

Note 6 Dividends

	Parent company	
EURm	2009	2008
Investments in group undertakings	973	2,063
Total	**973**	**2,063**

Note 7 Other operating income

	Group		Parent company	
EURm	2009	2008	2009	2008
Divestment of shares	5	82	5	88
Income from real estate	7	7	0	0
Other	93	83	118	102
Total	**105**	**172**	**123**	**190**

Note 8 Staff costs

	Group		Parent company	
EURm	2009	2008	2009	2008
Salaries and remuneration (specification below)	–1,932	–1,934	–370	–394
Pension costs (specification below)	–340	–217	–47	–60
Social insurance contributions	–292	–307	–129	–143
Allocation to profit sharing	–98	–47	–27	–7
Other staff costs	–62	–63	–22	–28
Total	**–2,724**	**–2,568**	**–595**	**–632**
Salaries and remuneration				
To executives[1]				
– Fixed compensation and benefits	–15	–18	–4	–5
– Performance-related compensation	–4	–7	—	–1
Total	**–19**	**–25**	**–4**	**–6**
To other employees	–1,913	–1,909	–366	–388
Total	**–1,932**	**–1,934**	**–370**	**–394**

1) Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating subsidiaries, are included. Executives amount to 230 (251) individuals in the Group and to 24 (31) individuals in the parent company.

	Group		Parent company	
EURm	2009	2008	2009	2008
Pension costs				
Defined benefits plans (Note 37)	–175	–69	—	—
Actuarial pension costs (parent company only)	—	—	–15	–26
Defined contribution plans	–165	–148	–32	–34
Total	**–340**	**–217**	**–47**	**–60**

Note 8 Staff costs, cont.

Additional disclosures on remuneration under Swedish FSA's regulation and general guidelines FFFS 2009:6

On 11 December 2009 the Swedish FSA published new regulations on remuneration policies covering all employees. The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Directors' Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) in due time before the Annual General Meeting.

Salaries and remuneration to the Board of Directors, CEO and Group Executive Management

The remuneration for the Board resolved by the AGM 2009 was: The Chairman EUR 252,000, Vice Chairman EUR 97,650 and members EUR 75,600. In addition, remuneration for extra-ordinary board meetings was EUR 1,840 per meeting. Remuneration for committee meetings was EUR 2,370 for the chairman of the committee and EUR 1,840 for other members per meeting. Board members employed by Nordea do not receive separate compensation for their Board membership. There are no commitments for severance pay, pension or other compensation to the members of the Board, except for pension commitments to one board member previously employed by Nordea.

Hans Dalborg, Chairman of the Board, former CEO of Nordea, receives a pension amounting to a maximum of 65% of 180 Swedish "price base amounts" 2001, equal to SEK 36,900, and 32.5% of the remaining part of pensionable salary. The pension after the age of 65 is covered by an external insurance institute and paid in full by Nordea. Hence Nordea does not have any pension obligation towards Hans Dalborg.

The fixed salary, variable salary and contract terms for the CEO are proposed by the Board Remuneration Committee and approved by the Board. Variable salary, which is based on agreed, specific targets, can amount to a maximum of 35% of the fixed salary. For 2009 the CEO has received no variable salary due to Nordea's agreement with the Swedish National Debt Office in connection with the Swedish State subscribing for shares in the rights issue. The CEO, in addition, takes part of the Long Term Incentive Programmes as described in the separate section on remuneration and below. Benefits received by the CEO include primarily car and housing benefits.

	Fixed salary/ Board fee[1]		Variable salary[2]		Long Term Incentive Programmes[3]		Benefits		Total	
EUR	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Chairman of the Board:										
Hans Dalborg	–290,700	–283,212	—	—	—	—	—	—	–290,700	–283,212
Vice Chairman of the Board:										
Björn Wahlroos[4]	–103,178	–62,312	—	—	—	—	—	—	–103,178	–62,312
Other Board members:[5]										
Marie Ehrling	–94,000	–89,087	—	—	—	—	—	—	–94,000	–89,087
Tom Knutzen	–97,680	–87,440	—	—	—	—	—	—	–97,680	–87,440
Lars G Nordström	–88,480	–82,175	—	—	—	—	—	—	–88,480	–82,175
Björn Savén	–95,840	–87,440	—	—	—	—	—	—	–95,840	–87,440
Heidi M Petersen	–88,480	–64,357	—	—	—	—	—	—	–88,480	–64,357
Svein Jacobsen	–97,710	–68,175	—	—	—	—	—	—	–97,710	–68,175
Stine Bosse	–90,320	–64,357	—	—	—	—	—	—	–90,320	–64,357
Timo Peltola[4]	–110,553	–124,577	—	—	—	—	—	—	–110,553	–124,577
Kjell Aamot[6]	—	–23,084	—	—	—	—	—	—	—	–23,084
Harald Arnkværn[6]	—	–29,765	—	—	—	—	—	—	—	–29,765
Claus Høeg Madsen[6]	—	–23,014	—	—	—	—	—	—	—	–23,014
Birgitta Kantola[6]	—	–21,282	—	—	—	—	—	—	—	–21,282
Ursula Ranin[6]	–26,260	–86,973	—	—	—	—	—	—	–26,260	–86,973
CEO:										
Christian Clausen[7]	–798,434	–832,960	—	–187,452	–237,915	–81,624	–54,805	–41,087	–1,091,154	–1,143,123
Group Executive Management:										
6 (7) individuals excluding CEO[8]	–3,527,414	–4,024,791	—	–903,461	–588,814	–498,570	–157,233	–141,051	–4,273,461	–5,567,873
Total	**–5,509,049**	**–6,055,001**	**—**	**–1,090,913**	**–826,729**	**–580,194**	**–212,038**	**–182,138**	**–6,547,816**	**–7,908,246**

1) The Board fee includes fixed remuneration and meeting fees. These are booked in SEK and translated into EUR based on the average exchange rate each year.
2) In the beginning of 2009 five persons in GEM voluntarily waived fixed salary increases and variable salary for the first four months of the year. This voluntary waiver has thereafter been extended and widened through Nordea's agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue and now includes the whole calendar years 2009 and 2010. Variable salary earned in 2008 was for five persons in GEM also deferred in relation to this. In addition the other members of GEM have waived variable salary for 2009.
3) CEO and members of GEM hold 38,657 A-rights, 38,657 C-rights and 30,926 D-rights in LTIP 2008 (no B-rights can be exercised due to that performance conditions were not fulfilled), and 68,141 A-rights, 68,141 B-rights, 68,141 C-rights and 68,141 D-rights in LTIP 2009 (C-D-rights are conditional). For more information on the valuation of the Long Term Incentive Programmes, please see below. Disclosed expense is calculated in accordance with IFRS 2 "Share-based Payment".
4) Björn Wahlroos replaced Timo Peltola as Vice Chairman of the Board as from the Annual General Meeting 2009.
5) Employee representatives excluded.
6) Resigned as board member during 2009 or 2008.
7) The fixed salary has been unchanged since 1 April 2008. The decrease in 2009 is due to exchange rate effects.
8) GEM members included for the period they have been appointed.

Note 8 Staff costs, cont.

The retirement age for the CEO is 60 and his pension amounts to 50% of the pensionable income for life. The pensionable income is maximised to 190 Swedish "income base amounts". For the CEO, fixed salary and variable salary are included in pensionable income. Since all funds are transferred to the employee when retiring, Nordea will have no obligations towards CEO after retirement.

The Board Remuneration Committee prepares alterations in salary levels for Group Executive Management (GEM) as a whole, as well as alterations in retirement benefits, contract terms and conditions, for resolution by the Board. Following consultation with the Board Remuneration Committee, the CEO determines the salary terms for members of GEM. Variable salary, which is based on agreed, specific targets, can be a maximum of 35% of the fixed salary. For 2009 members of GEM has received no variable salary, partly due to Nordea´s agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue and partly since other members in GEM have waived variable salary for 2009. As for the CEO, GEM takes part of the Long Term Incentive Programmes. Benefits include primarily car and/or housing benefits.

Pension costs and obligations to the Board of Directors, CEO and Group Executive Management

EUR	2009 Pension cost[5]	2009 Pension obligation[6]	2008 Pension cost[5]	2008 Pension obligation[6]
Board members[1]:				
Lars G Nordström	—	348,923	—	385,547
CEO:				
Christian Clausen[2]	–556,281	7,227,314	–477,408	5,891,708
Group Executive Management:				
6 (7) individuals excluding CEO[3]	–1,762,336	11,632,955	–917,999	10,444,859
Former Chairman of the board and CEOs:				
Vesa Vainio and Thorleif Krarup[4]	—	18,442,847	—	18,691,275
Total	**–2,318,617**	**37,652,039**	**–1,395,407**	**35,413,389**

1) Employee representatives excluded.
2) The CEO's pension agreement is unchanged. The main reasons behind the increase in pension obligation are the interest cost (discounting effect) and new pension rights earned in 2009. The increase in the pension cost is due to the lower discount rate used in 2009 compared to 2008. Nordea will have no obligations towards CEO after retirement.
3) Members of GEM included for the period they have been appointed. The disclosed pension obligation is the obligation towards the members of GEM as of 31 December. The increase in pension cost is mainly explained by that the pension cost was lowered by a change in pension agreement for one member of GEM in 2008 (continuing employment after possible retirement age).
4) The pension obligation for Vesa Vainio and Thorleif Krarup is mainly due to pension rights earned in, and funded by, banks forming Nordea.
5) Pension costs for management is related to pension premiums paid in DCP agreements and pension rights earned during the year in DBP agreements (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19).
6) Pension obligations calculated in accordance with IAS 19. These obligations are dependent of changes in actuarial assumptions and inter annual variations can therefore be significant. IAS 19 includes an assumption about future increases in salary, which leads to that the pension obligations disclosed are the earned pension rights calculated using the expected salary levels at retirement. The management pension plans are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as the obligations.

GEM members are entitled to retire with pension at the age of 60 or 62. Pension agreements are either Defined Contribution Plans (DCP) or Defined Benefit Plans (DBP). One Danish GEM member receives 50% of the salary for life earliest as from age 62, annually adjusted by the general level of salary increases in Nordea Bank Denmark. The other Danish GEM member has a DCP agreement. The Finnish members of GEM receive 50% or 60% of their pensionable income for life, annually adjusted by the Finnish TyEL-index. The Norwegian member of GEM receives 70% of the pensionable income for life, annually adjusted. The Swedish member of GEM has a DCP agreement in addition to the pension stipulated in the collective agreement. Fixed salary is pensionable income for all GEM-members. Variable salary is included for Finnish and Swedish GEM members.

In accordance with their employment contracts, Finnish, Norwegian and Swedish GEM members are entitled to 6 months' salary during the notice period before termination, and with regard to severance pay 18 months' salary to be reduced by the salary that the executive receives as a result of any other employment during these 18 months. For the Danish GEM members the notice period is 12 months. One Danish GEM member has a severance pay equal to 12 months' salary to be reduced by the salary that the executive receives as a result of any other employment during these 12 months.

Pension cost for executives, amounted to EUR 4m (EUR 4m) and pension obligations to EUR 46m (EUR 53m). Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries.

Loans to key management personnel

Loans to key management personnel amounts to EUR 2m (EUR 3m) in the Group and EUR 0m (EUR 1m) in the parent company. Interest income on these loans amounts to EUR 0m (EUR 0m) in the Group and EUR 0m (EUR 0m) in the parent company.

For key management personnel who are employed by Nordea the same credit terms apply as for other employees, except for key management personnel in Denmark whose loans are granted on the same term as for external customers. In Norway the employee interest rate for loans is 100 basis points lower than the best corresponding interest rate for external customers, with a cap on the loan amount of 3 times salary grade 55 plus NOK 100,000. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points for loans over EUR 400,000. In Sweden the employee interest rate on fixed- and variable interest rate loans is 215 basis points lower than the corresponding interest rate for external customers (with a lower limit of 50 basis points for variable interest rate loans and 150 basis points for fixed interest rate loans). There is currently a cap of 57 Swedish price base amounts both on fixed- and variable interest rate loans. Interest on loans above the defined caps are set on market terms. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management personnel who are not employed by Nordea.

Note 8 Staff costs, cont.

Share-based payment

Conditional Rights LTIP 2009	2009 A-rights	2009 B-C-rights	2009 D-rights
Granted	990,097	1,980,194	990,097
Forfeited	–8,765	–17,530	–8,765
Outstanding at end of year	**981,332**	**1,962,664**	**981,332**
– of which currently exercisable	—	—	—

	2009			2008		
Conditional Rights LTIP 2008	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Outstanding at the beginning of year	501,771	501,771	501,771	—	—	—
Granted	—	—	—	502,943	1,005,886	502,943
Forfeited	–16,305	–16,305	–113,398	–1,172	–504,115	–1,172
Outstanding at end of year	**485,466**	**485,466**	**388,373**	**501,771**	**501,771**	**501,771**
– of which currently exercisable	—	—	—	—	—	—

	2009			2008		
Conditional Rights LTIP 2007	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Outstanding at the beginning of year	452,246	441,663	452,246	474,557	938,531	474,557
Forfeited	–3,361	–3,286	–3,361	–22,311	–496,868	–22,311
Exercised	–307,310	–304,238	–288,495	—	—	—
Outstanding at end of year	**141,575**	**134,139**	**160,390**	**452,246**	**441,663**	**452,246**
– of which currently exercisable	141,575	134,139	160,390	—	—	—

Long Term Incentive Programmes

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

	LTIP 2009			LTIP 2008[1]			LTIP 2007[1]		
	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Ordinary share per right	1.00	1.00	1.00	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price	EUR 0.77	EUR 0.38	EUR 0.38	EUR 2.30	EUR 1.53	EUR 1.53	EUR 2.53	EUR 1.00	EUR 1.00
Grant date	14 May 2009	14 May 2009	14 May 2009	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period	24 months	24 months	24 months	24 months	24 months	24 months	24 months	24 months	24 months
Contractual life	48 months	48 months	48 months	48 months	48 months	48 months	48 months	48 months	48 months
First day of exercise	April 2011	April 2011	April 2011	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date	EUR 4.66	EUR 5.01	EUR 1.75	EUR 7.53	EUR 8.45	EUR 4.14	EUR 8.76	EUR 10.49	EUR 7.76

1) The new rights issue, which was resolved on an extra ordinary general meeting on 12 March 2009, triggered recalculations of some of the parameters in LTIP 2007 and LTIP 2008, in accordance with the agreements of the programmes. The recalculations were performed with the purpose of putting the participants in an equivalent financial position as the one being at hand immediately prior to the new rights issue.

Conditions and requirements

For each ordinary share the participants locked in to the LTIPs, they were granted a conditional A-right to acquire ordinary shares ("Matching Share") based on continued employment and the conditional B-D-rights to acquire additional ordinary shares based on fulfilment of certain performance conditions ("Performance Shares"). The performance conditions for B- and C-rights comprise a target growth in risk adjusted profit per share (RAPPS). Should the reported earnings per share (EPS) be lower than a predetermined level the participants are not entitled to exercise any B- or C-rights.

The performance condition for D-rights is market related and comprise growth in total shareholder return (TSR) in comparison with a peer group's TSR.

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

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

Note 8 Staff costs, cont.

	LTIP 2009[1]	LTIP 2008[1]	LTIP 2007[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.	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.	Increase in RAPPS 2007 compared to 2006. Full right to exercise was obtained if RAPPS increased by 15% or more.
EPS knock out, B-rights	Reported EPS for 2009 lower than EUR 0.26.	Reported EPS for 2008 lower than EUR 0.80.	Reported EPS for 2007 lower than EUR 0.80.
Performance condition, C-rights	Increase in RAPPS 2010 compared to 2009. Full right to exercise will be obtained if RAPPS increases by 8% or more.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock out, C-rights	Reported EPS for 2010 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.52.	Reported EPS for 2008 lower than EUR 0.80.
Performance conditions, D-rights	TSR during 2009–2010 in comparison to a peer group. Full right to exercise will be obtained if Nordea is 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.	TSR during 2007–2008 in comparison to a peer group. Full right to exercise was obtained if Nordea's TSR exceeded peer group index by 10 percentage points or more.
Cap	The profit per A-D-rights is capped to EUR 9.59 per right.	The profit per A-D-rights is capped to EUR 21.87 per right.	The profit per A-D-rights is capped to EUR 19.18 per right.
Exercise price adjustments	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the vesting period and the exercise period, however never adjusted below EUR 0.10.

1) RAPPS for the financial year 2008 used for LTIP 2008 (C-rights) and LTIP 2009 (B-rights), RAPPS for the financial year 2009 used for LTIP 2009 (C-rights), EPS knock out in LTIP 2008 (C-rights) and LTIP 2009 (B- and C-rights) and the cap in LTIP 2009, LTIP 2008 and LTIP 2007 has been adjusted due to the financial effects of the new rights issue.

Fair value calculations

The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2009	LTIP 2008	LTIP 2007
Weighted average share price	EUR 5.79	EUR 11.08	EUR 12.33
Right life	2.5 years	2.5 years	3.0 years
Deduction of expected dividends	Yes	Yes	Yes
Risk free rate	1.84%	3.83%	4.20%
Expected volatility	29%	21%	20%

Expected volatility is based on historical values. As the exercise price 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. The value of the D-rights is based on market related conditions and fulfilment of the TSR targets have been taken into consideration when calculating the rights' fair value at grant date.

Expense

	Group			Parent company		
EURm	LTIP 2009	LTIP 2008[1]	LTIP 2007[1]	LTIP 2009	LTIP 2008[1]	LTIP 2007[1]
Expected expense	–18	–13	–17	–7	–4	–5
– of which social security	–5	–3	–5	–2	0	–1
Maximum expense	–26	–19	–20	–10	–6	–6
– of which social security	–9	–9	–8	–4	–3	–2
Total expense 2009	–3	–6	–2	–1	–1	–1
– of which social security	–1	–1	0	0	0	0
Total expense 2008	—	–2	–5	—	–1	–2
– of which social security	—	0	1	—	0	0

1) Fulfilment of the performance conditions are known. The difference between the expected expense and the maximum expense arises as assumptions on employee turnover (only in LTIP 2008 since fulfilment of service condition in LTIP 2007 is known) and annual share price increases are used when calculating the expected expense, but not when calculating the maximum expense where the maximum profit for each right is used instead of annual share price increases.

Note 8 Staff costs, cont.

When calculating the expected and maximum expense expected annual employee turnover of 5% in LTIP 2009 and 4% in LTIP 2008 have been used.

The expected expense is expensed over the vesting period of 24 months.

Average number of employees

	Total		Men		Women	
Group	2009	2008	2009	2008	2009	2008
Full-time equivalents						
Denmark	8,143	8,427	3,939	3,887	4,204	4,540
Finland	8,033	8,311	1,839	1,742	6,194	6,569
Sweden	7,902	8,454	3,394	3,643	4,508	4,811
Norway	3,578	3,561	1,936	1,845	1,642	1,716
Poland	1,949	1,679	714	518	1,235	1,161
Russia	1,569	1,603	719	582	850	1,021
Latvia	512	513	135	138	377	375
Estonia	440	416	102	86	338	330
Luxembourg	411	409	255	249	156	160
Lithuania	363	355	114	78	249	277
United States	74	70	41	37	33	33
United Kingdom	54	58	34	36	20	22
Singapore	53	52	19	15	34	37
Germany	37	36	19	18	18	18
Total average	**33,118**	**33,944**	**13,260**	**12,874**	**19,858**	**21,070**
Total number of employees (FTEs), end of period	**33,347**	**34,008**				

	Total		Men		Women	
Parent company	2009	2008	2009	2008	2009	2008
Full-time equivalents						
Sweden	7,798	8,233	3,343	3,490	4,455	4,743
Other countries	62	59	46	40	16	19
Total average	**7,860**	**8,292**	**3,389**	**3,530**	**4,471**	**4,762**

Salaries and renumeration per country

	2009		2008	
Group, EURm	Executives	Other employees	Executives	Other employees
Denmark	–4	–707	–4	–641
Finland	–2	–402	–2	–398
Sweden	–4	–358	–5	–431
Norway	–2	–280	–2	–276
Poland	–2	–35	–2	–31
Russia	–1	–38	–5	–39
Latvia	—	–10	—	–9
Estonia	—	–9	—	–8
Luxembourg	–2	–44	–3	–44
Lithuania	–1	–6	—	–6
United States	–1	–12	–2	–14
United Kingdom	—	–5	—	–5
Singapore	—	–4	—	–4
Germany	—	–3	—	–3
Total	**–19**	**–1,913**	**–25**	**–1,909**

	2009		2008	
Parent company, EURm	Executives	Other employees	Executives	Other employees
Sweden	–3	–356	–4	–377
Other countries	–1	–10	–2	–11
Total	**–4**	**–366**	**–6**	**–388**

Gender distribution

Per cent	31 Dec 2009	31 Dec 2008
Nordea Bank AB (publ)		
Board of Directors		
– Men	70	73
– Women	30	27
Other executives		
– Men	86	80
– Women	14	20

In the Board of Directors of the Nordea Group companies, 88% (90%) were men and 12% (10%) were women. The corresponding numbers for Other executives were 88% (84%) men and 12% (16%) women. Internal Boards consist mainly of management in Nordea.

Sick leave[1]

	Sick leave as a percentage of ordinary working hours		Proportion of long-term sick leave in per cent	
Parent company	2009	2008	2009	2008
Total	**3.4**	**4.4**	**34**	**45**
Men	1.9	2.3	27	27
Women	4.4	5.6	36	47
18–29	2.8	3.1		
30–49	2.6	3.6		
50–65	4.6	5.3		

1) Ordinary working hours refer to the number of hours agreed in the employment contract, excluding overtime. Long-term sick leave refers to a continuous period of absence of 60 days or more. The sick leave of each category is stated as a percentage of the category's ordinary working hours.

