Annual Report 2009
Nordea Bank Finland

Nordea Bank Finland Plc is part of the Nordea Group. Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 10 million customers, approximately 1,400 branch offices and a leading netbanking position with 5.9 million e-customers. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

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Nordea Bank Finland Group

Five-year overview of the Directors' Report

Income statement

EURm	2009	2008	2007	2006	2005
Net interest income	1,202	1,812	1,531	1,393	1,210
Net fee and commission income	241	215	315	308	271
Net gains/losses on items at fair value	1,325	770	586	430	301
Equity method	4	-4	2	31	20
Other income	53	29	169	297	60
Total operating income	**2,825**	**2,822**	**2,603**	**2,459**	**1,862**
General administrative expenses:					
Staff costs	-599	-537	-515	-504	-483
Other expenses	-432	-397	-375	-359	-371
Depreciation, amortisation and impairment charges of tangible and intangible assets	-37	-33	-29	-18	-48
Total operating expenses	**-1,068**	**-967**	**-919**	**-881**	**-902**
Profit before loan losses	**1,757**	**1,855**	**1,684**	**1,578**	**960**
Net loan losses	-381	-133	20	63	-46
Impairment of securities held as financial non-current assets	-	-	0	-2	1
Operating profit	**1,376**	**1,722**	**1,704**	**1,639**	**915**
Income tax expense	-373	-389	-339	-358	191
Net profit for the year	**1,003**	**1,333**	**1,365**	**1,281**	**1,106**

Balance sheet

EURm	2009	2008	2007	2006	2005
Treasury bills and interest-bearing securities	8,906	5,620	4,364	4,038	3,953
Loans to credit institutions	59,037	47,447	45,549	47,031	39,758
Loans to the public	65,723	68,293	60,597	52,463	46,264
Derivatives	74,520	85,662	30,731	23,692	28,165
Other assets	12,979	12,939	6,013	4,122	5,571
Total assets	**221,165**	**219,961**	**147,254**	**131,346**	**123,711**
Deposits by credit institutions	44,344	37,713	26,789	29,233	21,219
Deposits and borrowings from the public	44,526	45,279	41,709	35,689	35,092
Debt securities in issue	39,276	31,263	29,635	22,680	21,430
Derivatives	73,237	87,291	32,012	24,057	28,069
Subordinated liabilities	437	1,238	1,270	1,665	1,904
Other liabilities	8,373	5,902	5,046	4,543	3,793
Equity	10,972	11,275	10,793	13,479	12,204
Total liabilities and equity	**221,165**	**219,961**	**147,254**	**131,346**	**123,711**

Ratios and key figures

	2009	2008	2007	2006	2005
Return on equity, %	9.0	12.1	11.2	10.0	5.6
Cost/income ratio, %	38	34	35	36	48
Tier 1 capital ratio, %	14.0	12.0	13.7	13.8	17.8
Total capital ratio, %	14.6	13.3	15.3	16.0	20.2
Tier 1 capital, EURm	10,099	9,807	9,725	8,998	11,426
Risk-weighted assets, EURm	72,092	81,720	71,044	65,270	64,058
Number of employees (full-time equivalents)	9,218	9,634	9,347	9,060	8,910
Average number of employees	10,152	10,412	10,010	9,843	9,717
Salaries and remuneration, EURm	-442	-429	-392	-372	-366
Return of total assets, %	0.5	0.7	1.0	1.0	0.6
Equity to total assets, %	5.0	5.1	7.3	10.3	9.9

Business definitions and exchange rates

These definitions apply to the descriptions in the Annual Report.

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans and the deduction for expected shortfall (the difference between expected losses and provisions, IRB).