Note 9 Other expenses

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Information technology[1]	–593	–576	–168	–172
Marketing	–83	–102	–16	–26
Postage, telephone and office expenses	–190	–203	–56	–69
Rents, premises and real estate	–367	–369	–93	–96
Other[2]	–406	–396	–110	–110
Total	**–1,639**	**–1,646**	**–443**	**–473**

1) Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc, but excluding IT expenses in insurance operations, were EUR –752m (EUR –666m).
2) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
KPMG				
Auditing assignments	–5	–5	–1	–1
Other assignments incl audit-related services	–3	–2	–2	–1
PriceWaterhouseCoopers				
Auditing assignments	0	–1	—	—
Other assignments incl audit-related services	0	—	—	—
Total	**–8**	**–8**	**–3**	**–2**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Depreciation/amortisation				
Property and equipment (Note 25)				
Equipment	–93	–81	–20	–17
Buildings	–1	–1	0	0
Intangible assets (Note 24)				
Goodwill	—	—	–72	–72
Internally developed software	–31	–18	–8	–7
Other intangible assets	–15	–14	–4	–5
Total	**–140**	**–114**	**–104**	**–101**
Impairment charges/Reversed impairment charges				
Property and equipment (Note 25)				
Equipment	–9	–3	–2	—
Intangible assets (Note 24)				
Goodwill	—	–1	—	—
Internally developed software	—	–6	—	–2
Total	**–9**	**–10**	**–2**	**–2**
Total	**–149**	**–124**	**–106**	**–103**

Note 11 Net loan losses

	Group		Parent company	
EURm	2009	2008	2009	2008
Net loan losses divided by class				
Loans to credit institutions	–14	–14	–2	0
– of which provisions	–18	–16	–4	–2
– of which write-offs	0	—	—	—
– of which allowances used for covering write-offs	0	—	—	—
– of which reversals	4	2	2	2
Loans to the public	–1,337	–401	–159	–78
– of which provisions	–1,448	–727	–126	–98
– of which write-offs	–478	–218	–95	–80
– of which allowances used for covering write-offs	277	130	30	34
– of which reversals	238	350	14	46
– of which recoveries	74	64	18	20
Off-balance sheet items[1]	–135	–51	–4	–2
– of which provisions	–177	–58	–5	–3
– of which reversals	42	7	1	1
Total	**–1,486**	**–466**	**–165**	**–80**

Specification of Net loan losses				
Changes of allowance accounts in the balance sheet	–1,359	–442	–118	–55
– of which Loans, individually assessed[2]	–819	–326	–80	–28
– of which Loans, collectively assessed[2]	–405	–65	–34	–25
– of which Off-balance sheet items, individually assessed[1]	–166	–32	–1	–2
– of which Off-balance sheet items, collectively assessed[1]	31	–19	–3	0
Changes directly recognised in the income statement	–127	–24	–47	–25
– of which realised loan losses, individually assessed	–184	–71	–51	–29
– of which realised loan losses, collectively assessed	–16	–18	–14	–16
– of which realised recoveries, individually assessed	56	45	2	2
– of which realised recoveries, collectively assessed	17	20	16	18
Total	**–1,486**	**–466**	**–165**	**–80**

1) Included in Note 36 Provisions as "Transfer risk, off-balance", "Individually assessed, off-balance sheet" and the provision for the claim for SAirGroup of EUR 47m included in "Other provisions".
2) Included in Note 16 Loans and their impairment.

Key ratios

	Group		Parent company	
	2009[2]	2008	2009	2008
Loan loss ratio, basis points[1]	54	19	57	30
– of which individual	40	16	45	21
– of which collective	14	3	12	9

1) Net loan losses (annualised) divided by opening balance of loans to the public (lending).
2) Loan loss ratio excluding provisions for a legal claim contested by Nordea.

Note 12 Appropriations

	Parent company	
EURm	2009	2008
Pension adjustments		
Reversed actuarial pension costs	17	24
Pension benefits paid	–53	–55
Special wage tax/return tax	–13	–13
Total	**–49**	**–44**
Change in depreciation in excess of plan, equipment	–3	4
Total	**–3**	**4**
Total	**–52**	**–40**

Note 13 Taxes

Income tax expense

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Current tax[1]	–926	–430	–17	17
Deferred tax	169	–294	–7	–6
Total	**–757**	**–724**	**–24**	**11**
1) Of which relating to prior years (see below)	–36	9	5	13

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

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Profit before tax	3,075	3,396	1,009	1,877
Tax calculated at a tax rate of 26.3% (28%)	–809	–951	–265	–526
Effect of different tax rates in other countries	10	66	—	—
Tax not related to profit	97	–33	13	—
Income from associated undertakings	11	6	—	—
Tax-exempt income	59	29	253	554
Non-deductible expenses	–79	–68	–20	–30
Adjustments relating to prior years	–36	9	–5	13
Income tax due to tax assets previously not recognised	1	212	—	—
Change of tax rate	—	16	—	—
Not creditable foreign taxes	–11	–10	—	—
Tax charge	**–757**	**–724**	**–24**	**11**
Average effective tax rate	25%	21%	2%	–1%

Deferred tax

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Deferred tax expense (–)/income (+)				
Deferred tax due to temporary differences, including tax losses carry-forward	168	–522	–7	–6
Deferred tax due to change of tax rate	—	16	—	—
Deferred tax due to tax assets previously not recognised	1	212	—	—
Income tax expense, net	**169**	**–294**	**–7**	**–6**
Deferred tax assets				
Deferred tax assets due to tax losses carry-forward	64	100	—	—
Deferred tax assets due to temporary differences	61	80	20	28
Offset against tax liabilities	—	–116	—	—
Total	**125**	**64**	**20**	**28**
– of which expected to be settled after more than 1 year	96	53	18	16
Deferred tax liabilities				
Deferred tax liabilities due to untaxed reserves	148	105	—	—
Deferred tax liabilities due to temporary differences	722	1,064	—	0
Offset against tax assets	—	–116	—	—
Total	**870**	**1,053**	**—**	**0**
– of which expected to be settled after more than 1 year	605	759	—	0

Note 13 Taxes, cont.

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Deferred tax assets (+)/liabilities (–), net				
Deferred tax assets due to tax losses carry-forward	64	100	—	—
Deferred tax liabilities due to untaxed reserves	–148	–105	—	—
Deferred tax assets/liabilities in loans to the public	–318	–300	—	—
Deferred tax assets/liabilities in derivatives	–27	–193	0	0
Deferred tax assets/liabilities in intangible assets	–29	–43	—	—
Deferred tax assets/liabilities in property and equipment	–13	1	—	—
Deferred tax assets/liabilities in investment property	–103	–50	—	—
Deferred tax assets/liabilities in retirement benefit obligations	27	11	—	—
Deferred tax liability due to hedge of net investments in foreign subsidiaries	–43	–175	—	—
Deferred tax assets/liabilities in liabilities/provisions	–155	–235	20	28
Deferred tax assets/liabilities, net	**–745**	**–989**	**20**	**28**
Movements in deferred tax assets/liabilities, net are as follows:				
Deferred tax relating to items recognised in other comprehensive income	131	–173	–1	2
Reclassification to current tax asset	–75	—	—	—
Translation differences	–34	–10	—	—
Acquisitions and others	53	0	—	—
Deferred tax in the income statement	169	–294	–7	–6
At end of year	**244**	**–477**	**–8**	**–4**
Current and deferred tax recognised in other comprehensive income				
Deferred tax liabilitiy due to hedge of net investments in foreign subsidiaries	133	–175	—	—
Deferred tax relating to available-for-sale investments	0	0	—	0
Deferred tax relating to cash flow hedges	–2	2	0	2
Total	**131**	**–173**	**0**	**2**
Current tax assets	329	344	0	76
– of which expected to be settled after more than 1 year	—	—	—	—
Current tax liabilities	**565**	**458**	**34**	**0**
– of which expected to be settled after more than 1 year	56	55	—	—
Unrecognised deferred tax assets				
Unused tax losses carry-forward	68	3	—	—
Unused tax credits	49	50	—	—
Total	**117**	**53**	**—**	**—**
Expire date 2009	—	1	—	—
Expire date 2010	0	0	—	—
Expire date 2011	1	1	—	—
Expire date 2012	1	1	—	—
Expire date 2013	28	28	—	—
Expire date 2014	19	19	—	—
No expiry date	68	3	—	—
Total	**117**	**53**	**—**	**—**

Note 14 Earnings per share

Group

	31 Dec 2009	31 Dec 2008
Earnings:		
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	2,314	2,671
Number of shares (in millions):		
Number of shares outstanding at beginning of year	2,600	2,597
Average number of issued C-shares[1]	5	3
Average number of repurchased own C-shares[1]	–5	–3
Average number of own shares in trading portfolio	–10	–4
Basic weighted average number of shares outstanding before bonus element and new issue of shares	**2,590**	**2,593**
Bonus element[2]	201	761
Basic weighted average number of shares outstanding before new issue of shares	**2,791**	**3,354**
Average number shares related to the rights issue	1,054	—
Basic weighted average number of shares outstanding	**3,845**	**3,354**
Adjustment for diluted weighted average number of additional ordinary shares outstanding[1, 3]	1	1
Diluted weighted average number of shares outstanding	**3,846**	**3,355**
Basic earnings per share, EUR	0.60	0.79
Diluted earnings per share, EUR	0.60	0.79

1) Relates to the Long-Term Incentive Programmes (LTIP).
2) The number of ordinary shares in issue in prior years have been adjusted retrospectively for the bonus element of the rights issue completed in April/May 2009.
3) Contingently issuable shares not included, that can potentially dilute basic earnings per share in future periods, exist in the Long Term Incentive Programmes.

Note 15 Treasury bills

	Group		Parent company[1]	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
State and sovereigns	12,895	6,377	4,947	2,230
Municipalities and other public bodies	97	168	4	—
Total	**12,992**	**6,545**	**4,951**	**2,230**

1) Of which EUR 550m (EUR 183m) held at amortised cost with a nominal amount of EUR 550m (EUR 183m)

All treasury bills are subject to variable interest rate risk.

– of which Financial instruments pledged as collateral (Note 18)	48	—	1,295	132
Total	**12,944**	**6,545**	**3,656**	**2,098**

Note 16 Loans and their impairment

Group	Credit institutions		The public[1]		Total	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Loans, not impaired	18,558	23,893	280,462	264,056	299,020	287,949
Impaired loans	35	33	4,067	2,191	4,102	2,224
– of which performing	4	32	2,230	1,357	2,234	1,389
– of which non-performing	31	1	1,837	834	1,868	835
Loans before allowances	**18,593**	**23,926**	**284,529**	**266,247**	**303,122**	**290,173**
Allowances for individually assessed impaired loans	–35	–20	–1,296	–742	–1,331	–762
– of which performing	–4	–19	–675	–437	–679	–456
– of which non-performing	–31	–1	–621	–305	–652	–306
Allowances for collectively assessed impaired loans	–3	–3	–822	–405	–825	–408
Allowances	**–38**	**–23**	**–2,118**	**–1,147**	**–2,156**	**–1,170**
Loans, carrying amount	**18,555**	**23,903**	**282,411**	**265,100**	**300,966**	**289,003**

Parent company	Credit institutions		The public[1]		Total	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Loans, not impaired	43,503	43,857	28,756	29,061	72,259	72,918
Impaired loans	8	6	315	297	323	303
– of which performing	4	5	177	265	181	270
– of which non-performing	4	1	138	32	142	33
Loans before allowances	**43,511**	**43,863**	**29,071**	**29,358**	**72,582**	**73,221**
Allowances for individually assessed impaired loans	–8	–6	–132	–77	–140	–83
– of which performing	–4	–5	–67	–53	–71	–58
– of which non-performing	–4	–1	–65	–24	–69	–25
Allowances for collectively assessed impaired loans	–2	–2	–79	–41	–81	–43
Allowances	**–10**	**–8**	**–211**	**–118**	**–221**	**–126**
Loans, carrying amount	**43,501**	**43,855**	**28,860**	**29,240**	**72,361**	**73,095**

1) Finance leases, where Nordea Group is a lessor, are included in Loans to the public, see Note 26 Leasing.

Reconciliation of allowance accounts for impaired loans[1]

Group	Credit institutions			The public			Total		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2009	**–20**	**–3**	**–23**	**–742**	**–405**	**–1,147**	**–762**	**–408**	**–1,170**
Provisions	–17	–1	–18	–954	–493	–1,447	–971	–494	–1,465
Reversals	2	2	4	150	87	237	152	89	241
Changes through the income statement	**–15**	**1**	**–14**	**–804**	**–406**	**–1,210**	**–819**	**–405**	**–1,224**
Allowances used to cover write-offs	0	—	0	278	—	278	278	—	278
Translation differences	0	–1	–1	–28	–11	–39	–28	–12	–40
Closing balance at 31 Dec 2009	**–35**	**–3**	**–38**	**–1,296**	**–822**	**–2,118**	**–1,331**	**–825**	**–2,156**
Opening balance at 1 Jan 2008	**–8**	**–2**	**–10**	**–595**	**–352**	**–947**	**–603**	**–354**	**–957**
Provisions	–14	–3	–17	–541	–185	–726	–555	–188	–743
Reversals	1	2	3	228	121	349	229	123	352
Changes through the income statement	**–13**	**–1**	**–14**	**–313**	**–64**	**–377**	**–326**	**–65**	**–391**
Allowances used to cover write-offs	0	0	0	129	0	129	129	0	129
Reclassification	—	—	—	4	—	4	4	—	4
Translation differences	1	0	1	33	11	44	34	11	45
Closing balance at 31 Dec 2008	**–20**	**–3**	**–23**	**–742**	**–405**	**–1,147**	**–762**	**–408**	**–1,170**

Note 16 Loans and their impairment, cont.

Reconciliation of allowance accounts for impaired loans[1]

Parent company

	Credit institutions			The public			Total		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2009	**–6**	**–2**	**–8**	**–76**	**–42**	**–118**	**–82**	**–44**	**–126**
Provisions	–4	—	–4	–91	–35	–126	–95	–35	–130
Reversals	2	—	2	13	1	14	15	1	16
Changes through the income statement	**–2**	**0**	**–2**	**–78**	**–34**	**–112**	**–80**	**–34**	**–114**
Allowances used to cover write-offs	—	—	—	30	—	30	30	—	30
Translation differences	—	—	—	–8	–3	–11	–8	–3	–11
Closing balance at 31 Dec 2009	**–8**	**–2**	**–10**	**–132**	**–79**	**–211**	**–140**	**–81**	**–221**
Opening balance at 1 Jan 2008	**–7**	**–1**	**–8**	**–89**	**–23**	**–112**	**–96**	**–24**	**–120**
Provisions	—	–2	–2	–68	–30	–98	–68	–32	–100
Reversals	1	1	2	40	6	46	41	7	48
Changes through the income statement	**1**	**–1**	**0**	**–28**	**–24**	**–52**	**–27**	**–25**	**–52**
Allowances used to cover write-offs	—	—	—	34	—	34	34	—	34
Translation differences	—	—	—	7	5	12	7	5	12
Closing balance at 31 Dec 2008	**–6**	**–2**	**–8**	**–76**	**–42**	**–118**	**–82**	**–44**	**–126**

1) See Note 11 Net loan losses.

Allowances and provisions

Group	Credit institutions		The public		Total	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Allowances for items in the balance sheet	–38	–23	–2,118	–1,147	–2,156	–1,170
Provisions for off balance sheet items	–19	–54	–217	–46	–236	–100
Total allowances and provisions	**–57**	**–77**	**–2,335**	**–1,193**	**–2,392**	**–1,270**
Parent company						
Allowances for items in the balance sheet	–10	–8	–211	–118	–221	–126
Provisions for off balance sheet items	–1	–1	–6	–2	–7	–3
Total allowances and provisions	**–11**	**–9**	**–217**	**–120**	**–228**	**–129**

Key ratios

	Group		Parent company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Impairment rate, gross[1], basis points	135	77	45	41
Impairment rate, net[2], basis points	91	50	25	30
Total allowance rate[3], basis points	71	40	30	17
Allowances in relation to impaired loans[4], %	32	34	43	27
Total allowances in relation to impaired loans[5], %	53	53	68	42
Non-performing loans, not impaired[6], EURm	296	142	—	—

1) Individually assessed impaired loans before allowances divided by total loans before allowances.
2) Individually assessed impaired loans after allowances divided by total loans before allowances.
3) Total allowances divided by total loans before allowances.
4) Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
5) Total allowances divided by total impaired loans before allowances.
6) Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 17 Interest-bearing securities

	Group		Parent company[1]	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Issued by public bodies	8,349	3,120	—	—
Issued by other borrowers	58,915	49,626	18,000	13,045
Total	**67,264**	**52,746**	**18,000**	**13,045**
Listed securities	62,755	48,829	14,131	9,516
Unlisted securities	4,509	3,917	3,869	3,529
Total	**67,264**	**52,746**	**18,000**	**13,045**

1) Of which EUR 4,692m (EUR 2,335m) held at amortised cost with a nominal amount of EUR 4,628m (EUR 2,327m).

– of which Financial instruments pledged as collateral (Note 18)	11,109	7,916	981	2,965
Total	**56,155**	**44,830**	**17,019**	**10,080**

Note 18 Financial instruments pledged as collateral

Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Repurchase agreements	11,169	7,917	2,276	3,097
Securities lending agreements	71	20	—	—
Total	**11,240**	**7,937**	**2,276**	**3,097**

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

The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the tables below.

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Repurchase agreements				
Treasury bills	48	—	1,295	132
Interest-bearing securities	11,109	7,916	981	2,965
Shares	12	1	—	—
Securities lending agreements				
Shares	71	20	—	—
Total	**11,240**	**7,937**	**2,276**	**3,097**

Note 18 Financial instruments pledged as collateral, cont.

Liabilities associated with the assets

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Repurchase agreements				
Deposits by credit institutions	8,297	6,578	2,313	3,104
Deposits and borrowings from the public	2,445	1,370	—	—
Other	—	4	—	—
Total	**10,742**	**7,952**	**2,313**	**3,104**

Note 19 Shares

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Shares held for trading	4,316	3,766	660	1,063
Shares designated at fair value through profit or loss	9,464	6,917	22	44
– of which shares taken over for protection of claims	2	13	2	13
Shares available for sale	6	7	—	0
Total	**13,786**	**10,690**	**682**	**1,107**
Listed shares	9,668	7,742	660	638
Unlisted shares	4,118	2,948	22	469
Total	**13,786**	**10,690**	**682**	**1,107**
– of which Financial instruments pledged as collateral (Note 18)	83	21	—	—
Total	**13,703**	**10,669**	**682**	**1,107**
– of which expected to be settled after more than 1 year	399	313	23	44

Note 17 Interest-bearing securities

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company[1] 31 Dec 2009	Parent company[1] 31 Dec 2008
Issued by public bodies	8,349	3,120	—	—
Issued by other borrowers	58,915	49,626	18,000	13,045
Total	**67,264**	**52,746**	**18,000**	**13,045**
Listed securities	62,755	48,829	14,131	9,516
Unlisted securities	4,509	3,917	3,869	3,529
Total	**67,264**	**52,746**	**18,000**	**13,045**

1) Of which EUR 4,692m (EUR 2,335m) held at amortised cost with a nominal amount of EUR 4,628m (EUR 2,327m).

– of which Financial instruments pledged as collateral (Note 18)	11,109	7,916	981	2,965
Total	**56,155**	**44,830**	**17,019**	**10,080**

Note 18 Financial instruments pledged as collateral

Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

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Securities lending agreements	71	20	—	—
Total	**11,240**	**7,937**	**2,276**	**3,097**

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

The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the tables below.

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Repurchase agreements				
Treasury bills	48	—	1,295	132
Interest-bearing securities	11,109	7,916	981	2,965
Shares	12	1	—	—
Securities lending agreements				
Shares	71	20	—	—
Total	**11,240**	**7,937**	**2,276**	**3,097**

Note 18 Financial instruments pledged as collateral, cont.

Liabilities associated with the assets

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Repurchase agreements				
Deposits by credit institutions	8,297	6,578	2,313	3,104
Deposits and borrowings from the public	2,445	1,370	—	—
Other	—	4	—	—
Total	**10,742**	**7,952**	**2,313**	**3,104**

Note 19 Shares

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Shares held for trading	4,316	3,766	660	1,063
Shares designated at fair value through profit or loss	9,464	6,917	22	44
– of which shares taken over for protection of claims	2	13	2	13
Shares available for sale	6	7	—	0
Total	**13,786**	**10,690**	**682**	**1,107**
Listed shares	9,668	7,742	660	638
Unlisted shares	4,118	2,948	22	469
Total	**13,786**	**10,690**	**682**	**1,107**
– of which Financial instruments pledged as collateral (Note 18)	83	21	—	—
Total	**13,703**	**10,669**	**682**	**1,107**
– of which expected to be settled after more than 1 year	399	313	23	44

Note 20 Derivatives and Hedge accounting

31 Dec 2009, EURm	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	54,155	52,632	2,344,711	813	868	56,291
FRAs	780	754	942,168	51	60	60,184
Futures and forwards	296	230	62,159	1	—	116
Options	5,822	5,797	238,734	21	21	1,346
Other	0	0	30	—	1	11,442
Total	**61,053**	**59,413**	**3,587,802**	**886**	**950**	**129,379**
Equity derivatives						
Equity swaps	34	3	317	34	7	26
Futures and forwards	65	126	949	1	2	45
Options	812	945	18,103	60	15	1,049
Other	3	0	497	—	—	—
Total	**914**	**1,074**	**19,866**	**95**	**24**	**1,120**
Foreign exchange derivatives						
Currency and interest rate swaps	4,533	3,443	250,470	974	888	17,205
Currency forwards	5,791	5,630	418,676	79	8	4,288
Options	607	683	47,085	—	—	—
Other	22	5	183	—	—	—
Total	**10,953**	**9,761**	**716,414**	**1,053**	**896**	**21,493**
Credit derivatives						
Credit default swaps	1,224	1,238	78,669	—	20	400
Total	**1,224**	**1,238**	**78,669**	**—**	**20**	**400**
Other derivatives						
Swaps	775	744	12,790	—	—	—
Futures and forwards	50	64	549	—	—	—
Options	63	62	1,678	—	—	—
Other	0	27	1,930	—	27	1,930
Total	**888**	**897**	**16,947**	**—**	**27**	**1,930**
Total derivatives held for trading	**75,032**	**72,383**	**4,419,698**	**2,034**	**1,917**	**154,322**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	267	276	22,034	245	50	11,665
Options	0	2	252	—	—	—
Total	**267**	**278**	**22,286**	**245**	**50**	**11,665**
Equity derivatives						
Options	1	2	34	2	2	47
Total	**1**	**2**	**34**	**2**	**2**	**47**
Foreign exchange derivatives						
Currency and interest rate swaps	122	380	5,253	140	182	3,388
Currency forwards	—	—	—	—	22	350
Total	**122**	**380**	**5,253**	**140**	**204**	**3,738**
Total derivatives used for hedge accounting	**390**	**660**	**27,573**	**387**	**256**	**15,450**
– of which fair value hedges	368	530	25,979	334	125	13,383
– of which cash flow hedges	22	130	1,594	53	131	2,067
Total derivatives	**75,422**	**73,043**	**4,447,271**	**2,421**	**2,173**	**169,772**

Note 20 Derivatives and Hedge accounting, cont.

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

Group

EURm	<1 year	1–3 years	3–5 years	5–10 years	More than 10 years
Cash inflows (assets)	7	—	—	—	—
Cash outflows (liabilities)	–17	—	—	—	—
Net cash flows	**–10**	**—**	**—**	**—**	**—**

Parent company

EURm	<1 year	1-3 years	3-5 years	5-10 years	More than 10 years
Cash inflows (assets)	10	—	—	—	—
Cash outflows (liabilities)	–23	—	—	—	—
Net cash flows	**–13**	**—**	**—**	**—**	**—**

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2008, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	43,992	43,264	1,899,652	692	756	47,756
FRAs	2,159	2,066	802,160	46	54	15,728
Futures and forwards	13	395	65,345	1	2	20
Options	6,258	6,375	171,877	42	39	3,128
Other	3	0	25	—	—	—
Total	**52,425**	**52,100**	**2,939,059**	**781**	**851**	**66,632**
Equity derivatives						
Swaps	85	64	718	202	53	785
Futures and forwards	322	60	12,632	108	18	425
Options	516	581	14,035	91	24	564
Total	**923**	**705**	**27,385**	**401**	**95**	**1,774**
Foreign exchange derivatives						
Currency and interest rate swaps	8,002	6,542	192,133	1,626	1,385	16,566
Currency forwards	18,123	17,195	453,227	357	147	11,380
Options	908	866	33,622	—	—	—
Other	4	2	7,907	—	—	—
Total	**27,037**	**24,605**	**686,889**	**1,983**	**1,532**	**27,946**
Credit derivatives						
Credit default swaps	4,631	4,584	99,208	—	10	400
Total	**4,631**	**4,584**	**99,208**	**—**	**10**	**400**
Other derivatives						
Swaps	1,125	1,033	10,007	—	—	—
Futures and forwards	294	100	4,463	—	—	—
Options	85	87	1,450	—	—	—
Other	—	63	1,626	—	63	1,626
Total	**1,504**	**1,283**	**17,546**	**—**	**63**	**1,626**
Total derivatives held for trading	**86,520**	**83,277**	**3,770,087**	**3,165**	**2,551**	**98,378**

Note 20 Derivatives and Hedge accounting, cont.

31 Dec 2008, EURm	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	280	202	13,940	253	32	4,229
Total	**280**	**202**	**13,940**	**253**	**32**	**4,229**
Equity derivatives						
Options	1	7	69	7	7	107
Total	**1**	**7**	**69**	**7**	**7**	**107**
Foreign exchange derivatives						
Currency and interest rate swaps	37	2,052	18,005	102	164	1,413
Currency forwards	—	—	—	35	2	251
Total	**37**	**2,052**	**18,005**	**137**	**166**	**1,664**
Total derivatives used for hedge accounting	**318**	**2,261**	**32,014**	**397**	**205**	**6,000**
– of which fair value hedges	288	2,114	30,403	265	58	3,991
– of which cash flow hedges	30	147	1,611	132	147	2,009
Total derivatives	**86,838**	**85,538**	**3,802,101**	**3,562**	**2,756**	**104,378**

Note 21 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets **EURm**	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Carrying amount at beginning of year	413	–105	27	–4
Changes during the year				
Revaluation of hedged items	331	547	305	31
Translation differences	19	–29	—	—
Carrying amount at end of year	**763**	**413**	**332**	**27**

Liabilities **EURm**	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Carrying amount at beginning of year	532	–323	42	–69
Changes during the year				
Revaluation of hedged items	308	919	243	111
Translation differences	34	–64	—	—
Carrying amount at end of year	**874**	**532**	**285**	**42**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

Note 22 Investments in Group undertakings

Parent company

EURm	31 Dec 2009	31 Dec 2008
Acquisition value at beginning of year	16,360	15,953
Acquisitions during the year	294	402
Sales during the year	0	—
IFRS 2 expenses[1]	5	5
Acquisition value at end of year	**16,659**	**16,360**
Accumulated impairment charges at beginning of year	–494	–465
Impairment charges during the year	0	–26
Translation differences	0	–3
Accumulated impairment charges at end of year	**–494**	**–494**
Total	**16,165**	**15,866**

1) Allocation of IFRS 2 expenses for LTIP 2007–2009 related to the subsidiaries. For more information, see Note 8.

– of which, listed shares	—	—

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

Note 22 Investments in group undertakings, cont.

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies.

Parent company

31 Dec 2009	Number of shares	Carrying amount 2009, EURm	Carrying amount 2008, EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800,000	5,951	5,948	100.0	Helsinki	1680235-8
Nordea Finance Finland Ltd				100.0	Espoo	0112305-3
Nordea Bank Danmark A/S	50,000,000	3,505	3,503	100.0	Copenhagen	13522197
Nordea Finans Danmark A/S				100.0	Copenhagen	89805910
Nordea Kredit Realkreditaktieselskab				100.0	Copenhagen	15134275
Fionia Bank A/S				100.0	Odense	31934745
Nordea Bank Norge ASA	551,358,576	2,403	2,402	100.0	Oslo	911044110
Nordea Eiendomskreditt AS				100.0	Oslo	971227222
Nordea Finans Norge AS				100.0	Oslo	924507500
Christiania Forsikring AS				100.0	Oslo	941219349
Privatmegleren AS				67.0	Oslo	986386661
Nordea Bank Polska S.A.	45,081,403	262	262	99.0	Gdynia	KRS0000021828
OOO Promyshlennaya Companiya Vestkon	4,601,942,680[1]	658	649	100.0	Moscow	1027700034185
OJSC Nordea Bank				100.0[3]	Moscow	1027739436955
Nordea Life Holding AB	1,000	301	201	100.0	Stockholm	556742-3305
Nordea Liv & Pension, Livforsikringsselskab A/S				100.0	Ballerup	24260577
Nordea Liv Holding Norge AS				100.0	Bergen	984739303
Livforsikringsselskapet Nordea Liv Norge AS				100.0	Bergen	959922659
Nordea Livförsäkring Sverige AB (publ)				100.0	Stockholm	516401-8508
Nordea Life Holding Finland Ltd				100.0	Helsinki	1737788-3
Nordea Life Assurance Finland Ltd				100.0	Helsinki	0927072-8
Nordea Hypotek AB (publ)	100,000	1,898	1,714	100.0	Stockholm	556091-5448
Nordea Fonder AB	15,000	679	679	100.0	Stockholm	556020-4694
Nordea Bank S.A.	999,999	323	323	100.0	Luxembourg	B14157
Nordea Finans Sverige AB (publ)	1,000,000	77	77	100.0	Stockholm	556021-1475
Nordea Fondene Norge AS	1,200	29	29	100.0	Oslo	930954616
Nordea Investment Management AB	12,600	64	64	100.0	Stockholm	556060-2301
Nordea Investment Fund Company Finland Ltd	3,350	4	4	100.0	Helsinki	1737785-9
Nordea Ejendomsinvestering A/S	1,000	1	1	100.0	Copenhagen	26640172
Nordea Investment Funds I Company SA	39,996	0	0	100.0	Luxembourg	B30550
PK Properties Int'l Corp	100,000	0	0	100.0	Atlanta, USA	601624718
Nordea Hästen Fastighetsförvaltning AB	1,000	0	0	100.0	Stockholm	556653-6800
Nordea Putten Fastighetsförvaltning AB	1,000	0	0	100.0	Stockholm	556653-5257
Nordea North America Inc.	1,000	0	0	100.0	Delaware, USA	51-0276195
Nordea Do Brasil Representações LTDA	1,162,149	0	0	99.0	Sao Paulo, Brasil	51-696.268/0001-40
Nordic Baltic Holding (NBH) AB[2]	1,000	9	9	100.0	Stockholm	556592-7950
Nordea Fastigheter AB[2]	3,380,000	1	1	100.0	Stockholm	556021-4917
Total		**16,165**	**15,866**			

1) Nominal value expressed in RUB, representing Nordea's participation in Vestkon.
2) Dormant
3) Combined ownership, Nordea Bank AB (publ) directly 7.2% and indirectly 92,8% through OOO Promyshlennaya Companiya Vestkon.

Note 22 Investments in group undertakings, cont.

Group

Special Purpose Entities (SPEs) – Consolidated

SPEs that have been set up for enabling investments in structured credit products and for acquiring assets from customers.

EURm	Purpose	Duration	Nordea's investment	Total assets
Viking ABCP Conduit[1]	Factoring	<1 year	478	529
CMO Denmark A/S[2]	Collateralised Mortgage Obligation	>5 years	13	32
Kalmar Structured Finance A/S[3]	Credit Linked Note	>5 years	34	144
Kirkas Northern Lights Ltd[4]	Collateralised Mortgage Obligation	>5 years	6,233	6,233
Total			**6,758**	**6,938**

1) The Viking ABCP Conduit (Viking) has been established with the purpose of supporting trade receivable or accounts payable securitisations to core Nordic customers. The SPEs purchase trade receivables from the approved sellers and fund the purchases either by issuing Commercial Papers (CP) via the established Asset Backed Commercial Papers programme or by drawing funds on the liquidity facilities available. Nordea has provided liquidity facilities of maximum EUR 955m and at year end 2009 EUR 478m were utilised. There is no outstanding CP issue at year end 2009 These SPEs are consolidated as they are closely linked to the activities within Nordea. Also, Nordea is exposed to credit risk through the liquidity facility. There are no significant restriction on repayment of loans from Viking apart from that the payments are dependant on the pace in which Viking realises its assets.

2) Collateralised Mortgage Obligations Denmark A/S (CMO Denmark A/S) was established with the purpose to issue CMOs in order to meet specific customer preferences in terms of credit risk, interest rate risk, prepayment risk, maturity etc. The SPE purchased a pool of mortgage bonds and reallocated the risks through tranching a similar bond issue (CMOs). At year end 2009 the total notional of outstanding bonds were EUR 32m available to investors. Nordea holds bonds issued by CMO Denmark A/S as part of offering a secondary market for the bonds. The investment amounted to EUR 13m as of year end 2009.

3) Kalmar Structured Finance A/S was established to allow customers to invest in structured products in the global credit markets. The SPE enters into Credit Default Swaps (CDS) and hereby acquires a credit risk on an underlying portfolio of names (like corporate names) and at the same time the SPE issues Credit Linked Notes (CLN) with a similar credit risk that reflects the terms in the CDSs. Nordea is the counterpart in the derivative transactions. The total notional of outstanding CLNs in this category was EUR 144m at year end 2009. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to EUR 34m at year end 2009.

4) Kirkas Northern Lights Ltd (Kirkas) was established in 2008. Assets have been sold from Nordea's ordinary lending portfolio to Kirkas. Kirkas has used the assets as collateral for bonds issued. The total notional of bonds and subordinated loans was EUR 6,233m at year end 2009, which are held in full by Nordea. Nordea still holds the majority of the residual- and ownership risks in the SPE, why the SPE is consolidated into the Nordea Group.

Note 23 Investments in associated undertakings

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Acquisition value at beginning of year	441	376	2	30
Acquisitions during the year[1]	8	41	—	—
Sales during the year	–1	–53	0	–28
Share in earnings[2]	32	112	—	—
Dividend received	–29	–14	—	—
Reclassifications	—	17	—	—
Translation differences	30	–38	—	—
Acquisition value at end of year	**481**	**441**	**2**	**2**
Accumulated impairment charges at beginning of year	–10	–10	—	—
Translation differences	–1	—	—	—
Accumulated impairment charges at end of year	**–11**	**–10**	—	—
Total	**470**	**431**	**2**	**2**
– of which, listed shares	—	—	—	—

1) Of which acqusition through business combinations EUR 4m (EUR -m).
2) Share in earnings

EURm	2009	2008
Profit from companies accounted for under the equity method	48	24
Portfolio hedge, Eksportfinans ASA	–29	53
Associated undertakings in Life, reported as Net gains/losses on items at fair value	13	35
Share in earnings	**32**	**112**

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

The associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2009	31 Dec 2008
Total assets	7,785	8,499
Total liabilities	7,320	7,994
Operating income	210	195
Operating profit	–59	148

Nordea has issued contingent liabilities of EUR 537m (EUR 249m) on behalf of associated undertakings.

Note 23 Investments in associated undertakings, cont.

Group

31 Dec 2009	Registration number	Domicile	Carrying amount, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	119	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	172	49
Luottokunta	0201646-0	Helsinki	42	25
LR Realkredit A/S	26045304	Copenhagen	12	39
Oy Realinvest Ab	0680035-9	Helsinki	3	49
Nymøllevej I/S	24247961	Ballerup	23	50
E-nettet Holding A/S	28308019	Copenhagen	2	20
Hovedbanens Forretningscenter K/S	16301671	Ballerup	14	50
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	33
Axel IKU Invest A/S	24981800	Copenhagen	1	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	33
KIFU-AX II A/S	25893662	Copenhagen	2	26
KFU-AX II A/S	25894286	Copenhagen	2	34
Multidata Holding A/S	27226027	Ballerup	14	29
Lautruphøj 1-3 I/S	26640172	Ballerup	6	50
PBS Holding A/S	27225993	Ballerup	13	29
Visa Sweden	801020-5097	Stockholm	21	23
Other			7	
Total			**470**	

Parent company

31 Dec 2009	Registration number	Domicile	Carrying amount, EURm	Voting power of holding %
BDB Bankernas Depå AB	556695-3567	Stockholm	1	20
Bankpension Sverige AB	556695-8194	Stockholm	1	40
Visa Sweden	801020-5097	Stockholm	0	23
Other			0	
Total			**2**	

Note 24 Intangible assets

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Goodwill[1]				
Nordea Bank Danmark A/S	439	439	—	—
Nordea Bank Norge ASA	995	847	—	—
Nordea Bank Sverige AB (publ)	160	150	593	665
Nordea Bank Polska S.A.	65	65	—	—
OJSC Nordea Bank	258	243	—	—
Life insurance companies	309	309	—	—
Fionia Bank A/S	126	—	—	—
Other goodwill	94	90	—	—
Goodwill, total	**2,446**	**2,143**	**593**	**665**
Internally developed software	375	303	95	80
Other intangible assets	126	89	13	12
Total	**2,947**	**2,535**	**701**	**757**

1) Excluding goodwill in associated undertakings.

Note 24 Intangible assets, cont.

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Goodwill				
Acquisition value at beginning of year	2,144	2,408	1,059	1,059
Acquisitions during the year	126	12	—	—
Sales/disposals during the year	—	0	—	—
Translation differences	177	–276	—	—
Acquisition value at end of year	**2,447**	**2,144**	**1,059**	**1,059**
Accumulated amortisation at beginning of year	—	—	–394	–322
Amortisation according to plan for the year	—	—	–72	–72
Accumulated amortisation at end of year	**—**	**—**	**–466**	**–394**
Accumulated impairment charges at beginning of year	–1	—	—	—
Impairment charges during the year	—	–1	—	—
Translation differences	0	0	—	—
Accumulated impairment charges at end of year	**–1**	**–1**	**—**	**—**
Total	**2,446**	**2,143**	**593**	**665**

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Internally developed software				
Acquisition value at beginning of year	379	296	102	76
Acquisitions during the year	90	127	23	26
Sales/disposals during the year	0	–2	—	—
Reclassifications	–10	–26	–2	—
Translation differences	17	–16	—	—
Acquisition value at end of year	**476**	**379**	**123**	**102**
Accumulated amortisation at beginning of year	–71	–59	–20	–13
Amortisation according to plan for the year	–31	–18	–8	–7
Accumulated amortisation on sales/disposals during the year	—	1	—	—
Reclassifications	10	6	—	—
Translation differences	–3	–1	—	—
Accumulated amortisation at end of year	**–95**	**–71**	**–28**	**–20**
Accumulated impairment charges at beginning of year	–5	–1	–2	—
Impairment charges during the year	0	–6	—	–2
Reclassifications	—	—	2	—
Translation differences	–1	2	—	—
Accumulated impairment charges at end of year	**–6**	**–5**	**0**	**–2**
Total	**375**	**303**	**95**	**80**

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Other intangible assets				
Acquisition value at beginning of year	157	147	45	48
Acquisitions during the year[1]	66	25	5	—
Sales/disposals during the year	–9	–4	—	—
Reclassifications	–10	–2	—	–3
Translation differences	4	–9	—	—
Acquisition value at end of year	**208**	**157**	**50**	**45**

1) Of which acquisitions through business combinations EUR 51m (EUR 13m).

Note 24 Intangible assets, cont.

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Accumulated amortisation at beginning of year	–68	–66	–33	–28
Amortisation according to plan for the year	–15	–14	–4	–5
Accumulated amortisation on sales/disposals during the year	1	0	—	—
Reclassifications	3	8	—	—
Translation differences	–3	4	—	—
Accumulated amortisation at end of year	**–82**	**–68**	**–37**	**–33**
Total	**126**	**89**	**13**	**12**

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

Impairment test

A cash generating unit, defined as customer areas by country, is the basis for the goodwill impairment test.

Cash flows in the near future (between 2–5 years) are based on financial forecasts, derived from forecasted margins, volumes, sales and cost development. Longer term cash flows (up to 30 years) are based on estimated sector growth rates. For impairment testing, growth rate of 4–5% has been used. Growth rates are based on historical data, updated to reflect the current situation.

Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at the Group's defined post–tax average cost of equity of 9% (equal to what is used for internal performance management purposes), except for operations in Poland and Russia where an additional risk premium of 100-200 basis points has been applied.

The impairment tests conducted in 2009 did not indicate any need for goodwill impairment.

Note 25 Property and equipment

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Property and equipment	452	375	79	81
– of which buildings for own use	89	20	0	0
Total	**452**	**375**	**79**	**81**
Equipment				
Acquisition value at beginning of year	866	770	206	164
Acquisitions during the year[1]	115	161	23	45
Sales/disposals during the year	–110	–24	–43	–3
Reclassifications	–20	–5	–3	0
Translation differences	6	–36	—	—
Acquisition value at end of year	**857**	**866**	**183**	**206**
Accumulated depreciation at beginning of year	–498	–453	–125	–111
Accumulated depreciation on sales/disposals during the year	95	13	43	2
Reclassifications	16	5	—	0
Depreciations according to plan for the year	–93	–81	–20	–16
Translation differences	8	18	—	—
Accumulated depreciation at end of year	**–472**	**–498**	**–102**	**–125**
Accumulated impairment charges at beginning of year	–13	–11	—	—
Accumulated impairment charges on sales/disposals during the year	—	0	—	—
Reversed impairment charges during the year	—	0	—	—
Reclassifications	–2	—	—	—
Impairment charges during the year	–9	–3	–2	—
Translation differences	2	1	—	—
Accumulated impairment charges at end of year	**–22**	**–13**	**–2**	**—**
Total	**363**	**355**	**79**	**81**

1) Of which acquisitions through business combinations EUR 2m (EUR 1m).

Note 25 Property and equipment, cont.

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Land and buildings				
Acquisition value at beginning of year	27	45	0	0
Acquisitions during the year[1]	68	1	—	—
Sales/disposals during the year	–1	—	—	—
Reclassifications	—	–17	—	—
Translation differences	3	–2	—	0
Acquisition value at end of year	**97**	**27**	**0**	**0**
Accumulated depreciation at beginning of year	–7	–9	0	0
Accumulated depreciation on sales/disposals during the year	0	—	—	—
Reclassifications	—	2	—	—
Depreciation according to plan for the year	–1	–1	0	0
Translation differences	0	1	—	—
Accumulated depreciation at end of year	**–8**	**–7**	**0**	**0**
Accumulated impairment charges at beginning of year	0	0	—	—
Reclassifications	0	0	—	—
Translation differences	—	0	—	—
Accumulated impairment charges at end of year	**—**	**0**	**0**	**—**
Total	**89**	**20**	**0**	**0**

1) Of which acquisitions through business combinations EUR 34m (EUR -m).

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

Parent company

The parent company owns properties with a carrying amount of EUR 0.4m (EUR 0.5m). Tax value amounts to EUR 0.6m (EUR 0.6m) with an estimated market value of EUR 0.8m (EUR 0.7m).

Note 26 Leasing

Nordea as a lessor

Finance leases

Nordea owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in “Loans to the public” (see Note 16) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

EURm	Group 31 Dec 2009	Group 31 Dec 2008
Gross investments	6,417	6,465
Less unearned finance income	–422	–594
Net investments in finance leases	**5,995**	**5,871**
Less unguaranteed residual values accruing to the benefit of the lessor	–64	–75
Present value of future minimum lease payments receivable	**5,931**	**5,796**
Accumulated allowance for uncollectible minimum lease payments receivable	9	3

As of 31 December 2009 the gross investment and the net investment by remaining maturity was distributed as follows:

EURm	Group 31 Dec, 2009 Gross Investment	Group 31 Dec, 2009 Net Investment
2010	1,502	1,440
2011	1,241	1,188
2012	995	957
2013	747	723
2014	577	547
Later years	1,355	1,140
Total	**6,417**	**5,995**

Operating leases

Assets subject to operating leases mainly comprise real estate, vehicles, aeroplanes and other equipment. In the balance sheet they are reported as tangible assets.

Carrying amount of leased assets, EURm	Group 31 Dec 2009	Group 31 Dec 2008
Acquisition value	187	178
Accumulated depreciations	–70	–54
Accumulated impairment charges	–22	–13
Carrying amount at end of year	**95**	**111**
– of which repossessed leased property, carrying amount	16	1

Note 26 Leasing, cont.

Carrying amount distributed on groups of assets, EURm	Group 31 Dec 2009	Group 31 Dec 2008
Equipment	95	111
Carrying amount at end of year	**95**	**111**

Depreciation for 2009 amounted to EUR 26m (EUR 17m).

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

EURm	Group 31 Dec, 2009
2010	18
2011	13
2012	7
2013	2
2014	1
Later years	0
Total	**41**

Nordea as a lessee

Finance leases

Nordea has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 2m (EUR 1m).

Operating leases

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

	Group		Parent company	
Leasing expenses during the year, EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Leasing expenses during the year	–243	–253	–78	–84
– of which minimum lease payments	–229	–250	–78	–84
– of which contingent rents	–3	–3	—	—
Leasing income during the year regarding sublease payments	6	7	34	38

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

EURm	Group, 31 Dec 2009	Parent company 31 Dec 2009
2010	250	176
2011	261	229
2012	108	27
2013	81	22
2014	63	19
Later years	441	177
Total	**1,204**	**650**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 17m for the group and EUR 311m for the parent company. For the parent company EUR 294m of the subleases are towards group undertakings.

Note 27 Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2009	31 Dec 2008
Carrying amount at beginning of year	3,334	3,492
Acquisitions during the year	258	109
Sales/disposals during the year	–146	–19
Net gains or losses from fair value adjustments	–49	18
Transfers/reclassifications during the year	26	0
Translation differences	82	–266
Carrying amount at end of year	**3,505**	**3,334**

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

Tax value amount for Swedish properties	32	48

Amounts recognised in the income statement[1]

EURm	2009	2008
Rental income	236	233
Direct operating expenses that generate rental income	–68	–86
Direct operating expenses that did not generate rental income	–1	–1

1) Together with fair value adjustments included in Net gains/losses on items at fair value.

The method applied when calculating fair value is a rate of return calculation, based on internal models. As a supplement to these values, appraisals were obtained from independent external valuers for parts of the investment property.

Note 28 Other assets

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Claims on securities settlement proceeds	10,104	4,063	98	61
Reinsurance recoverables	5	9	—	—
Cash/margin receivables	2,384	8,242	—	—
Other	1,904	2,290	1,512	2,038
Total	**14,397**	**14,604**	**1,610**	**2,099**
– of which expected to be settled after more than 1 year	14	31	—	—

Note 29 Prepaid expenses and accrued income

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Accrued interest income	1,762	1,964	415	492
Other accrued income	260	425	20	11
Prepaid expenses	470	438	359	280
Total	**2,492**	**2,827**	**794**	**783**
– of which expected to be settled after more than 1 year	196	360	329	222

Note 30 Deposits by credit institutions

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Central banks	18,779	26,341	6,105	8,806
Other banks	30,364	22,544	23,573	25,497
Other credit institutions	3,047	3,047	509	410
Total	**52,190**	**51,932**	**30,187**	**34,713**

Note 31 Deposits and borrowings from the public

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Deposits from the public	148,377	145,131	34,558	33,447
Borrowings from the public	5,200	3,460	59	10
Total	**153,577**	**148,591**	**34,617**	**33,457**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of EUR 3,377m (EUR 3,070m) are also included in Deposits.

Note 32 Liabilities to policyholders

Group

Liabilities to policyholders are obligations related to insurance contracts. These contracts are divided into contracts containing insurance risk and contracts without insurance risk. The latter are pure investments contracts.

Insurance contracts consists of Life insurance provisions and other insurance related items.

EURm	31 Dec 2009	31 Dec 2008
Traditional life insurance provisions	21,166	20,286
– of which guaranteed provisions	21,161	20,282
– of which non-guaranteed provisions	5	4
Unit-linked insurance provisions	4,480	3,611
– of which guaranteed provisions	627	582
– of which non-guaranteed provisions	3,853	3,029
Insurance claims provision	394	363
Provisions, Health & personal accident	179	173
Total insurance contracts	**26,219**	**24,433**
Investment contracts	6,178	4,022
– of which guaranteed provisions	511	363
– of which non-guaranteed provisions	5,667	3,659
Collective bonus potential	1,434	783
Total	**33,831**	**29,238**

Life insurance contracts are measured and recognised in accordance with IFRS 4, i.e. the measurement and recognition principle under previous GAAP has been maintained consequently resulting in non-uniform accounting policies method on consolidation. Each market represented by Nordic and European entities measure and recognises insurance contracts using local accounting policies.

Note 32 Liabilities to policyholders, cont.

31 Dec 2009, EURm	Traditional life insurance provisions	Unit– linked insurance provisions	Insurance claims provisions	Provisions, Health & per-sonal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**20,286**	**3,611**	**363**	**173**	**4,022**	**783**	**29,238**
Gross premiums written	1,626	452	—	—	2,064	—	4,142
Transfers	–186	239	—	—	–173	—	–120
Addition of interest/Investment return	599	700	—	—	815	—	2,114
Claims and benefits	–1,626	–453	24	2	–670	—	–2,723
Expense loading including addition of expense bonus	–146	–38	—	—	–48	—	–232
Change in provisions/bonus potential	—	—	—	3	—	638	641
Other	–12	–66	—	—	–31	—	–109
Translation differences	625	35	7	1	199	13	880
Provisions/ bonus potentials, end of year	**21,166**	**4,480**	**394**	**179**	**6,178**	**1,434**	**33,831**
Provision relating to bonus chemes/ discretionary participation feature:	98%				30%		

31 Dec 2008, EURm	Traditional life insurance provisions	Unit– linked insurance provisions	Insurance claims provisions	Provisions, Health & per-sonal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**20,515**	**4,796**	**353**	**161**	**4,224**	**2,231**	**32,280**
Accumulated value adjustments, beginning of year	—	—	1	0	—	617	618
Provisions/ bonus potentials, beginning of year	**20,515**	**4,796**	**354**	**161**	**4,224**	**2,848**	**32,898**
Gross premiums written	1,790	586	—	5	1,315	—	3,696
Transfers	–336	– 530	—	—	–299	—	–1,165
Addition of interest/Investment return	1,007	–1,037	—	—	–560	—	–590
Claims and benefits	–1,166	–191	20	8	–318	—	–1,647
Expense loading including addition of expense bonus	–124	–45	—	—	–37	—	–206
Change in provisions/bonus potential	—	—	—	—	—	–1,983	–1,983
Other	–641	119	–11	–1	91	–82	–525
Translation differences	–759	–87	0	0	–394	0	–1,240
Provisions/ bonus potentials, end of year	**20,286**	**3,611**	**363**	**173**	**4,022**	**783**	**29,238**
Provision relating to bonus chemes/ discretionary participation feature:	98%				41%		

Note 32 Liabilities to policyholders, cont.

Insurance risks

Insurance risk is described in the Risk management section of the Board of Directors' Report. Additional quantitative information is found below.

Life insurance risk and market risks in the Life insurance operations

	31 Dec 2009		31 Dec 2008	
Sensitivites EURm	Effect on policyholders	Effect on Nordea's own account	Effect on policyholders	Effect on Nordea's own account
Mortality – increased living with 1 year	–124.5	–21.3	–94.1	–7.9
Mortality – decreased living with 1 year	125.7	23.1	80.7	7.0
Disability – 10% increase	–24.2	–3.7	–35.9	–0.4
Disability – 10% decrease	24.0	3.7	35.4	0.4
50 bp increase in interest rates	–69.9	–0.4	–183.0	–1.3
50 bp decrease in interest rates	–19.6	0.3	122.4	0.1
12% decrease in all shareprices	–217.4	–8.3	–103.4	–7.3
8% decrease in property value	–235.8	–5.8	–176.9	–28.9
8% loss on counterparts	–153.7	–10.3	–144.3	–6.1

Liabilities to policyholders divided in guarantee levels (technical interest rate)

31 Dec 2009 EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	7,046	4,196	10,613	9,791	178	31,824

31 Dec 2008 EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	4,349	4,091	9,823	9,496	160	27,919

Risk profiles on insurance

Product	Risk types	Material effect
Traditional	– Mortality	Yes
	– Disability	Yes
	– Return guarantees	Yes
Unit-Link	– Mortality	Yes
	– Disability	Yes
	– Return guarantees	No
Health and personal accident	– Mortality	No
	– Disability	Yes
	– Return guarantees	No
Financial contract	– Mortality	No
	– Disability	No
	– Return guarantees	No

Note 33 Debt securities in issue

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Certificates of deposit	40,636	33,667	7,687	7,750
Commercial papers	12,585	10,440	0	0
Bond loans	77,148	64,753	14,313	10,074
Other	150	129	119	125
Total	**130,519**	**108,989**	**22,119**	**17,949**

Note 34 Other liabilities

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Liabilities on securities settlement proceeds	13,484	6,110	3,076	1,785
Sold, not held, securities	8,593	4,057	1,699	681
Accounts payable	195	217	14	29
Cash/margin payable	2,101	2,177	—	—
Other	4,216	5,409	1,401	1,734
Total	**28,589**	**17,970**	**6,190**	**4,229**
– of which expected to be settled after more than 1 year	18	107	—	—

Note 35 Accrued expenses and prepaid income

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Accrued interest	2,006	2,174	205	289
Other accrued expenses	953	901	150	115
Prepaid income	219	203	98	61
Total	**3,178**	**3,278**	**453**	**465**
– of which expected to be settled after more than 1 year	9	12	—	—

Note 36 Provisions

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Reserve for restructuring costs	27	28	2	0
Transfer risk, off-balance	24	55	5	2
Individually assessed, off-balance sheet	165	45	3	1
Other	93	15	20	—
Total	**309**	**143**	**30**	**3**

Group	Restructuring	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	28	55	45	15	143
New provisions made	24	4	127	79	234
Provisions utilised	–25	—	–3	0	–28
Reversals	0	–28	–1	–1	–30
Reclassifications	—	–8	–3	0	–11
Translation differences	0	1	0	0	1
At end of year	**27**	**24**	**165**	**93**	**309**
– of which expected to be settled after more than 1 year	8	22	105	14	149

Restructuring activities mainly related to group initiatives that have been initiated. This has resulted in restructuring provisions of EUR 24m.

Provision for Transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 16. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (ie Gurantees and L/C's) amounted to EUR 165m.

Other provisions refers to the following provisions: Provision for state guarantee fees EUR 25m (of which EUR 25m expected to be settled during 2010), rent provision EUR 2m (of which EUR 1m expected to be settled during 2010), provision for environmental and property-related obligations of EUR 5m (not expected to be settled during 2010), provision for disputes and pending law suites EUR 54m (of which EUR 47m expected to be settled during 2010) and other provisions amounting to EUR 7m (of which EUR 6m expected to be settled during 2010).

EUR 47m of the provision for disputes and pending law suites consists of a contested legal claim related to the debt restructuring liquidation of Swiss Air Group in 2001. A writ was served on Nordea Bank Denmark A/S on 31 January 2006 based on an avoidance claim of USD 61.2m plus interest by SAirGroup in Nachlassliquidation (debt restructuring liquidation) filed with the Commercial Court of Zürich. The Zürich Commercial Court dismissed the claim in April 2008. The liquidation estate has appealed the case to the Swiss Supreme Court, which in other cases has held that payment from SAirGroup to other banks were voidable. Nordea is contesting the claim.

Note 36 Provisions, cont.

Parent company	Restructuring	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	0	2	1	—	3
New provisions made	2	4	2	20	28
Provisions utilised	0	—	—	—	0
Reversals	0	–1	—	—	–1
Translation differences	0	0	0	—	0
At end of year	**2**	**5**	**3**	**20**	**30**
– of which expected to be settled after more than 1 year	0	5	3	0	8

Provision for transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 16. Provision for transfer risk is depending on the volume of business with different countries.

Note 37 Retirement benefit obligations

Group

EURm	31 Dec 2009	31 Dec 2008
Defined benefit plans, net	260	172
Total	**260**	**172**

Nordea has pension obligations from defined benefit plans in all Nordic countries with the predominant share in Sweden, Norway and Finland. The plans in Finland are closed to new employees and pensions for new employees are instead based on defined contribution arrangements as is also the case in Denmark. Defined contribution plans are not reflected on the balance sheet. Furthermore, Nordea also contributes to public pension plans.

IAS 19 secures that the market based value of pension obligations net of plan assets backing these obligations will be reflected in the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

Funded schemes	Swe	Nor	Fin	Den
2009				
Members	21,331	6,318	19,672	59
Average member age	54	55	60	72
2008				
Members	21,545	6,061	19,873	60
Average member age	54	55	59	71

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions	Swe	Nor	Fin	Den
2009				
Discount rate	4.0%	4.5%	4.5%	4.5%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.5%	5.5%	5.5%
2008				
Discount rate	4.0%	4.5%	4.5%	4.5%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.5%	5.5%	5.5%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase and vice versa. A one percentage point increase in the discount rate would lead to a decrease in pension obligation of 14% and in service cost of 23%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 17% and in service cost of 19%.

Note 37 Retirement benefit obligations, cont.

Asset composition
The combined return on assets in 2009 was 8.5% (–3.9%) mainly reflecting the general positive development in the market. At the end of the year, the equity exposure in pension funds/foundations represented 17% (13%) of total assets.

Asset composition in funded schemes	Swe 2009	Nor 2009	Fin 2009	Den 2009	Total 2009	Total 2008
Equity	17%	13%	19%	7%	17%	13%
Bonds	81%	72%	75%	70%	76%	78%
Real estate	—	15%	6%	—	5%	6%
– of which Nordea real estate	—	—	3%	—	1%	—
Other plan assets	1%	—	—	23%	2%	3%

Amounts recognised in the balance sheet

EURm	Swe 2009	Nor 2009	Fin 2009	Den 2009	Total 2009	Total 2008
PBO	1,300	881	796	110	3,087	2,830
Plan assets	920	526	832	119	2,397	2,099
Total surplus/deficit (–)	**–380**	**–355**	**36**	**9**	**–690**	**–731**
– of which unrecognised actuarial gains/losses (–)	–293	–106	–25	–6	–430	–559
Of which recognised in the balance sheet	**–87**	**–249**	**61**	**15**	**–260**	**–172**
– of which retirement benefit assets	20	—	93	21	134	168
– of which retirement benefit obligations	107	249	32	6	394	340
– of which related to unfunded plans (PBO)	117	182	21	6	326	273

Overview of surplus or deficit in the plans

EURm	Total 2009	Total 2008	Total 2007	Total 2006	Total 2005
PBO	3,087	2,830	2,775	3,004	2,910
Plan Assets	2,397	2,099	2,407	2,367	2,256
Surplus/deficit (–)	**–690**	**–731**	**–368**	**–637**	**–654**

Changes in the PBO

EURm	Swe 2009	Nor 2009	Fin 2009	Den 2009	Total 2009	Total 2008
PBO at 1 Jan[1]	1,237	707	784	109	2,837	2,775
Service cost	40	34	3	1	78	61
Interest cost	50	34	34	4	122	130
Pensions paid	–56	–30	–42	–7	–135	–140
Curtailments and settlements	—	—	–1	—	–1	2
Past service cost	20	5	—	—	25	0
Actuarial gains (–)/losses	–73	–4	12	3	–62	380
Translation differences	80	129	6	0	215	–361
Change in provision for SWT/SSC[2]	2	6	—	—	8	–17
PBO at 31 Dec	**1,300**	**881**	**796**	**110**	**3,087**	**2,830**

1) The opening balance 2008 in Finland has been adjusted related to a prior period error. The effect on the opening balance is EUR 7m. The opening balance in Norway and Sweden has been adjusted due to a reclassification of an obligation of EUR 16m between Norway and Sweden.
2) Change in provision for special wage tax (SWT) and the social security contribution (SSC) in Sweden and Norway calculated on recognised amounts in the balance sheet.

Note 37 Retirement benefit obligations, cont.

Changes in the fair value of plan assets

EURm	Swe 2009	Nor 2009	Fin 2009	Den 2009	Total 2009	Total 2008
Assets at 1 Jan[1]	815	403	770	111	2,099	2,407
Expected return on assets	36	25	40	5	106	132
Pensions paid	—	–30	–42	–6	–78	–67
Contributions	1	43	14	3	61	86
Actuarial gains/losses (–)	14	8	45	6	73	–225
Translation differences	54	77	5	0	136	–234
Plan assets at 31 Dec	**920**	**526**	**832**	**119**	**2,397**	**2,099**
Actual return on plan assets	**50**	**33**	**85**	**11**	**179**	**–93**

1) The opening balance in Norway and Sweden has been adjusted due to a reclassification of assets of EUR 1m between Norway and Sweden.

Overview of actuarial gains/losses[1]

EURm	Total 2009	Total 2008	Total 2007	Total 2006
Effects of changes in actuarial assumptions	51	–337	230	–15
Experience adjustments	84	–268	–41	10
– of which on plan assets	73	–225	–34	9
– of which on plan liabilities	11	–43	–7	1
Actuarial gains/losses	**135**	**–605**	**189**	**–5**

1) The 5-year trend information will be built up over time.

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is EUR 175m (EUR 69m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

Recognised net defined benefit cost, EURm	Swe 2009	Nor 2009	Fin 2009	Den 2009	Total 2009	Total 2008
Service cost	40	34	3	1	78	61
Interest cost	50	34	34	4	122	130
Expected return on assets	–36	–25	–40	–5	–106	–132
Curtailments and settlements	—	—	–1	—	–1	2
Recognised past service cost	20	5	—	—	25	0
Recognised actuarial gains (–)/losses	27	4	2	0	33	–1
SWT/SSC[1]	16	7	1	—	24	9
Pension cost on defined benefit plans	**117**	**59**	**–1**	**0**	**175**	**69**

1) Cost related to special wage tax (SWT) in Sweden and the social security contribution (SSC) in Norway.

The pension cost is higher than expected in the beginning of the year, to a high degree reflecting past service cost and changes in exchange rates. The net pension cost on defined benefit plans, excluding past service cost, is expected to decrease in 2010, mainly as a consequence of lower recognition of actuarial losses.

The Group expects to contribute EUR 65m to its defined benefit plans in 2010.

Key management personnel

The Group's total pension obligations regarding key management personnel amounted to EUR 38m (EUR 35m) at the end of the year. These obligations are to a high degree covered by plan assets. Defined benefit pension costs (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19) related to key management personnel in 2009 were EUR 2m (EUR 1m). Complete information concerning key management personnel is disclosed in Note 8.

Pension provisions

Parent company

The pension liabilities of Nordea Bank AB (publ) are mainly covered by allocations to its pension foundation.

The provisions in the balance sheet pertain almost exclusively to former employees of Postgirot Bank. EUR 105m (EUR 99m) of the provisions are covered by "Tryggandelagen".

A small percentage of the pension obligations are covered by insurance policies.

The following figures are based on calculations in accordance with Swedish rules ("Tryggandelagen").

Note 37 Retirement benefit obligations, cont.

Specification of amounts recognised in the balance sheet

EURm	31 Dec 2009	31 Dec 2008
Present value of commitments relating to in whole or in part funded pension plans	–864	–712
Fair value at the end of the period relating to specifically separated assets	881	789
Surplus in the pension foundation	**17**	**77**
Present value of commitments relating to unfunded pension plans	–128	–118
Unrecognised surplus in the pension foundation	–17	–77
Reported liability net in the balance sheet	**–128**	**–118**

Specification of changes in the liability recognised in balance sheet as pension

EURm	31 Dec 2009	31 Dec 2008
Balance at 1 Jan recognised as pension commitments	118	129
Expenses for pensions under own management, excluding taxes	–1	9
Pensions paid	2	–5
Translation differences	9	–15
Balance at end of year	**128**	**118**

Specification of cost and income in respect of pensions

EURm	2009	2008
Pensions under own management:		
Actuarial pension costs	–15	–26
Difference between compensation from pension foundation and pensions paid	–48	–50
Reversed actuarial pension costs	13	18
Pensions under own management excluding taxes	**–50**	**–58**
Return on specifically separated assets, %	4.3	–2.9

Actual value of holdings in pension foundations

EURm	31 Dec 2009	31 Dec 2008
Shares	175	118
Interest-bearing securities	707	641
Other assets	29	30
Total	**911**	**789**

Assumptions for benefit-determined obligations

	2009	2008
Discount rate	3.0%	3.6%
The calculation is based on pay and pension levels on the accounting date	Yes	Yes

Next year's expected payment to defined benefit plans amounts to EUR 51m.

Note 38 Subordinated liabilities

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Dated subordinated debenture loans	4,773	6,267	4,773	5,423
Undated subordinated debenture loans	580	536	—	—
Hybrid capital loans	1,832	1,406	1,832	1,406
Total	**7,185**	**8,209**	**6,605**	**6,829**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

At 31 December one loan – with terms specified below – exceeded 10% of the total outstanding volume.

EURm	Nominal value	Carrying amount	Interest rate (coupon)
Nordea Bank AB (publ)[1]	750	750	FRN

1) Call date 20 May 2010.

The loan is swapped to SEK at the rate of 9.20 SEK/EUR

Note 39 Untaxed reserves

	Parent company	
EURm	31 Dec 2009	31 Dec 2008
Accumulated excess depreciation		
Equipment	5	2
Total	**5**	**2**

Note 40 Assets pledged as security for own liabilities

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Assets pledged for own liabilities				
Lease agreements[1]	120	120	—	—
Securities etc[2]	34,208	32,228	2,564	3,360
Loans to the public	83,812	60,809	—	—
Other pledged assets	2,912	2,350	—	—
Total	**121,052**	**95,507**	**2,564**	**3,360**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	20,446	10,625	2,542	3,220
Deposits and borrowings from the public	16,715	6,590	180	140
Debt securities in issue	56,822	51,987	—	—
Other liabilities and commitments	9,936	16,027	—	—
Total	**103,919**	**85,229**	**2,722**	**3,360**

1) The agreements are financial lease agreements where Nordea is the lessor. The associated assets are Loans to the public.
2) Of which EUR 10,977m relates to securities not recognised in the balance sheet.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities borrowing. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Loans to the public have been registered as collateral for issued covered bonds and mortgage bonds. In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. Other relates to a certificate of deposits pledged by Nordea to comply with authority requirements and assets funded by finance lease agreements.

Note 41 Other assets pledged

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Other assets pledged[1]				
Lease agreements	0	1	—	—
Securities etc	6,615	10,686	6,963	9,504
Other assets pledged	20	120	—	—
Total	**6,635**	**10,807**	**6,963**	**9,504**
The above pledges[2] pertain to the following liability and commitment items				
Deposits by credit institutions	6,602	9,210	6,602	9,211
Other liabilities and commitments	14	15	361	293
Total	**6,616**	**9,225**	**6,963**	**9,504**

1) Collaterals pledged on behalf of other items other than the company's own liabilities, eg, on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.
2) For undertakings of the company itself or for a third party.

Securities etc. includes interest-bearing securities pledged as security for payment settlements within the Central bank of Sweden. The terms and conditions require day to day security and relate to liquidity intraday/over night. Other pledged assets relate to pledged deposits.

Note 42 Contingent liabilities

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Guarantees				
– Loan guarantees	4,289	6,920	4,318	4,742
– Other guarantees	14,569	15,805	14,180	17,200
Documentary credits	3,201	3,203	—	—
Other contingent liabilities	208	359	5	5
Total	**22,267**	**26,287**	**18,503**	**21,947**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are off-balance sheet items, unless there is a need for a provision to cover a probable loan loss.

In early October 2008, Danish Parliament agreed with banks to set up a guarantee scheme valid for two years, until the end of September 2010, which guarantees the claims of unsecured creditors, excluding covered bonds and subordinated debt, against losses in the participating banks. Nordea decided for commercial reasons that Nordea Bank Danmark A/S would participate in the scheme. Nordea guarantees the payment of its portion of DKK 10bn to cover any losses under the guarantee scheme and the payment of an annual guarantee commission amounting to DKK 7.5bn annually for two years. If losses exceed these amounts, additional losses of up to DKK 10bn should also be covered by further guarantee commissions. The total payments are for all participating banks hence capped to DKK 35bn. Nordea´s share of the guarantee scheme is 18%. The possible additional expense for the guarantee of maximum approx. DKK 2.6bn has been recorded as a contingent liability.

Nordea Bank AB (publ) has issued a guarantee covering all commitments in Nordea Investment Management AB, org no 556060-2301 and Nordea Fastigheter AB, org no 556021-4917.

Nordea Bank AB (publ) has undertaken, in relation to certain individuals and on certain conditions, to be responsible for the potential payment liability against them in their capacity as managing directors or board member in subsidiaries to Nordea Bank AB (publ).

Note 42 Contingent liabilities, cont.

The Swedish tax authorities have notified Nordea that the taxable income for Nordea's wholly owned subsidiary Nordea Fastigheter AB will be increased by SEK 225m and SEK 2,711m, for the years 2003 and 2004, respectively. The potential tax liability, including a surcharge, amounts to approx EUR 100m and is related to the sales gain in respect of the divestment of Nordea's owner occupied properties in Sweden.

Nordea is of the opinion that all tax rules and regulations have been complied with in the transactions, and that the previously reported gain is correctly treated from a tax perspective. Since this divestment structure was a well established practice for many real-estate companies divesting their portfolios, Nordea is strongly contesting both the ordinary tax liability and the tax surcharge and has taken the decisions to the Swedish courts.

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age. For further disclosures, see Note 8.

Legal proceedings

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

Note 43 Commitments

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Future payment obligations	950	1,313	—	—
Credit commitments[1]	77,619	85,416	27,667	22,831
Other commitments	1,228	1,705	793	1,308
Total	**79,797**	**88,434**	**28,460**	**24,139**

1) Including unutilised portion of approved overdraft facilities.

For information about derivatives see Note 20.

Note 44 Insurance activities[1]

Group

Operating profit, insurance

EURm	2009	2008
Operating income[1]		
Fee and commission income	290	294
Fee and commission expense	–124	–118
Net fee and commission income	**166**	**176**
Net gains/losses on items at fair value	209	67
Operating income	**375**	**243**
Operating expenses		
Staff costs	–118	–111
Other expenses	–68	–78
Depreciation, amortisation and impairment charges of tangible and intangible assets	–5	–4
Total operating expenses	**–191**	**–193**
Operating profit, insurance	**184**	**50**

1) Before allocations and elimination of intra-group transactions.

Reconcilation between legal and product result for the insurance business

EURm	2009	2008
Operating profit for the insurance sub-group	184	50
Reversal of interest expense on internal funding	61	117
Reversal of internal sales commissions paid	24	23
Calculated cost for distribution	–13	–13
Other adjustments	15	1
Product result before tax	**271**	**178**

Operating profit, insurance

EURm	2009	2008
Technical result		
Premiums written	4,188	3,985
Investment income, investment contracts	815	–560
Investment income, insurance contracts	1,978	–1,816
Other technical income	–31	–24
Claims paid	–2,739	–3,130
Change in technical provisions, investment contracts	–1,954	–235
Change in technical provisions, insurance contracts	–995	68
Change in collective bonus potential	–853	2,034
Operating expenses	–314	–310
Technical result	**95**	**12**
Non-technical investment income	89	38
Operating profit	**184**	**50**

Balance sheet

EURm	31 Dec 2009	31 Dec 2008
Assets		
Cash and balances with central banks	89	5
Treasury bills	2,715	3,224
Loans to the public	1,856	1,824
Interest bearing securities	21,569	17,964
Shares and participations	9,381	6,794
Derivatives	66	256
Participating interests	215	211
Intangible assets	336	342
Tangible assets	26	14
Investment property	3,486	3,327
Deferred tax assets	3	6
Current tax assets	73	64
Other assets	578	495
Prepaid expenses and accrued income	286	411
Total assets	**40,679**	**34,937**
– of which intra-group transactions	–2,926	–3,157
Liabilities		
Deposits by credit institutions and central banks	0	—
Deposits and borrowings from the public	3,563	3,341
Liabilities to Life insurance policyholders	33,831	29,238
Derivatives	89	91
Current tax liabilities	77	46
Other liabilities	918	318
Accrued expenses and deferred income	169	220
Deferred tax liabilities	239	255
Retirement benefit obligation	11	4
Subordinated liabilities	877	859
Total liabilities	**39,774**	**34,372**
Equity	**905**	**565**
Total liabilities and equity	**40,679**	**34,937**
– of which intra-group transactions	–3,540	–4,077

Note 45 Capital adequacy

The Capital Adequacy information for the Group can be found in the Risk, Liquidity and Capital management section on page 48.

Note 46 Classification of financial instruments

Group

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	11,500	—	—	—	—	—	—	11,500
Treasury bills	—	571	12,373	—	—	—	—	12,944
Loans to credit institutions	12,474	—	6,081	—	—	—	—	18,555
Loans to the public	224,035	—	16,035	42,341	—	—	—	282,411
Interest-bearing securities	—	17,382	21,331	17,437	—	5	—	56,155
Financial instruments pledged as collateral	—	—	11,240	—	—	—	—	11,240
Shares	—	—	4,233	9,464	—	6	—	13,703
Derivatives	—	—	75,032	—	390	—	—	75,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	763	—	—	—	—	—	—	763
Investments in associated undertakings	—	—	—	—	—	—	470	470
Intangible assets	—	—	—	—	—	—	2,947	2,947
Property and equipment	—	—	—	—	—	—	452	452
Investment property	—	—	—	—	—	—	3,505	3,505
Deferred tax assets	—	—	—	—	—	—	125	125
Current tax assets	—	—	—	—	—	—	329	329
Retirement benefit assets	—	—	—	—	—	—	134	134
Other assets	10,991	—	22	3,368	—	—	16	14,397
Prepaid expenses and accrued income	1,835	—	368	29	—	—	260	2,492
Total	**261,598**	**17,953**	**146,715**	**72,639**	**390**	**11**	**8,238**	**507,544**

Group

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,461	10,667	—	28,062	—	52,190
Deposits and borrowings from the public	4,906	5,719	—	142,952	—	153,577
Liabilities to policyholders	—	6,178	—	—	27,653	33,831
Debt securities in issue	6,147	29,422	—	94,950	—	130,519
Derivatives	72,383	—	660	—	—	73,043
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	874	—	874
Current tax liabilities	—	—	—	—	565	565
Other liabilities	8,630	3,357	—	16,460	142	28,589
Accrued expenses and prepaid income	639	115	—	1,471	953	3,178
Deferred tax liabilities	—	—	—	—	870	870
Provisions	—	—	—	—	309	309
Retirement benefit obligations	—	—	—	—	394	394
Subordinated liabilities	—	—	—	7,185	—	7,185
Total	**106,166**	**55,458**	**660**	**291,954**	**30,886**	**485,124**

Note 46 Classification of financial instruments, cont.

Group

31 Dec 2008, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3,157	—	—	—	—	—	—	3,157
Treasury bills	9	183	6,353	—	—	—	—	6,545
Loans to credit institutions	18,731	—	5,172	—	—	—	—	23,903
Loans to the public	217,833	—	11,074	36,193	—	—	—	265,100
Interest-bearing securities	—	12,045	17,559	15,177	—	49	—	44,830
Financial instruments pledged as collateral	—	—	7,937	—	—	—	—	7,937
Shares	—	—	3,745	6,917	—	7	—	10,669
Derivatives	—	—	86,520	—	318	—	—	86,838
Fair value changes of the hedged items in portfolio hedge of interest rate risk	413	—	—	—	—	—	—	413
Investments in associated undertakings	—	—	—	—	—	—	431	431
Intangible assets	—	—	—	—	—	—	2,535	2,535
Property and equipment	—	—	—	—	—	—	375	375
Investment property	—	—	—	—	—	—	3,334	3,334
Deferred tax assets	—	—	—	—	—	—	64	64
Current tax assets	—	—	—	—	—	—	344	344
Retirement benefit assets	—	—	—	—	—	—	168	168
Other assets	5,738	—	—	8,829	—	—	37	14,604
Prepaid expenses and accrued income	2,090	—	312	—	—	—	425	2,827
Total	**247,971**	**12,228**	**138,672**	**67,116**	**318**	**56**	**7,713**	**474,074**

Group

31 Dec 2008, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	8,133	23,202	—	20,597	—	51,932
Deposits and borrowings from the public	2,999	4,914	—	140,678	—	148,591
Liabilities to policyholders	4,021	—	—	—	25,217	29,238
Debt securities in issue	5,242	27,153	—	76,594	—	108,989
Derivatives	83,277	—	2,261	—	—	85,538
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	532	—	532
Current tax liabilities	—	—	—	—	458	458
Other liabilities	4,056	2,641	—	10,780	493	17,970
Accrued expenses and prepaid income	614	—	—	1,763	901	3,278
Deferred tax liabilities	—	—	—	—	1,053	1,053
Provisions	—	—	—	—	143	143
Retirement benefit obligations	—	—	—	—	340	340
Subordinated liabilities	1	—	—	8,208	—	8,209
Total	**108,343**	**57,910**	**2,261**	**259,152**	**28,605**	**456,271**

Note 46 Classification of financial instruments, cont.

Parent company

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Financial assets at fair value through profit or loss: Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	208	—	—	—	—	—	—	208
Treasury bills	—	550	3,106	—	—	—	—	3,656
Loans to credit institutions	40,383	—	2,629	489	—	—	—	43,501
Loans to the public	26,492	—	—	2,368	—	—	—	28,860
Interest-bearing securities	—	4,692	7,986	4,341	—	—	—	17,019
Financial instruments pledged as collateral	—	—	2,276	—	—	—	—	2,276
Shares	—	—	660	22	—	—	—	682
Derivatives	—	—	2,034	—	387	—	—	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	332	—	—	—	—	—	—	332
Investments in group undertakings	—	—	—	—	—	—	16,165	16,165
Investments in associated undertakings	—	—	—	—	—	—	2	2
Intangible assets	—	—	—	—	—	—	701	701
Property and equipment	—	—	—	—	—	—	79	79
Deferred tax assets	—	—	—	—	—	—	20	20
Current tax assets	—	—	—	—	—	—	0	0
Other assets	1,265	—	—	345	—	—	—	1,610
Prepaid expenses and accrued income	767	—	—	7	—	—	20	794
Total	**69,447**	**5,242**	**18,691**	**7,572**	**387**	**—**	**16,987**	**118,326**

Parent company

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Financial liabilities at fair value through profit or loss: Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	2,313	233	—	27,641	—	30,187
Deposits and borrowings from the public	—	443	—	34,174	—	34,617
Debt securities in issue	—	—	—	22,119	—	22,119
Derivatives	1,917	—	256	—	—	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	285	—	285
Current tax liabilities	—	—	—	—	34	34
Other liabilities	1,699	388	—	4,076	27	6,190
Accrued expenses and prepaid income	—	1	—	303	149	453
Deferred tax liabilities	—	—	—	—	0	0
Provisions	—	—	—	—	30	30
Retirement benefit obligations	—	—	—	—	128	128
Subordinated liabilities	—	—	—	6,605	—	6,605
Total	**5,929**	**1,065**	**256**	**95,203**	**368**	**102,821**

Note 46 Classification of financial instruments, cont.

Parent company

31 Dec 2008, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	276	—	—	—	—	—	—	276
Treasury bills	—	183	1,915	—	—	—	—	2,098
Loans to credit institutions	36,361	—	7,494	—	—	—	—	43,855
Loans to the public	29,240	—	—	—	—	—	—	29,240
Interest-bearing securities	—	2,335	7,745	—	—	—	—	10,080
Financial instruments pledged as collateral	—	—	3,097	—	—	—	—	3,097
Shares	—	—	1,063	44	—	0	—	1,107
Derivatives	—	—	3,165	—	397	—	—	3,562
Fair value changes of the hedged items in portfolio hedge of interest rate risk	27	—	—	—	—	—	—	27
Investments in group undertakings	—	—	—	—	—	—	15,866	15,866
Investments in associated undertakings	—	—	—	—	—	—	2	2
Intangible assets	—	—	—	—	—	—	757	757
Property and equipment	—	—	—	—	—	—	81	81
Deferred tax assets	—	—	—	—	—	—	28	28
Current tax assets	—	—	—	—	—	—	76	76
Other assets	2,025	—	—	74	—	—	0	2,099
Prepaid expenses and accrued income	771	—	1	—	—	—	11	783
Total	**68,700**	**2,518**	**24,480**	**118**	**397**	**0**	**16,821**	**113,034**

Parent company

31 Dec 2008, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	3,104	7,867	—	23,742	—	34,713
Deposits and borrowings from the public	—	—	—	33,457	—	33,457
Debt securities in issue	—	—	—	17,949	—	17,949
Derivatives	2,551	—	205	—	—	2,756
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	42	—	42
Current tax liabilities	—	—	—	—	0	0
Other liabilities	680	—	—	3,449	100	4,229
Accrued expenses and prepaid income	4	—	—	346	115	465
Deferred tax liabilities	—	—	—	—	0	0
Provisions	—	—	—	—	3	3
Retirement benefit obligations	—	—	—	—	118	118
Subordinated liabilities	1	—	—	6,828	—	6,829
Total	**6,340**	**7,867**	**205**	**85,813**	**336**	**100,561**

Note 46 Classification of financial instruments, cont.

Loans designated at fair value through profit or loss

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Carrying amount	42,341	36,193	2,857	—
Maximum exposure to credit risk	42,341	36,193	2,857	—
Carrying amount of credit derivatives used to mitigate the credit risk	—	—	—	—

Financial liabilities designated at fair value through profit or loss

Changes in fair values attributable to changes in credit risk

Issued mortgage bonds in the wholly owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. Deposits made by Markets as well as the funding of Markets operations are measured at fair value and classified into the category "Fair value through profit or loss".

The change in fair value attributable to credit risk of the liabilities is for 2009 EUR –512m (EUR 293m). The cumulative change since designation is EUR –219m (EUR 293m). The calculation method of the fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates, which is the average yield on Danish government bonds.

The change in the fair value of loans attributable to changes in credit risk is for 2009 EUR 67.0m (EUR –9.5m). The cumulative change since designation is EUR 58.4m (EUR –8.6m).

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

2009, EURm	Group Carrying amount	Group Amount to be paid at maturity	Parent company Carrying amount	Parent company Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	55,458	56,430	1,065	1,065

2008, EURm	Group Carrying amount	Group Amount to be paid at maturity	Parent company Carrying amount	Parent company Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	57,910	61,777	7,867	7,867

Note 47 Assets and liabilities at fair value

Group

EURm	31 Dec 2009 Carrying amount	31 Dec 2009 Fair value	31 Dec 2008 Carrying amount	31 Dec 2008 Fair value
Assets				
Cash and balances with central banks	11,500	11,500	3,157	3,157
Treasury bills	12,944	12,944	6,545	6,545
Loans to credit institutions	18,555	18,573	23,903	23,952
Loans to the public	282,411	282,521	265,100	265,846
Interest-bearing securities	56,155	56,233	44,830	44,853
Financial instruments pledged as collateral	11,240	11,240	7,937	7,937
Shares	13,703	13,703	10,669	10,669
Derivatives	75,422	75,422	86,838	86,838
Fair value changes of the hedged items in portfolio hedge of interest rate risk	763	763	413	413
Investments in associated undertakings	470	470	431	431
Intangible assets	2,947	2,947	2,535	2,535
Property and equipment	452	452	375	375
Investment property	3,505	3,505	3,334	3,334
Deferred tax assets	125	125	64	64
Current tax assets	329	329	344	344
Retirement benefit assets	134	134	168	168
Other assets	14,397	14,397	14,604	14,604
Prepaid expenses and accrued income	2,492	2,492	2,827	2,827
Total assets	**507,544**	**507,750**	**474,074**	**474,892**
Liabilities				
Deposits by credit institutions	52,190	52,178	51,932	51,918
Deposits and borrowings from the public	153,577	153,607	148,591	148,615
Liabilities to policyholders	33,831	33,831	29,238	29,238
Debt securities in issue	130,519	130,721	108,989	109,477
Derivatives	73,043	73,043	85,538	85,538
Fair value changes of the hedged items in portfolio hedge of interest rate risk	874	874	532	532
Current tax liabilities	565	565	458	458
Other liabilities	28,589	28,589	17,970	17,970
Accrued expenses and prepaid income	3,178	3,178	3,278	3,278
Deferred tax liabilities	870	870	1,053	1,053
Provisions	309	309	143	143
Retirement benefit obligations	394	394	340	340
Subordinated liabilities	7,185	7,183	8,209	8,249
Total liabilities	**485,124**	**485,342**	**456,271**	**456,809**

Note 47 Assets and liabilities at fair value, cont.

Parent company

	31 Dec 2009		31 Dec 2008	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	208	208	276	276
Treasury bills	3,656	3,656	2,098	2,098
Loans to credit institutions	43,501	43,516	43,855	43,894
Loans to the public	28,860	28,873	29,240	29,280
Interest-bearing securities	17,019	17,107	10,080	10,114
Financial instruments pledged as collateral	2,276	2,276	3,097	3,097
Shares	682	682	1,107	1,107
Derivatives	2,421	2,421	3,562	3,562
Fair value changes of the hedged items in portfolio hedge of interest rate risk	332	332	27	27
Investments in group undertakings	16,165	16,165	15,866	15,866
Investments in associated undertakings	2	2	2	2
Intangible assets	701	701	757	757
Property and equipment	79	79	81	81
Deferred tax assets	20	20	28	28
Current tax assets	0	0	76	76
Other assets	1,610	1,610	2,099	2,099
Prepaid expenses and accrued income	794	794	783	783
Total assets	**118,326**	**118,442**	**113,034**	**113,147**
Liabilities				
Deposits by credit institutions	30,187	30,184	34,713	34,696
Deposits and borrowings from the public	34,617	34,628	33,457	33,416
Debt securities in issue	22,119	22,143	17,949	17,915
Derivatives	2,173	2,173	2,756	2,756
Fair value changes of the hedged items in portfolio hedge of interest rate risk	285	285	42	42
Current tax liabilities	34	34	0	0
Other liabilities	6,190	6,190	4,229	4,229
Accrued expenses and prepaid income	453	453	465	465
Deferred tax liabilities	0	0	0	0
Provisions	30	30	3	3
Retirement benefit obligations	128	128	118	118
Subordinated liabilities	6,605	6,605	6,829	6,828
Total liabilities	**102,821**	**102,853**	**100,561**	**100,468**

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans, deposits and borrowings and issued securities.

The carrying amounts on loans, deposits and borrowings and issued securities are adjusted for the value of the fixed interest term 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.

Fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings, investments in group undertakings, intangible assets, property and equipment and provisions.

Nordea holds very limited amounts of financial instruments with discretionary participating features in the Life business, which are recognised in the balance sheet in the line "Liabilities to policyholders". These instruments can not be reliably measured at fair value and consequently there is no disclosure of fair value for these instruments.

Nordea holds very limited amounts of equity instruments measured at cost. Fair value is set to carrying amount for these instruments as the fair value can not be measured reliably.

For further information about valuation of items normally measured at fair value, see Note 1.

Note 47 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 1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in the balance of this difference (movement of deferred Day 1 profit or loss).

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Amount at beginning of year	104	105	9	17
Deferred profit/loss on new transactions	52	62	—	1
Recognised in the income statement during the year	–112	–63	–9	–9
Amount at end of year	**44**	**104**	**0**	**9**

Determination of fair value from quoted market prices or valuation techniques

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

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned and other instruments where an active 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 CDOs, and illiquid bonds.

The following table presents the valuation methods used to determine fair values of financial instruments carried at fair value.

Note 47 Assets and liabilities at fair value, cont

Group

31 Dec 2009, EURm	Quoted prices in active markets for same instrument (Level 1)	– of which Life	Valuation technique using observable data (Level 2)	– of which Life	Valuation technique using non-observable data (Level 3)	– of which Life	Total
Assets							
Loans to credit institutions	37	—	6,044	—	—	—	6,081
Loans to the public	—	—	58,376	—	—	—	58,376
Debt securities[1]	47,052	17,000	13,695	2,703	1,556	1,436	62,303
Shares[2]	10,079	7,094	2	—	3,705	2,288	13,786
Derivatives	597	18	72,484	2	2,341	—	75,422
Other assets	—	—	3,390	—	—	—	3,390
Prepaid expenses and accrued income	—	—	397	—	—	—	397
Liabilities							
Deposits by credit institutions	—	—	24,128	—	—	—	24,128
Deposits and borrowings from the public	—	—	10,625	—	—	—	10,625
Liabilities to policy holders	—	—	6,178	6,178	—	—	6,178
Debt securities in issue	29,422	—	6,147	—	—	—	35,569
Derivatives	583	54	70,175	9	2,285	—	73,043
Other liabilities	15	—	11,972	—	—	—	11,987
Accrued expenses and prepaid income	—	—	754	—	—	—	754

1) Of which EUR 12,373m Treasury bills and EUR 38,773m Interest-bearing securities (the portion held at fair value in Note 46). EUR 11,157m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 83m relates to the balance sheet item Financial instruments pledged as collateral.

Group

31 Dec 2008, EURm	Quoted prices in active markets for same instrument (Level 1)	– of which Life	Valuation technique using observable data (Level 2)	– of which Life	Valuation technique using non-observable data (Level 3)	– of which Life	Total
Assets							
Loans to credit institutions	—	—	5,172	—	—	—	5,172
Loans to the public	—	—	47,267	—	—	—	47,267
Debt securities[1]	40,278	16,360	6,760	2,011	16	9	47,054
Shares[2]	7,703	4,707	848	702	2,139	1,385	10,690
Derivatives	572	—	83,636	95	2,630	—	86,838
Other assets	—	—	8,829	—	—	—	8,829
Prepaid expenses and accrued income	—	—	312	—	—	—	312
Liabilities							
Deposits by credit institutions	—	—	31,335	—	—	—	31,335
Deposits and borrowings from the public	—	—	7,913	—	—	—	7,913
Liabilities to policy holders	—	—	4,021	4,021	—	—	4,021
Debt securities in issue	27,153	—	5,242	—	—	—	32,395
Derivatives	728	25	82,039	59	2,771	—	85,538
Other liabilities	—	—	6,697	—	—	—	6,697
Accrued expenses and prepaid income	—	—	614	—	—	—	614

1) Of which EUR 6,353m Treasury bills and EUR 32,785m Interest-bearing securities (the portion held at fair value in Note 46). EUR 7,916m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 21m relates to the balance sheet item Financial instruments pledged as collateral.

Note 47 Assets and liabilities at fair value, cont

Parent company

31 Dec 2009, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	—	3,118	—	3,118
Loans to the public	—	2,368	—	2,368
Debt securities[1]	12,729	4,973	7	17,709
Shares	657	2	23	682
Derivatives	78	2,343	0	2,421
Other assets	—	345	—	345
Prepaid expenses and accrued income	—	7	—	7
Liabilities				
Deposits by credit institutions	—	2,546	—	2,546
Deposits and borrowings from the public	—	443	—	443
Debt securities in issue	—	—	—	—
Derivatives	73	2,096	4	2,173
Other liabilities	—	2,087	—	2,087
Accrued expenses and prepaid income	—	1	—	1

1) Of which EUR 3,106m Treasury bills and EUR 12,327m Interest-bearing securities (the portion held at fair value in Note 46). EUR 2,276m relates to the balance sheet item Financial instruments pledged as collateral.

Parent company

31 Dec 2008, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	—	7,494	—	7,494
Debt securities[1]	6,719	6,038	—	12,757
Shares	649	—	458	1,107
Derivatives	74	3,286	202	3,562
Other assets	—	74	—	74
Prepaid expenses and accrued income	—	1	—	1
Liabilities				
Deposits by credit institutions	—	10,971	—	10,971
Derivatives	114	2,589	53	2,756
Other liabilities	—	680	—	680
Accrued expenses and prepaid income	—	4	—	4

1) Of which EUR 1,915m Treasury bills and EUR 7,745m Interest-bearing securities (the portion held at fair value in Note 46). EUR 3,097m relates to the balance sheet item Financial instruments pledged as collateral.

Note 47 Assets and liabilities at fair value, cont

Transfers between level 1 and 2

During the year, Nordea Group transferred debt securities of EUR 1,586m from level 1 to level 2 of the fair value hierarchy for financial assets and liabilities at fair value. The transfer was an outcome of a further developed fair value hierarchy classification following a more detailed assessment of the liquidity in the market. The fair values were consequently obtained using valuation techniques using observable market inputs. The amount transferred was to a predominant part related to instruments in Nordea´s Life business.

Movements in level 3

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

Group

		Fair value gains/losses recognised in the income statement during the year							
31 Dec 2009, EURm	1 Jan 2009	Realised	Unrealised[1]	Purchases	Sales	Settle-ments	Transfers into/out of level 3	Translation differences	31 Dec 2009
Debt securities	16	13	45	264	–334	—	1,546	6	1,556
– of which Life	9	12	45	257	–334	—	1,442	5	1,436
Shares	2,139	–189	312	1,073	–1,206	–33	1,576	33	3,705
– of which life	1,385	–44	99	1,024	–722	–32	550	28	2,288
Derivatives (net of assets and liabilities)	–141	219	164	—	—	–237	51	0	56

1) Relates to those assets and liabilities held at the end of the reporting period.

During the year, Nordea Group transferred debt securities and shares from level 1 and level 2 to level 3 of the fair value hierarchy. The carrying amount for the above transfer was EUR 3,122m. The reason for the transfer from level 1 to level 3 is that the market for some securities has become inactive, which has lead to a change in the method used to determine fair value. The reason for the transfer from level 2 to level 3 is that inputs to the valuation models ceased to be observable.

Fair value gains/losses recognised in the income statement during the year are included in "Net gains/losses on items at fair value" (see Note 5).

Parent Company

		Fair value gains/losses recognised in the income statement during the year							
31 Dec 2009, EURm	1 Jan 2009	Realised	Unrealised[1]	Pur-chases	Sales	Settle-ments	Transfers into/out of level 3	Translation differences	31 Dec 2009
Debt securities	0	—	—	7	—	—	—	—	7
Shares	458	–146	134	—	–423	—	—	—	23
Derivatives (net of assets and liabilities)	149	143	–153	—	—	–143	—	—	–4

1) Relates to those assets and liabilities held at the end of the reporting period.

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions

Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. Portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note 1 section 11 "Determination of fair value of financial instruments").

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

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

Note 47 Assets and liabilities at fair value, cont

	Group			Parent company		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
31 Dec 2009, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Debt securities	1,556	230	–233	7	0	0
– of which Life	1,436	224	–224	—	—	—
Shares	3,705	207	–207	23	2	–2
– of which Life	2,288	103	–103	—	—	—
Derivatives	56	18	–31	–4	0	0

In order to calculate the effect on level 3 fair values, from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs that are based on pricing model assumptions or unobservability of market data inputs are replaced by alternative estimates or assumptions and impact on valuation computed. The majority of the effect on the Derivatives are related to various types of correlations or correlation related inputs in credit derivatives, in interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased within a range of 3-10 percentage units, which are assessed to be reasonable changes in market movements.

Note 48 Assets and liabilities in foreign currencies

Group

31 Dec 2009, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.7	4.4	0.0	4.5	0.3	0.0	12.9
Loans to credit institutions	2.7	6.2	6.2	0.4	1.8	1.3	18.6
Loans to the public	79.7	66.5	64.4	40.3	20.4	11.1	282.4
Interest-bearing securities	20.5	7.5	21.2	4.1	2.2	0.7	56.2
Other assets	76.1	14.6	18.4	12.9	8.3	7.1	137.4
Total assets	**182.7**	**99.2**	**110.2**	**62.2**	**33.0**	**20.2**	**507.5**
Liabilities and equity							
Deposits by credit institutions	18.1	5.3	1.3	5.8	11.5	10.2	52.2
Deposits and borrowings from the public	47.6	34.4	34.0	22.6	8.8	6.2	153.6
Debt securities in issue	35.0	22.0	27.4	1.3	36.6	8.2	130.5
Provisions	0.1	0.0	0.2	0.0	0.0	0.0	0.3
Subordinated liabilities	2.8	0.5	0.0	0.0	2.6	1.3	7.2
Other liabilities and equity	92.6	17.3	29.0	11.4	6.2	7.2	163.7
Total liabilities and equity	**196.2**	**79.5**	**91.9**	**41.1**	**65.7**	**33.1**	**507.5**
Position not reported in the balance sheet	**14.4**	**–18.6**	**–17.6**	**–20.2**	**31.9**	**12.5**	**2.4**
Net position, currencies	**0.9**	**1.1**	**0.7**	**0.9**	**–0.8**	**–0.4**	**2.4**

Note 48 Assets and liabilities in foreign currencies, cont.

Group

31 Dec 2008, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.3	2.7	0.0	0.4	0.1	0.0	6.5
Loans to credit institutions	5.8	7.8	5.8	0.9	3.1	0.5	23.9
Loans to the public	77.5	59.2	61.8	33.2	22.6	10.8	265.1
Interest-bearing securities	14.1	6.6	16.8	3.7	3.0	0.6	44.8
Other assets	83.0	16.8	9.4	9.9	9.0	5.7	133.8
Total assets	**183.7**	**93.1**	**93.8**	**48.1**	**37.8**	**17.6**	**474.1**
Liabilities and equity							
Deposits by credit institutions	17.8	4.7	5.6	1.7	19.5	2.6	51.9
Deposits and borrowings from the public	47.8	32.5	34.3	19.8	9.1	5.1	148.6
Debt securities in issue	30.2	17.8	25.2	1.5	27.4	6.9	109.0
Provisions	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Subordinated liabilities	4.0	0.9	0.0	0.0	2.1	1.2	8.2
Other liabilities and equity	88.7	16.4	27.2	10.7	8.9	4.4	156.3
Total liabilities and equity	**188.6**	**72.3**	**92.3**	**33.7**	**67.0**	**20.2**	**474.1**
Position not reported in the balance sheet	**6.3**	**–20.4**	**–1.8**	**–14.0**	**28.9**	**2.2**	**1.2**
Net position, currencies	**1.4**	**0.4**	**–0.3**	**0.4**	**–0.3**	**–0.4**	**1.2**

Parent company

31 Dec 2009, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1.2	2.0	—	0.2	0.3	—	3.7
Loans to credit institutions	15.9	19.3	0.3	0.9	5.7	1.4	43.5
Loans to the public	4.5	17.5	1.0	0.6	3.1	2.2	28.9
Interest-bearing securities	6.9	6.9	2.4	0.1	0.7	—	17.0
Other assets	16.4	5.6	0.2	2.6	0.3	0.1	25.2
Total assets	**44.9**	**51.3**	**3.9**	**4.4**	**10.1**	**3.7**	**118.3**
Liabilities and equity							
Deposits by credit institutions	8.1	12.3	1.4	0.4	6.3	1.7	30.2
Deposits and borrowings from the public	2.3	31.1	0.2	0.2	0.6	0.2	34.6
Debt securities in issue	16.8	1.4	0.0	0.1	1.9	1.9	22.1
Provisions	—	0.0	—	—	—	—	0.0
Subordinated liabilities	2.8	0.5	—	—	2.4	0.9	6.6
Other liabilities and equity	18.5	4.1	1.6	0.1	0.5	0.0	24.8
Total liabilities and equity	**48.5**	**49.4**	**3.2**	**0.8**	**11.7**	**4.7**	**118.3**
Position not reported in the balance sheet	**3.6**	**–1.7**	**–0.8**	**–3.7**	**1.6**	**1.0**	**0.0**
Net position, currencies	**0.0**	**0.2**	**–0.1**	**–0.1**	**0.0**	**0.0**	**0.0**

Note 48 Assets and liabilities in foreign currencies, cont.

Parent company

31 Dec 2008, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	0.4	1.6	—	—	0.0	—	2.0
Loans to credit institutions	7.7	23.6	3.3	0.6	7.2	1.5	43.9
Loans to the public	4.7	18.3	1.1	0.5	2.9	1.7	29.2
Interest-bearing securities	4.8	3.5	1.0	0.1	0.7	0.0	10.1
Other assets	17.3	5.9	1.9	2.3	0.3	0.1	27.8
Total assets	**34.9**	**52.9**	**7.3**	**3.5**	**11.1**	**3.3**	**113.0**
Liabilities and equity							
Deposits by credit institutions	6.8	14.5	5.0	0.3	6.8	1.3	34.7
Deposits and borrowings from the public	2.6	29.8	0.2	0.2	0.5	0.2	33.5
Debt securities in issue	11.7	1.0	0.0	0.0	4.2	1.0	17.9
Provisions	—	0.0	—	—	—	—	0.0
Subordinated liabilities	3.3	0.9	—	—	1.8	0.8	6.8
Other liabilities and equity	15.1	2.4	1.9	0.2	0.4	0.1	20.1
Total liabilities and equity	**39.5**	**48.6**	**7.1**	**0.7**	**13.7**	**3.4**	**113.0**
Position not reported in the balance sheet	**4.2**	**–4.0**	**0.0**	**–2.8**	**2.6**	**0.0**	**0.0**
Net position, currencies	**–0.4**	**0.3**	**0.2**	**0.0**	**0.0**	**–0.1**	**0.0**

Note 49 Obtained collaterals which are permitted to be sold or repledged

Nordea obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	24,669	20,118	2,575	7,524
– of which repledged or sold	11,892	10,813	1,019	799
Securities borrowing agreements				
Received collaterals which can be repledged or sold	634	1,192	793	1,308
– of which repledged or sold	634	1,192	793	1,308
Total	**25,303**	**21,310**	**3,368**	**8,832**

Note 50 Investments, customer bearing the risk

Life Group and Nordea Bank Danmark A/S have assets and liabilities included in their balance sheet where customers are bearing the risk. Since the assets and liabilities legally belong to the entities, these assets and liabilities are included in the Group's balance sheet.

	Group	
EURm	31 Dec 2009	31 Dec 2008
Assets		
Interest-bearing securities	1,575	1,820
Shares	10,139	6,730
Other assets	888	165
Total assets	**12,602**	**8,715**
Liabilities		
Deposits and borrowings from the public	3,377	3,070
Insurance contracts	4,480	3,611
Investment contracts	4,122	2,000
Other liabilities	623	34
Total liabilities	**12,602**	**8,715**

Note 51 Maturity analysis for assets and liabilities

Group

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		11,500	—	—	—	—	—	11,500
Treasury bills	15	—	1,564	2,769	6,180	2,431	—	12,944
Loans to credit institutions	16	2,462	13,643	1,728	646	76	—	18,555
Loans to the public	16	14,466	69,107	19,990	62,436	116,412	—	282,411
Interest-bearing securities	17	371	9,354	9,355	18,422	18,653	—	56,155
Financial instruments pledged as collateral	18	12	3,602	2,251	1,274	4,101	—	11,240
Derivatives	20	—	5,782	7,369	26,859	35,412	—	75,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	20	55	542	146	—	763
Total assets with fixed maturities		**28,811**	**103,072**	**43,517**	**116,359**	**177,231**	**—**	**468,990**
Other assets		—	—	—	—	—	38,554	38,554
Total assets		**28,811**	**103,072**	**43,517**	**116,359**	**177,231**	**38,554**	**507,544**
Deposits by credit institutions	30	8,147	32,076	9,198	457	2,312	—	52,190
Deposits and borrowings from the public	31	114,762	26,119	5,546	1,024	6,126	—	153,577
– of which Deposits		114,700	21,259	5,440	866	6,112	—	148,377
– of which Borrowings		62	4,860	106	158	14	—	5,200
Liabilities to policyholders	32	12	0	4	0	33,815	—	33,831
Debt securities in issue	33	—	52,935	16,058	38,360	23,166	—	130,519
– of which Debt securities in issue		—	52,811	16,056	38,336	23,166	—	130,369
– of which Other		—	124	2	24	—	—	150
Derivatives	20	—	5,408	7,161	26,471	34,003	—	73,043
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	5	89	681	99	—	874
Subordinated liabilities	38	—	—	—	585	6,600	—	7,185
Total liabilities with fixed maturities		**122,921**	**116,543**	**38,056**	**67,578**	**106,121**	**—**	**451,219**
Other liabilities		—	—	—	—	—	33,905	33,905
Equity		—	—	—	—	—	22,420	22,420
Total liabilities and equity		**122,921**	**116,543**	**38,056**	**67,578**	**106,121**	**56,325**	**507,544**

Remaining maturity

31 Dec 2008, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		3,157	—	—	—	—	—	3,157
Treasury bills	15	—	102	1,887	2,610	1,946	—	6,545
Loans to credit institutions	16	1,537	20,528	820	670	348	—	23,903
Loans to the public	16	34,872	66,239	18,091	53,621	92,277	—	265,100
Interest-bearing securities	17	204	7,630	7,108	13,537	16,351	—	44,830
Financial instruments pledged as collateral	18	—	901	666	2,900	3,470	—	7,937
Derivatives	20	—	13,844	11,079	27,686	34,229	—	86,838
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	12	72	256	73	—	413
Total assets with fixed maturities		**39,770**	**109,256**	**39,723**	**101,280**	**148,694**	**—**	**438,723**
Other assets		—	—	—	—	—	35,351	35,351
Total assets		**39,770**	**109,256**	**39,723**	**101,280**	**148,694**	**35,351**	**474,074**

Note 51 Maturity analysis for assets and liabilities, cont.

31 Dec 2008, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Deposits by credit institutions	30	14,133	35,208	1,847	448	296	—	51,932
Deposits and borrowings from the public	31	101,892	34,037	6,631	477	5,554	—	148,591
– of which Deposits		101,880	30,764	6,510	436	5,541	—	145,131
– of which Borrowings		12	3,273	121	41	13	—	3,460
Liabilities to policyholders	32	352	15	69	1,257	27,545	—	29,238
Debt securities in issue	33	128	35,541	20,618	28,777	23,925	—	108,989
– of which Debt securities in issue		2	35,539	20,618	28,777	23,925	—	118,861
– of which Other		126	2	—	—	—	—	128
Derivatives	20	—	14,584	11,017	26,607	33,330	—	85,538
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	—	71	358	103	—	532
Subordinated liabilities	38	—	665	205	3,008	4,331	—	8,209
Total liabilities with fixed maturities		**116,505**	**120,050**	**40,458**	**60,932**	**95,084**	**—**	**433,029**
Other liabilities		—	—	—	—	—	23,242	23,242
Equity		—	—	—	—	—	17,803	17,803
Total liabilities and equity		**116,505**	**120,050**	**40,458**	**60,932**	**95,084**	**41,045**	**474,074**

Parent company

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		208	—	—	—	—	—	208
Treasury bills	15	—	1	—	2,898	757	—	3,656
Loans to credit institutions	16	5,671	24,556	11,516	1,480	278	—	43,501
Loans to the public	16	3,539	9,708	3,456	11,667	490	—	28,860
Interest-bearing securities	17	—	4,483	3,104	9,144	288	—	17,019
Financial instruments pledged as collateral	18	—	0	233	1,663	380	—	2,276
Derivatives	20	—	135	554	1,471	261	—	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	8	6	313	5	—	332
Total assets with fixed maturities		**9,418**	**38,891**	**18,869**	**28,636**	**2,459**	**—**	**98,273**
Other assets		—	—	—	—	—	20,053	20,053
Total assets		**9,418**	**38,891**	**18,869**	**28,636**	**2,459**	**20,053**	**118,326**
Deposits by credit institutions	30	4,566	16,604	7,888	1,129	—	—	30,187
Deposits and borrowings from the public	31	28,318	4,934	1,353	12	—	—	34,617
– of which Deposits		28,258	4,934	1,353	12	—	—	34,557
– of which Borrowings		60	—	—	—	—	—	60
Debt securities in issue	33	—	8,071	5,393	8,647	8	—	22,119
– of which Debt securities in issue		—	7,951	5,393	8,647	8	—	21,999
– of which Other		—	120	—	—	—	—	120
Derivatives	20	—	39	540	1,385	209	—	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	0	15	270	—	—	285
Subordinated liabilities	38	—	—	—	223	6,382	—	6,605
Total liabilities with fixed maturities		**32,884**	**29,648**	**15,189**	**11,666**	**6,599**	**—**	**95,986**
Other liabilities		—	—	—	—	—	6,840	6,840
Equity		—	—	—	—	—	15,500	15,500
Total liabilities and equity		**32,884**	**29,648**	**15,189**	**11,666**	**6,599**	**22,340**	**118,326**

Note 51 **Maturity analysis for assets and liabilities, cont.**

Remaining maturity

31 Dec 2008, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		276	—	—	—	—	—	276
Treasury bills	15	—	3	1,296	589	210	—	2,098
Loans to credit institutions	16	4,621	26,606	11,280	1,050	298	—	43,855
Loans to the public	16	4,527	8,604	3,101	12,421	587	—	29,240
Interest-bearing securities	17	—	2,131	1,349	6,043	557	—	10,080
Financial instruments pledged as collateral	18	—	—	1,813	1,194	90	—	3,097
Derivatives	20	—	826	269	1,817	650	—	3,562
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	2	3	15	7	—	27
Total assets with fixed maturities		**9,424**	**38,172**	**19,111**	**23,129**	**2,399**	**—**	**92,235**
Other assets		—	—	—	—	—	20,799	20,799
Total assets		**9,424**	**38,172**	**19,111**	**23,129**	**2,399**	**20,799**	**113,034**
Deposits by credit institutions	30	7,821	21,838	3,595	1,366	93	—	34,713
Deposits and borrowings from the public	31	26,276	7,181	—	—	—	—	33,457
– of which Deposits		26,266	7,181	—	—	—	—	33,447
– of which Borrowings		10	0	—	—	—	—	10
Debt securities in issue	33	125	6,726	4,445	6,630	23	—	17,949
– of which Debt securities in issue		—	6,726	4,445	6,630	23	—	17,824
– of which Other		125	—	—	—	—	—	125
Derivatives	20	—	323	341	1,603	489	—	2,756
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	0	18	24	0	—	42
Subordinated liabilities	38	—	25	—	3,008	3,796	—	6,829
Total liabilities with fixed maturities		**34,222**	**36,093**	**8,399**	**12,631**	**4,401**	**—**	**95,746**
Other liabilities		—	—	—	—	—	4,817	4,817
Equity		—	—	—	—	—	12,471	12,471
Total liabilities and equity		**34,222**	**36,093**	**8,399**	**12,631**	**4,401**	**17,288**	**113,034**

Group

Cash flow analysis

EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	50,689	44,942	38,465	129,614	174,304	438,014
Non interest-bearing financial assets	—	—	—	—	114,822	114,822
Total financial assets	**50,689**	**44,942**	**38,465**	**129,614**	**289,126**	**552,836**
Interest-bearing financial liabilities	107,380	135,209	36,139	52,670	33,083	364,481
Non interest-bearing financial liabilities	—	—	—	—	130,243	130,243
Total financial liabilities	**107,380**	**135,209**	**36,139**	**52,670**	**163,326**	**494,724**
Derivatives, cash inflow	—	15,588	8,546	5,195	3,090	32,419
Derivatives, cash outflow	—	15,181	7,870	4,410	3,268	30,729
Net exposure	**—**	**407**	**676**	**785**	**–178**	**1,690**
Exposure	**–56,691**	**–89,860**	**3,002**	**77,729**	**125,623**	**59,802**
Cumulative exposure	**–56,691**	**–146,551**	**–143,549**	**–65,820**	**59,802**	**—**

The table is based on contractual maturities for on balance sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 77,619m, which could be drawn on at any time.

Note 52 Related-party transactions

The information below is presented from a Nordea perspective, meaning that the information shows the effect from related party transactions on the Nordea figures.

Group

EURm	Associated undertakings 31 Dec 2009	Associated undertakings 31 Dec 2008	Other related parties[1] 31 Dec 2009	Other related parties[1] 31 Dec 2008
Assets				
Loans	291	181	0	—
Interest-bearing securities	—	119	—	—
Investments in associated undertakings	470	431	—	—
Total assets	**761**	**731**	**0**	**—**
Liabilities				
Deposits	165	172	75	74
Derivatives	27	—	—	—
Total liabilities	**192**	**172**	**75**	**74**
Off balance	**8,524**	**6,113**	**—**	**—**

Group

EURm	Associated undertakings 2009	Associated undertakings 2008	Other related parties[1] 2009	Other related parties[1] 2008
Interest income and interest expense				
Interest income	7	5	—	—
Interest expense	0	–1	0	–4
Net interest income and expense	**7**	**4**	**0**	**–4**

1) Shareholders with significant influence and companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj, Nokia Oyj, Posten AB, Danisco A/S, IK Investment Partners AB and TrygVesta A/S. Transactions with related companies are made in Nordea's and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing. They did not involve more than normal risktaking. The transactions are therefore not included in the table.

Parent company

EURm	Group undertakings 31 Dec 2009	Group undertakings 31 Dec 2008	Associated undertakings 31 Dec 2009	Associated undertakings 31 Dec 2008	Other related parties 31 Dec 2009	Other related parties 31 Dec 2008
Assets						
Loans and receivables	39,406	37,323	34	38	—	—
Interest-bearing securities	2,914	3,524	—	—	—	—
Financial instrument pledged as collateral	1,496	1,573	—	—	—	—
Derivatives	1,180	2,143	—	—	—	—
Investments in associated undertakings	—	—	2	2	—	—
Investments in group undertakings	16,152	15,866	—	—	—	—
Other assets	277	258	—	—	—	—
Prepaid expenses and accrued income	397	319	—	—	—	—
Total assets	**61,822**	**61,006**	**36**	**40**	**—**	**—**
Liabilities						
Deposits	21,207	22,787	1	1	37	21
Debt securities in issue	90	14	—	—	—	—
Derivatives	1,565	1,904	27	—	—	—
Other liabilities	287	34	—	—	—	—
Accrued expenses and deferred income	15	56	—	—	—	—
Total liabilities	**23,164**	**24,795**	**28**	**1**	**37**	**21**
Off balance	**29,651**	**27,881**	**1,931**	**—**	**—**	**—**

EURm	Group undertakings 2009	Group undertakings 2008	Associated undertakings 2009	Associated undertakings 2008	Other related parties 2009	Other related parties 2008
Interest income and interest expense						
Interest income	611	1,790	—	—	—	—
Interest expense	–445	–792	–2	0	–10	–2
Net interest income and expense	**166**	**998**	**–2**	**0**	**–10**	**–2**

Compensation and loans to key management personnel

Compensation and loans to key management personnel are specified in Note 8.

Other related-party transactions

Group

Starting in March 2008 Nordea takes part in a guarantee consortium to support Norwegian Eksportfinans ASA in relation to its securities portfolio. Nordea owns 23% of the company with other owners being the Norwegian state and other Nordic banks. Nordea's share of the negative fair value of the contract as of the balance sheet date amounts to approx. EUR 74m. The agreement's expiring date corresponds with the maturity dates of the bonds included in the guarantee. The latest maturity is on 31 December 2023.

Note 52 Related-party transactions, cont.

During the second quarter 2009 Nordea entered into one transaction with a company under significant influence by a member of key management personnel, which is disclosed separately in this note due to the transaction's significance for the related company. The related company received a credit limit of EUR 12m. During the fourth quarter 2009 the credit limit was extended to EUR 18m, of which EUR 10m was utilised as of 31 December 2009. The latest maturity is April 2010, with the possibility of yearly prolongation after a new credit review. Nordea has collateral in securities (shares) corresponding to 200 percent of the utilised credit limit. The transaction is made on the same criteria and terms as those for comparable transactions with companies of similar standing.

Note 53 Acquisitions

On August 31, 2009 Nordea Bank Danmark A/S signed an agreement to acquire Fionia Bank, excluding the "bad bank" part, from Finansiel Stabilitet A/S. The transaction was closed on 30 November, when Nordea received final approval from the Danish regulators. 30 November is the acquisition date and the date from which the acquired assets and liabilities are recognised in Nordea. Assets and liabilities acquired are disclosed in the table below. In addition, Nordea acquired guarantees to the amount of EUR 114m.

The following purchase price allocation (PPA) has been established as of 30 November 2009. The PPA is still preliminary, and can be updated during 2010.

EURm	30 Nov 2009
Loans to the public	746
Other assets	598
Deposits from the public	–1,192
Other liabilities	–60
Acquired net assets in accordance with IFRS	**92**
Purchase price, settled in cash[1)]	285
Purchase price, to be settled in cash	37
Cost of combination	**322**
Surplus value	**230**

Allocation of surplus value:	30 Nov 2009
Customer related intangible asset	51
Deferred tax asset	53
Goodwill	126

1) Including EUR 106m relating to subordinated debt converted to equity at acquisition.

A customer related intangible asset has been separated from goodwill. The part separated is related to future earnings from acquired customers. This relates, however, only to the part over which Nordea has been assessed to have sufficient control. Amortisation is made over 10 years.

Fionia has tax losses carry forward, which were not recognised in the balance sheet of Fionia. Nordea has estimated that Fionia will be able to utilise EUR 210m of these losses in the coming five years, which translates to a carrying amount of EUR 53m.

Goodwill arises mainly due to the synergies Nordea expects to achieve. Integrating the business in Fionia into Nordea's branch network will create cost synergies and more synergies will be derived from implementing Nordea's operating model in the new branches.

The impact on Nordea's net profit for the year is insignificant.

Note 54 Credit risk disclosures

Group

Credit risk management and credit risk analysis are described in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2009, which is available on www.nordea.com. Much of the information in this note is collected from the Pillar 3 report in order to fulfil the disclosure requirement regarding credit risk in the Annual report.

The Pillar 3 report contains the disclosures required by the Capital Requirements Directive (CRD), which is based on the Basel II framework. The pillar 3 disclosure is aligned to how Nordea manages credit risk and is believed to be the best way to explain the credit risk exposures in Nordea. Credit risk exposures occur in different forms and are divided into the following types:

Exposure types, EURm	31 Dec 2009	31 Dec 2008
On balance sheet items	326,212	302,295
Off balance sheet items	50,422	47,893
Securities financing	519	601
Derivatives	28,792	34,728
Exposure At Default (EAD)	**405,945**	**385,517**

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

Reconciliation of exposure types to the balance sheet

The CRD concept of EAD is different from the accounting framework. The tables below show reconciliations from the recognised amount in the accounts to EAD. Capital requirement for credit risk is only calculated for the banking book. The counterparty risk from derivatives and repos are included in the credit exposure, while assets related to the trading book are included in market risk. Assets in the Life operations are not part of the capital requirement calculation and consequently not included in the trading or banking books. The table below shows the reconciliation of the balance sheet assets to the EAD for credit risk. Assets outside the banking book contains credit risk, but from a CRD perspective these assets are measured in other risk classes.

Note 54 **Credit risk disclosures, cont.**

On balance sheet items

31 Dec 2009, EURm	Orignal exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	11,411	—	—	89	—	11,500
Treasury bills, other interest-bearing securities and pledged instruments	31,422	25,903	—	23,014	—	80,339
Loans to credit institutions	12,426	—	6,142	—	–13	18,555
Loans to the public	263,510	—	18,418	310	173	282,411
Derivatives[1]	—	—	75,402	20	—	75,422
Intangible assets	—	—	—	336	2,611	2,947
Other assets and prepaid expenses	8,369	12,929	3	13,984	1,085	36,370
Total assets	**327,138**	**38,832**	**99,965**	**37,753**	**3,856**	**507,544**
Exposure at default[2]	**326,212**					

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

31 Dec 2008, EURm	Orignal exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	3,152	—	—	5	—	3,157
Treasury bills, other interest-bearing securities and pledged instruments	22,935	16,433	—	19,944	—	59,312
Loans to credit institutions	18,686	—	5,226	—	–9	23,903
Loans to the public	251,263	—	11,516	120	2,201	265,100
Derivatives[1]	—	—	86,743	95	—	86,838
Intangible assets	—	—	—	341	2,194	2,535
Other assets and prepaid expenses	6,941	14,614	79	11,276	319	33,229
Total assets	**302,977**	**31,047**	**103,564**	**31,781**	**4,705**	**474,074**
Exposure at default[2]	**302,295**					

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

Off balance sheet items

31 Dec 2009, EURm	Credit risk in Basel II calculation	Life insurance operations	Off-balance sheet
Contingent liabilities	22,062	205	22,267
Commitments	78,907	890	79,797
Total off balance sheet items	**100,969**	**1,095**	**102,064**

31 Dec 2009, EURm	Credit risk in Basel II calculation	Items not included in accounts	Gross amounts	Average conversion factor	Exposure at default EAD
Credit facilities	41,634	32,381	74,015	33%	24,354
Checking accounts	23,498	—	23,498	22%	5,083
Loan commitments	13,655	1,415	15,070	44%	6,686
Guarantees	19,871	—	19,871	67%	13,347
Other	2,311	—	2,311	41%	952
Total	**100,969**	**33,796**	**134,765**		**50,422**

Note 54 Credit risk disclosures, cont.

Exposure classes split by exposure type

31 Dec 2009, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	40,051	915	310	1,586	42,862
Institutions	26,339	2,487	155	20,595	49,576
Corporate	122,930	35,505	53	6,533	165,021
Retail	130,248	11,479	1	48	141,776
Other	6,644	36	—	30	6,710
Total exposure	**326,212**	**50,422**	**519**	**28,792**	**405,945**

31 Dec 2008, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	26,265	701	400	1,018	28,384
Institutions	30,121	2,380	147	21,120	53,768
Corporate	125,884	34,551	54	12,486	172,975
Retail	115,461	10,232	0	91	125,784
Other	4,564	29	—	13	4,606
Total exposure	**302,295**	**47,893**	**601**	**34,728**	**385,517**

Exposure split by geography and exposure classes

31 Dec 2009, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	38,671	6,560	13,715	5,270	13,126	1,065	872	123	2,131	42,862
Institutions	46,437	5,066	25,012	3,288	13,071	276	289	289	2,285	49,576
Corporate	146,585	38,684	36,275	33,642	37,984	4,104	1,562	3,228	9,542	165,021
Retail	136,615	45,698	32,753	24,488	33,676	2,621	2,157	215	168	141,776
Other	5,327	1,651	944	439	2,293	277	277	142	687	6,710
Total exposure	**373,635**	**97,659**	**108,699**	**67,127**	**100,150**	**8,343**	**5,157**	**3,997**	**14,813**	**405,945**

31 Dec 2008, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	27,213	4,618	9,447	1,867	11,281	785	74	11	301	28,384
Institutions	49,764	8,691	26,004	4,173	10,896	892	416	63	2,633	53,768
Corporate	152,259	37,507	44,678	32,163	37,911	5,211	1,226	4,052	10,227	172,975
Retail	121,558	42,500	31,352	19,580	28,126	2,528	1,537	1	160	125,784
Other	3,499	1,367	768	411	953	93	231	360	423	4,606
Total exposure	**354,293**	**94,683**	**112,249**	**58,194**	**89,167**	**9,509**	**3,484**	**4,487**	**13,744**	**385,517**

Note 54 Credit risk disclosures, cont.

Exposure split by industry group

31 Dec 2009, EURm	31 Dec 2009	31 Dec 2008
Retail mortgage	101,258	86,794
Other retail	38,032	35,388
Central and local governments	25,462	22,440
Banks	47,739	33,358
Construction and engineering	5,130	4,271
Consumer durables (cars, appliances etc)	6,076	4,229
Consumer staples (food, agriculture etc)	12,640	13,763
Energy (oil, gas etc)	3,682	3,875
Health care and pharmaceuticals	2,516	2,176
Industrial capital goods	4,590	6,295
Industrial commercial services	16,165	20,580
IT software, hardware and services	1,772	1,515
Media and leisure	3,096	3,099
Metals and mining materials	967	754
Paper and forest materials	3,557	3,532
Real estate management and investment	36,378	34,473
Retail trade	11,942	11,186
Shipping and offshore	11,493	12,939
Telecommunication equipment	411	874
Telecommunication operators	2,744	2,843
Transportation	4,010	3,853
Utilities (distribution and production)	6,424	7,479
Other financial companies	27,448	32,914
Other materials (chemical, building materials etc)	7,528	6,771
Other	24,885	30,116
Total exposure	**405,945**	**385,517**

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2009, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	41,851	42,862	28	—
Institutions	54,797	49,576	2,343	2,667
Corporate	235,410	165,021	5,902	45,971
Retail	151,650	141,776	2,681	102,189
Other	7,507	6,710	2	1,114
Total exposure	**491,215**	**405,945**	**10,956**	**151,941**

31 Dec 2008, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	28,878	28,384	27	1
Institutions	56,711	53,768	728	2,153
Corporate	244,474	172,975	5,076	41,524
Retail	134,254	125,784	2,325	89,036
Other	5,117	4,606	—	558
Total exposure	**469,434**	**385,517**	**8,156**	**133,271**

Note 54 Credit risk disclosures, cont.

Collateral distribution

	31 Dec 2009	31 Dec 2008
Other Physical Collateral	6.0%	6.1%
Receivables	1.0%	0.8%
Residential Real Estate	72.9%	72.5%
Commercial Real Estate	17.6%	17.8%
Financial Collateral	2.5%	2.8%

Collaterised Debt Obligations (CDO) – Exposure[1]

	31 Dec 2009		31 Dec 2008	
Nominal, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	4,308	4,120	4,390	4,484
Hedged exposures	2,928	2,928	2,883	2,883
CDOs, net[2]	**1,380[3]**	**1,192[4]**	**1,507[3]**	**1,601[4]**
– of which Equity	259	387	277	360
– of which Mezzanine	237	514	337	245
– of which Senior	884	291	893	996

1) First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 116m and net sold protection to EUR 105m. Both bought and sold protection are, to the predominant part, investment grade.
2) Net exposure disregards exposure where tranches are completely identical in terms of reference pool attachment, detachment, maturity and currency.
3) Of which investment grade EUR 1,380m (EUR 1,503m) and sub investment grade EUR 0m (EUR 4m).
4) Of which investment grade EUR 1,068m (EUR 1,401m) and sub investment grade EUR 19m (EUR 48m) and not rated EUR 105m (EUR 152m).

When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of a credit event. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection.

The risk from CDOs is hedged with a portfolio of CDSs. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Restructured loans and receivables current year

EURm	31 Dec 2009	31 Dec 2008
Loans before restructuring, carrying amount	167	22
Loans after restructuring, carrying amount	113	11

Assets taken over for protection of claims[1]

EURm	31 Dec 2009	31 Dec 2008
Current assets, carrying amount:		
Land and buildings	0	0
Shares and other participations	3	14
Other assets	7	4
Total	**10**	**18**

1) In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Acts, whereever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are at the latest, disposed when full recovery is reached.

Note 54 Credit risk disclosures, cont.

Past due loans, excl. impaired loans

EURm	31 Dec 2009 Corporate customers	31 Dec 2009 Household customers	31 Dec 2008 Corporate customers	31 Dec 2008 Household customers
6–30 days	835	582	671	673
31–60 days	239	281	422	369
61–90 days	84	259	227	102
>90 days	369	307	266	179
Total	**1,527**	**1,429**	**1,586**	**1,323**
Past due not impaired/loans %	1.00	1.16	1.05	1.22

Loans to corporate customers, by size of loan

EURbn	31 Dec 2009 Loans	31 Dec 2009 %	31 Dec 2008 Loans	31 Dec 2008 %
0–10	58.9	39	57.3	38
10–50	35.9	23	35.2	23
50–100	18.3	12	18.2	12
100–250	17.7	12	20.8	14
250–500	11.4	7	11.2	7
500–	11.2	7	9.0	6
Total	**153.4**	**100**	**151.7**	**100**

Interest-bearing securities and Treasury bills

EURm	31 Dec 2009 At fair value	31 Dec 2009 At amortised cost	31 Dec 2009 Total	31 Dec 2008 At fair value	31 Dec 2008 At amortised cost	31 Dec 2008 Total
State and sovereigns	16,639	1,211	17,850	6,194	846	7,040
Municipalities and other public bodies	2,964	431	3,395	7,609	129	7,738
Mortgage institutions	15,701	8,184	23,885	11,491	5,644	17,135
Other credit institutions	9,587	8,056	17,643	7,071	5,616	12,687
Corporates	4,648	71	4,719	3,112	2	3,114
Corporates, sub-investment grade	1,235	—	1,235	853	—	853
Other	372	—	372	2,808	—	2,808
Total	**51,146**	**17,953**	**69,099**	**39,138**	**12,237**	**51,375**

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:

	EUR
Share premium reserve	1,065,328,165
Retained earnings	6,651,199,437
Other free funds	2,762,284,828
Net profit for the year	984,517,563
Total	**11,463,329,993**

The Board of Directors proposes that these earnings are distributed as follows:

	EUR
Dividends paid to shareholders, EUR 0.25 per share	1,006,337,153
To be carried forward	10,456,992,840
Total	**11,463,329,993**

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the Company's and the Group's equity, which are imposed by the nature, scope and risks, associated with the business, and the Company's and the Group's need for consolidation, liquidity and financial position in general.

The Board of Directors and the President and CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC) 1606/2002, from 19 July 2002, on application of International Accounting Standards. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' Report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

17 February 2010

Hans Dalborg
Chairman

Björn Wahlroos
Vice Chairman

Kari Ahola
Board member[1]

Stine Bosse
Board member

Marie Ehrling
Board member

Svein Jacobsen
Board member

Ole Lund Jensen
Board member[1]

Tom Knutzen
Board member

Steinar Nickelsen
Board member[1]

Lars G Nordström
Board member

Timo Peltola
Board member

Heidi M. Petersen
Board member

Björn Savén
Board member

Christian Clausen
President and CEO

Our audit report was submitted on 18 February 2010

KPMG AB

Carl Lindgren
Authorised Public Accountant

1) Employee representative.

Audit report

To the annual meeting of the shareholders of Nordea Bank AB (publ)
Corporate identity number 516406-0120

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Nordea Bank AB (publ) for the year 2009. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 40–159. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act of Credit Institutions and Securities Companies when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act of Credit Institutions and Security Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act of Credit Institutions and Securities Companies or the Articles of Associations. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act of Credit Institutions and Securities Companies and give a true and fair view of the group's financial position and results of operations. The Board of Director's report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the Board of Director's report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

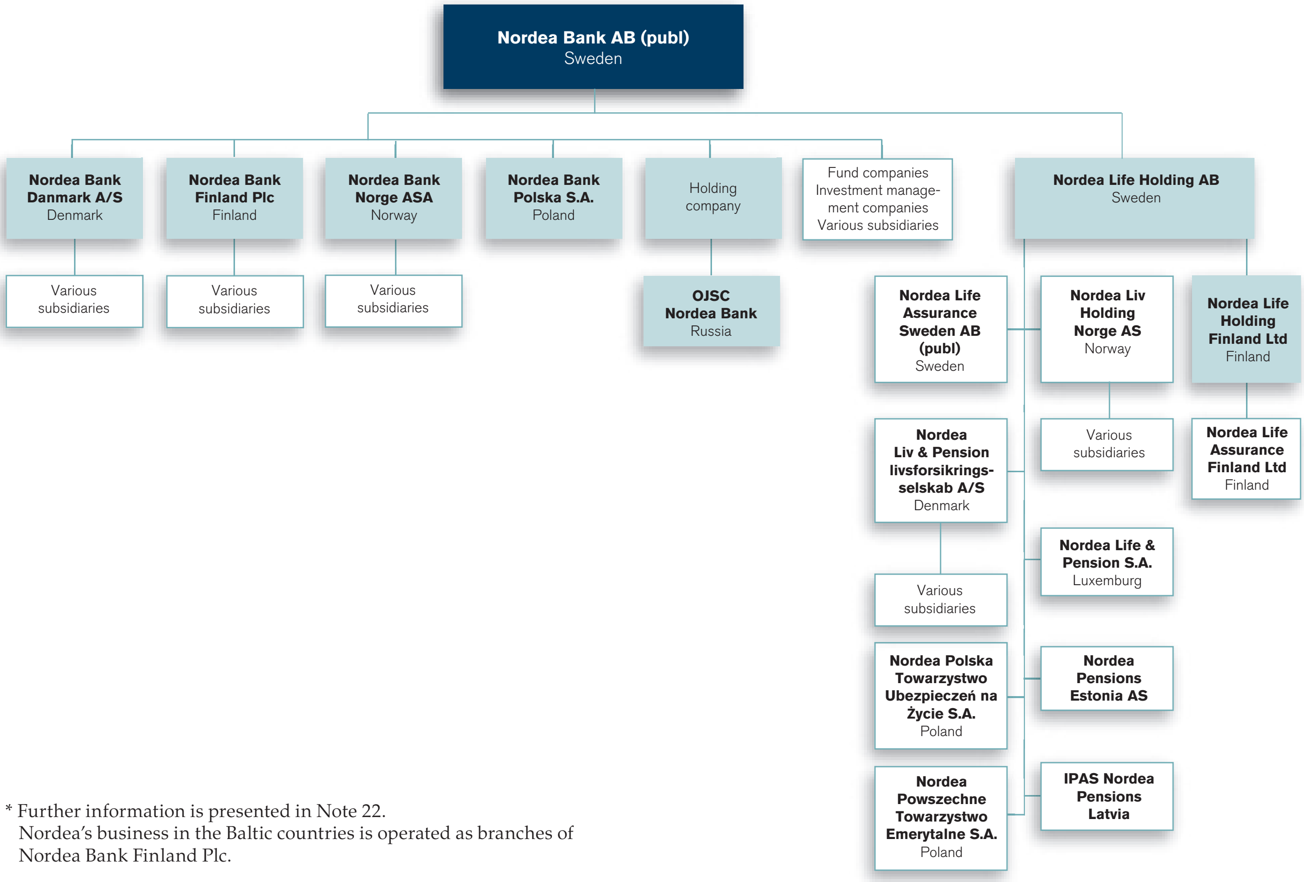
Stockholm, 18 February 2010

KPMG AB

Carl Lindgren
Authorised Public Accountant

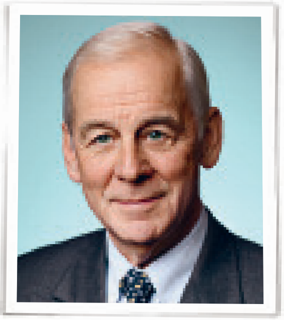
Legal structure

Main legal structure*, as of 31 December 2009

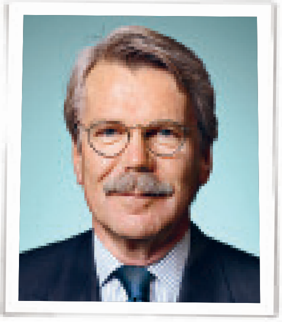


* Further information is presented in Note 22.
Nordea's business in the Baltic countries is operated as branches of Nordea Bank Finland Plc.

Board of Directors



Hans Dalborg



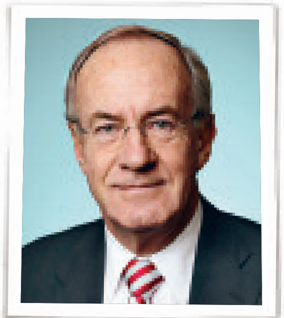
Björn Wahlroos

Stine Bosse

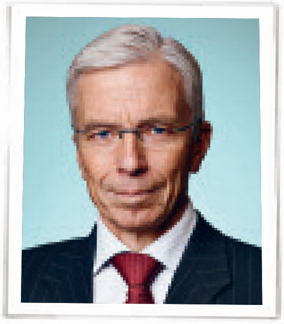
Marie Ehrling

Svein Jacobsen

Tom Knutzen



Lars G Nordström



Timo Peltola

Hans Dalborg
Chairman
Ph.D. (Economics). Board member since 1998. Born 1941.
Board Chairman of the Swedish Corporate Governance Board and Uppsala University.
Board member of Axel Johnson AB, the Stockholm Institute of Transition Economics and East European Economies (SITE) and the Stockholm -Institute for Financial Research (SIFR).
Member of the European Round Table of Financial Services (EFR).
Previous positions

2005–2008	Board Chairman of the Royal Swedish Academy of Engineering Sciences (IVA)
1997–2005	Board Chairman of the Royal Swedish Opera
2000	President and CEO Nordea
1998–1999	President and CEO MeritaNordbanken
1991–1997	President and CEO Nordbanken
1989–1990	Senior Executive Vice President and Chief Operating Officer of Skandia Group
1972–1989	Various positions within Skandia Group

Shareholding in Nordea: 63,178*

Björn Wahlroos
Vice Chairman
Ph.D (Econ), 1979. Board member since 2008. Born 1952.
Board Chairman of Sampo Plc, UPM-Kymmene Oyj and Hanken School of Economics.
Board member of several charities, including the Finnish Business and -Policy Forum EVA/ETLA and the Mannerheim Foundation.
Previous positions

2001–2009	Group CEO and President of Sampo Plc
1998–2000	Chairman of Mandatum Bank plc
1992–1997	President of Mandatum & Co Ltd
1985–1992	Various positions with Union Bank of Finland including executive vice president and member of the executive committee 1989–1992
1983–1984	Visiting associate professor in Managerial Economics and -Decision Sciences at Kellogg Graduate School of Management, Northwestern University
1980–1981	Visiting assistant professor in Economics at Brown University
1979–1985	Professor and acting professor of Economics at the Swedish School of Economics
1974–1979	Acting lecturer and assistant professor in Finance at the Swedish School of Economics

Shareholding in Nordea: 100,000*

Stine Bosse
Master of Law. Board member since 2008. Born 1960.
Group CEO of TrygVesta A/S.
Board Chairman of Forsikring & Pension and Børnefonden.
Non-executive Director of Amlin Plc.
Previous positions

2004–2006	Board Member of TDC
2002–2005	Board Member of Flügger
1987–2001	Various positions within Tryg Forsikring A/S. Senior Vice President 1999–2002

Shareholding in Nordea: 2,917*

Marie Ehrling
BSc (Economics). Board member since 2007. Born 1955.
Board member of Securitas AB, Loomis AB, Oriflame Cosmetics SA, Schibsted ASA, Safe Gate AB, Centre for Advanced Studies of Leadership at Stockholm School of Economics, World Childhood Foundation, ISA Investment in Sweden Agency and Business Executives Council IVA.
Previous positions

2003–2006	CEO TeliaSonera Sverige AB
1982–2002	Deputy CEO SAS Group, Head of SAS Airline and other executive positions within the SAS group
1980–1982	Information officer at the Ministry of Finance
1979–1980	Information officer at the Ministry of Education
1977–1979	Financial analyst at Fourth Swedish National Pension Fund

Shareholding in Nordea: 3,075*

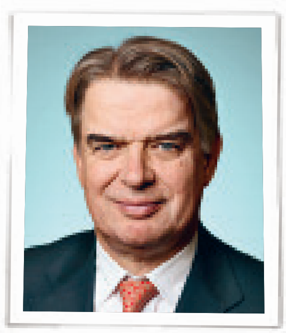
Svein Jacobsen
MBA. Certified public accountant. Board member since 2008. Born 1951.
Board Chairman of Vensafe AS, Rotoenergy AB, PSI Group ASA and Norse Cutting & Abandonment AS.
Deputy Chairman of Orkla ASA and Expert AS.
Member of the Advisory Board in CVC Capital Partners.
Previous positions

1984–1996	Various positions within Tomra Systems including CEO 1988–1996

Shareholding in Nordea: 5,000*

Tom Knutzen
MSc (Economics). Board member since 2007. Born 1962.
CEO Danisco A/S.
Board member of the Confederation of Danish Industries (DI) in Copenhagen and the Danish Academy of Technical Sciences (ATV).


Heidi M. Petersen

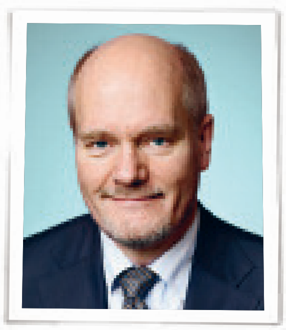

Björn Savén


Kari Ahola


Nils Q Kruse


Ole Lund Jensen


Steinar Nickelsen


Lars Oddestad

Previous positions
2006– CEO Danisco A/S
2000–2006 CEO NKT Holding A/S
1996–2000 CFO NKT Holding A/S
1988–1996 Various positions within Niro A/S
1985–1988 Various positions within Fællesbanken
Shareholding in Nordea: 27,750*

Lars G Nordström
Law studies at Uppsala University. Board member since 2003. Born 1943.
President and Group CEO of Posten Norden AB.
Board Chairman of the Finnish-Swedish Chamber of Commerce.
Board member of TeliaSonera AB, Viking Line Abp and the Swedish-American Chamber of Commerce. Member of the Royal Swedish Academy of Engineering Sciences (IVA).
Previous positions
2002–2007 President and CEO Nordea Bank AB
1993–2002 Various executive management positions within Nordea Group
1970–1993 Various positions within Skandinaviska Enskilda Banken (EVP from 1989)
Shareholding in Nordea: 23,250*

Timo Peltola
Dr. of Economics (Hc). Board member since 1998. Born 1946.
Board Chairman of Neste Oil.
Board member of TeliaSonera AB (publ), SAS AB and AW-Energy Oy.
Member of the Advisory Board of CVC Capital Partners and Sveafastigheter AB.
Advisor to Cap Man Plc Public Market Fund.
Previous positions
1971–2005 Various positions within Huhtamäki group including CEO 1988–2004
Shareholding in Nordea: 9,100*

Heidi M. Petersen
Master's degree in chemistry. Board member since 2008. Born 1958.
Board Chairman of Sandefjord Lufthavn AS and TS Group AS.
Board member of Norsk Hydro ASA, Calora Subsea AS, Glamox ASA, Songa Floating Production ASA, Arendals Fossekompani ASA and Eitzen Chemicals ASA.
Previous positions
2003–2007 Managing director of Ramböll Future AS
2000–2002 Managing director of Future Engineering AS
1997–2000 Vice President in Kværner Oil & Gas AS Sandefjord
1995–1997 Various managerial posts with Gullfaks C oljerigg
Shareholding in Nordea: 0*

Björn Savén
Ekon. dr. h.c., MBA and MSc (Econ.& Bus.).
Board member since 2006. Born 1950.
Executive chairman of IK Investment Partners.
Chairman of the British-Swedish Chamber of Commerce.
Deputy chairman of Dynea Oy.
Board member of Vattenfall AB, Attendo Care AB and Minimax AG.
Member of the Royal Swedish Academy of Engineering Sciences (IVA).
Previous positions
1993–2008 Chief Executive of IK Investment Partners
1988–1993 Chief Executive Enskilda Ventures (SEB), London
1976–1988 General and financial management positions within the Esselte Group in Stockholm, London and New York
1974–1976 MBA studies at Harvard Business School, Boston
1972–1974 Analyst, Gulf Oil, Stockholm
Shareholding in Nordea: 1,000,000*

Kari Ahola
Board member from 2006. Born 1960. Employee representative.
Shareholding in Nordea: 0*

Nils Q Kruse
Board member since 2004 until 30 September 2009. Born 1950.
Employee representative.
Shareholding in Nordea (30 Sep 2009): 3,295*

Ole Lund Jensen
Board member since 1 October 2009. Born 1960. Employee representative.
Shareholding in Nordea: 3,787*

Steinar Nickelsen
Board member since 2007. Born 1962. Employee representative.
Shareholding in Nordea: 0*

Lars Oddestad
Board member from 1 January 2009. Born 1950.
Employee representative.
Shareholding in Nordea: 0*

* Shareholdings also include shares held by family members and closely affiliated legal entities.

Group Executive Management

Group Executive Management, from left to right:
Carl-Johan Granvik, Gunn Wærsted, Michael Rasmussen, Christian Clausen, Fredrik Rystedt, Ari Kaperi, Peter Schütze.

Christian Clausen
President and Group CEO 2007.
Born 1955.
Appointed member 2001.
Shareholding: 71,292 Nordea[1]

Carl-Johan Granvik[2]
Executive Vice President, CRO, Head of Group Credit & Risk Control.
Born 1949.
Appointed member 2000.
Shareholding: 18,772 Nordea[1]

Ari Kaperi
Executive Vice President, Head of Institutional & International Banking and Group Human Resources.
Born 1960.
Appointed member 2008.
Shareholding: 12,144 Nordea[1]

Michael Rasmussen
Executive Vice President, Head of Banking Products & Group Operations.
Born 1964.
Appointed member 2008.
Shareholding: 26,292 Nordea[1]

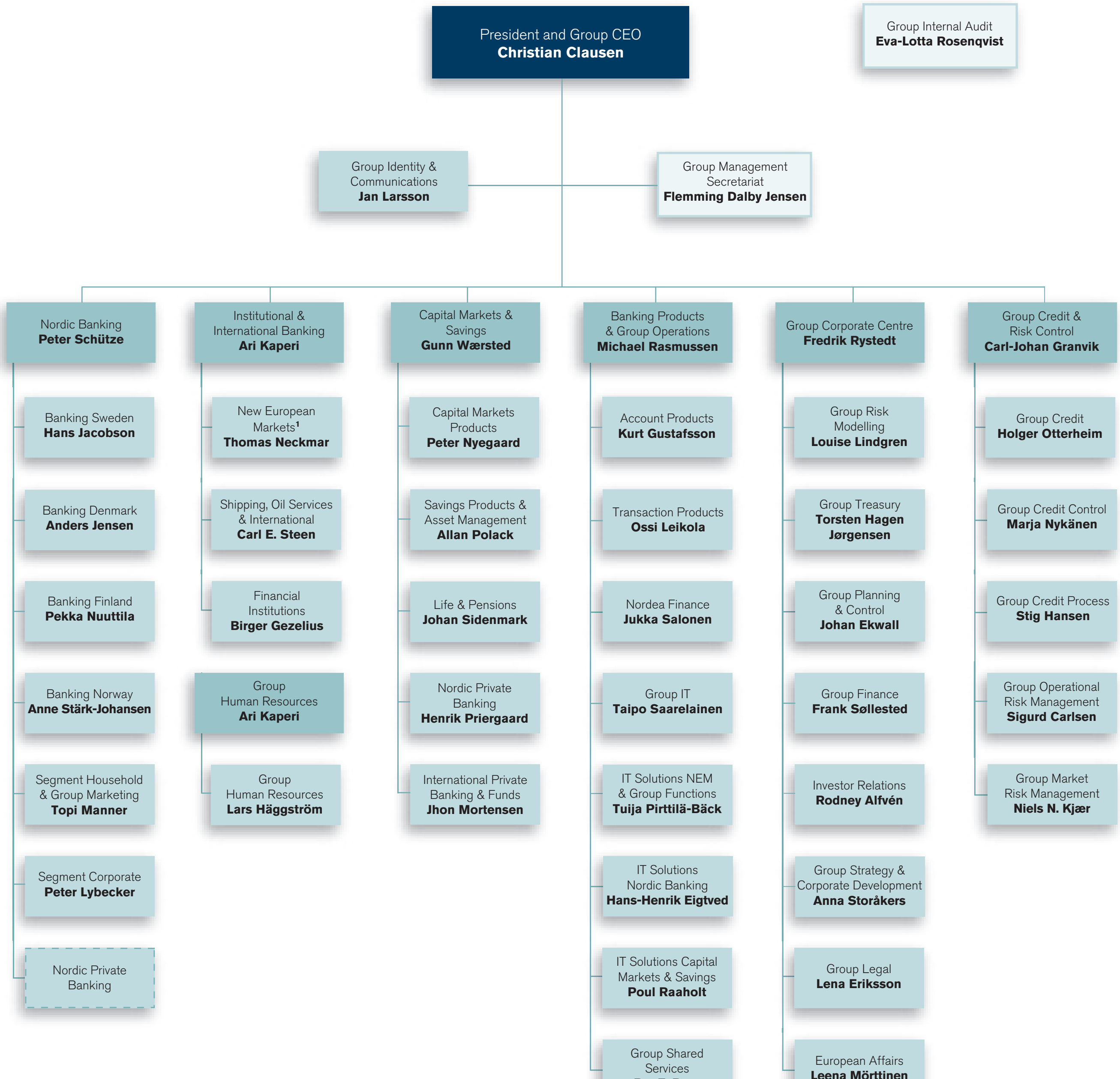
Fredrik Rystedt[2]
Executive Vice President, CFO, Head of Group Corporate Centre.
Born 1963.
Appointed member 2008.
Shareholding: 16,550 Nordea[1]

Peter Schütze[2]
Executive Vice President, Head of Nordic Banking.
Born 1948.
Appointed member 2002.
Shareholding: 42,913 Nordea[1]

Gunn Wærsted[2]
Executive Vice President, Head of Capital Markets & Savings.
Born 1955.
Appointed member 2007.
Shareholding: 30,944 Nordea[1]

1) Shareholdings also include shares held by family members.
2) Country Senior Executive.

Group Organisation



1) Russia, Poland and Baltic countries.

Ratings

	Moody's Investors Service		Standard & Poor's		Fitch		DBRS	
	Short	Long	Short	Long	Short	Long	Short	Long
Nordea Bank AB (publ)	P–1	Aa2	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Danmark A/S	P–1	Aa2	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Finland Plc	P–1	Aa2	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Norge ASA	P–1	Aa2	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Hypotek AB (publ)		Aaa[1]		AAA[1,2]				
Nordea Kredit Realkreditaktieselskab		Aaa[1]		AAA[1,2]				
Nordea Eiendomskreditt AS	P–1	A1						

1) Covered bond rating.
2) Credit watch negative.

Corporate Governance Report 2009
according to the Swedish Code of Corporate Governance

Application by Nordea

Nordea Bank AB (publ), (the Company), applies the Swedish Code of Corporate Governance (the Code). As from 1 February 2010, the Code applicable is the Revised Code 2010 alongside with the Revised Code 2008 in accordance with the applicable Transitional Provisions 2010.

A description of corporate governance in Nordea in the most recent financial year is included in the 2009 Annual Report on page 61. In this Corporate Governance Report Nordea indicates where it has departed from the rules in the Code and explains the reasons. The report also includes the Board's annual report on the key aspects of the systems for internal control and risk management regarding financial reports.

According to the Code the minutes from the last Annual General Meeting are to be posted on the Company's web site. Nordea did not fully comply with this rule since the minutes were posted without the appendices containing personal information equivalent to information in the register of voters from the meeting. Nordea has found that the integrity of the individual shareholders is best protected by not posting the appendices of this kind, given that it is not necessary to publish the register of voters from the meeting according to the Code. The decisions are found in the minutes.

Report on the key aspects of the systems for internal control and risk management regarding financial reports for the Financial Year 2009

This report has been prepared following provision 2 of the Transitional Provisions 2010 on internal control reporting in the Revised Code 2010 and the report is submitted as a separate section of the Corporate Governance Report 2009.

The systems for Internal control and risk management over financial reporting are designed to give reasonable assurance concerning reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies. The internal control and risk management activities are included in Nordea's planning and resource allocation processes. Internal control and risk management over financial reporting in Nordea can be described in accordance with the following framework:

Control Environment

Internal control in Nordea is based on the control environment, which includes the following elements: Values and management culture, goal-orientation and follow-up, a clear and transparent organisational structure, segregation of duties, the four-eye principle, quality and efficiency of internal communication and an independent evaluation process. The documentation of the internal control framework consists of Group directives and supporting instructions covering the financial and administrative business processes in Nordea.

Risk Assessment

Management of risks within Nordea is proactive, emphasising training and risk awareness. Nordea maintains a high standard of risk management, applying available techniques and methodology in a cost efficient way. Risk management is considered an integrated part of running the business.

Control Activities

The control activities include general as well as more detailed controls, which aim at preventing, revealing and correcting errors and deviations. The control activities are prepared and documented at group level, at business area level as well as unit level. The procedures cover the initial registration of each transaction and the subsequent IT processing. The heads of the respective units in Nordea are primarily responsible for managing the risks associated with the operations and financial reporting processes of the unit.

Information & Communication

The Group Accounting Manual and the Financial Control Principles constitute the main tools for accounting and financial reporting principles in respect of providing financial reporting and internal control information and instructions, as well as being the basis for updating standard operating procedures. They include a standard reporting package used by all entities to ensure consistent use of Nordea's principles and coordinated financial reporting. Matters affecting the achievement of financial reporting objectives are communicated with outside parties, where Nordea actively participates in relevant national fora, for example fora established by Financial Supervisory Authorities, Central Banks, and associations for financial institutions.

Monitoring
Nordea has established a process with the purpose of ensuring a proper monitoring of the quality of the financial reporting and the follow-up regarding possible deficiencies.

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

Group Internal Audit (GIA) is an independent function commissioned by the Board of Directors. The Board Audit Committee is responsible for guidance and evaluation of GIA. The internal auditing work provides assurance on that part of Nordea's control system, which is essential for the external auditors' assessment of the financial statements. GIA annually issues an assurance statement to the Board of Directors on the risk management, control and governance processes of the Nordea Group.

The Board Audit Committee also assists the Board of Directors in fulfilling its oversight responsibilities *inter alia* by monitoring the Nordea Group's financial reporting process, the effectiveness of the internal control and risk management systems, the effectiveness of GIA, keeping itself informed as to the statutory audit of the annual and consolidated accounts, and by reviewing and monitoring the impartiality and independence of the external auditors, and in particular the provision of additional services to the Group.

Financial reporting and communication with auditors
The manner in which the Board of Directors ensures the quality of the financial reports is presented in the section on monitoring in the Report on the key aspects of the systems for internal control and risk management regarding financial reports, see above.

Furthermore, the Board of Directors reviews the external auditors' result of their audits of the Group's annual financial statement and the external auditors' review of the Group's semi-annual report and the external audit plan. At least once a year the Board of Directors meets the external auditors without the presence of the CEO or any other company executive. In addition the auditor in charge meets separately with the Chairman of the Board of Directors and the Chairman of the Board Audit Committee.

This Corporate Governance Report, including the Report on the key aspects of the systems for internal control and risk management regarding financial reports, has not been reviewed by the auditors and it is not part of the formal financial statements.

Annual General Meeting 25 March 2010

Nordea's Annual General Meeting (AGM) 2010 will be held on Thursday 25 March at 13.00 CET at Aula Magna, at Stockholm University, Frescativägen 6, Stockholm.

Notification of participation etc

Shareholders who wish to participate in the AGM shall be entered in the share register maintained by the Swedish Securities Register Center (Euroclear Sweden AB) not later than 19 March 2010 and notify Nordea. Shareholders whose shares are held in custody therefore must temporarily re-register their shares in their own names with Euroclear Sweden AB in order to be able to participate. This applies for example to holders of Finnish Depositary Receipts in Finland and holders of shares registered in Værdipapircentralen in Denmark.

Such re-registration must be effected in Euroclear Sweden AB in Sweden on 19 March 2010. This means that the shareholder in good time prior to this date must inform the trustee about this.

Shareholders registered in Euroclear Sweden AB in Sweden

Notification of participation in the AGM must be made to Nordea Bank AB (publ) at the latest on 19 March 2010 at 13.00 Swedish time at the following address:
Nordea Bank AB (publ), c/o Computershare AB, Box 610, SE-182 16 Danderyd, Sweden, or by telephone +46 8 518 01 551, or by fax +46 8 588 04 201, or on Nordea's web page www.nordea.com.

Holders of Finnish Depositary Receipts (FDR) in Finland

Notification of participation in the AGM and re-registration of shares to Euroclear Sweden AB must be made at the latest on 18 March 2010 at 12.00 noon Finnish time to Nordea Bank AB (publ), c/o Computershare AB, Box 610, SE-182 16 Danderyd, Sweden, or by telephone +358 9 348 9230 or fax +46 8 588 04 201, or on Nordea's web page www.nordea.com.

Shareholders registered in Værdipapircentralen in Denmark

Notification of participation in the AGM and re-registration of shares to Euroclear Sweden AB must be made at the latest on 18 March 2010 at 12.00 noon Danish time to Nordea Bank AB (publ), c/o Computershare AB, Kongevejen 418, DK-2480 Holte, Denmark, or by telephone +45 4546 0997 or fax +45 4546 0998, or on Nordea's web page www.nordea.com.

Financial calender

Financial calender 2010

Annual General Meeting	25 March
Ex-dividend date	26 March
Record date	30 March
Dividend payments	8 April
1st quarter report	28 April
2nd quarter report	21 July
3rd quarter report	27 October

Contacts

Fredrik Rystedt, Group CFO/EVP Tel: +46 8 614 78 00

Investor Relations

Rodney Alfvén, Head of Investor Relations
Andreas Larsson
Christopher Casselblad
Anna Halaby

SE-105 71 Stockholm, Sweden Tel: +46 8 614 92 77

Website

All reports and press releases are available on the Internet at: www.nordea.com Financial reports published by the Nordea Group may be ordered via Investor Relations.

The annual reports of Nordea Bank Danmark A/S, Nordea Bank Norge ASA, Nordea Bank Finland Plc can be downloaded at www.nordea.com

Nordea's disclosure on Capital adequacy and risk management, in accordance with the Pillar 3 requirements according to the EU Capital Requirements Directive in the Basel II framework, is presented on www.nordea.com.

The Annual Report 2009

This Annual Report covers Nordea Bank AB (publ) and pertains to the operations of the Nordea Group, whose main legal structure is presented on page 161. The original annual report is in Swedish. This is an English version thereof. A Swedish version may be obtained upon request.

In this Annual Report, the Nordea Group presents income statements and other financial data quoted in euro (EUR).

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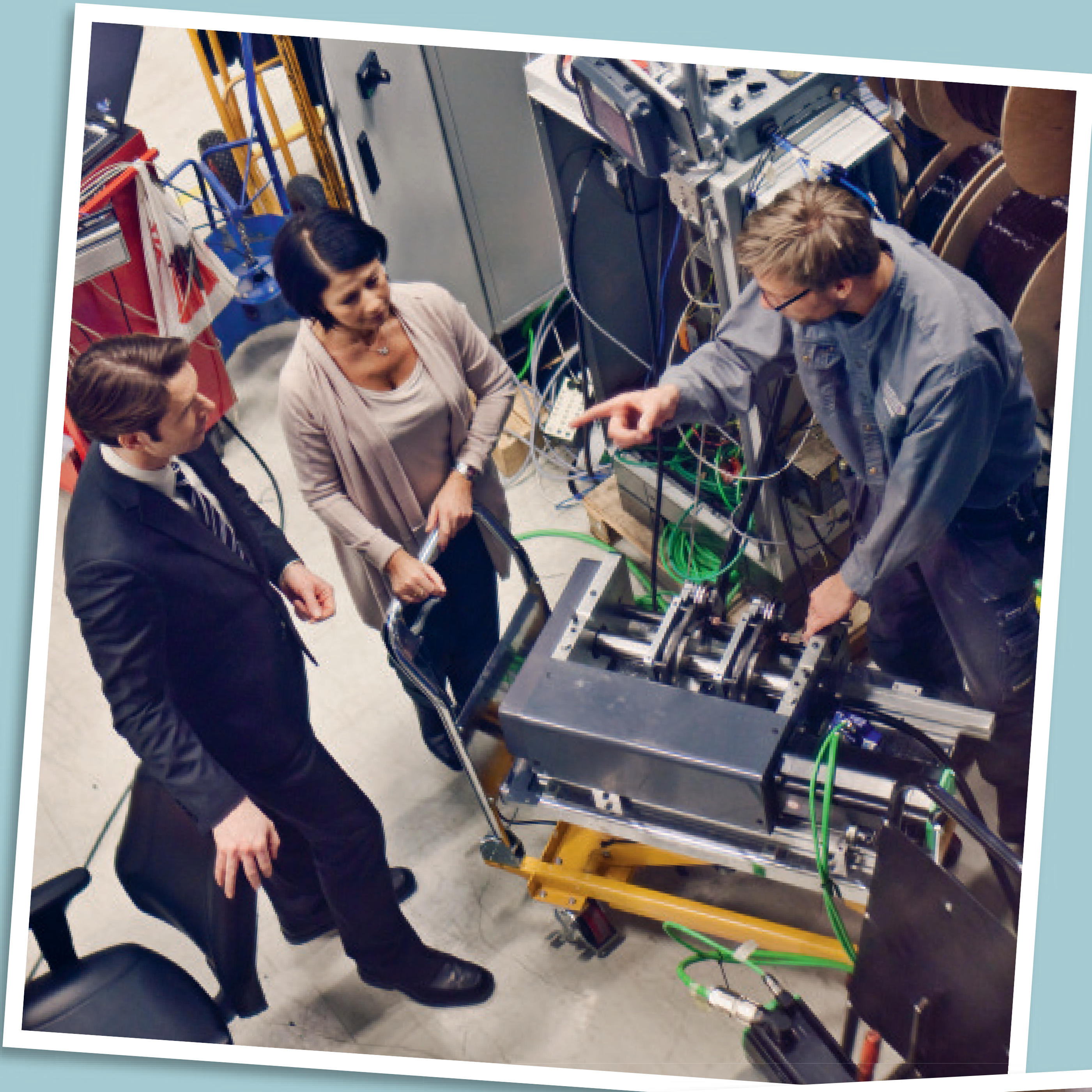

"Relationship banking, advisory services and great customer experiences are key to Nordea.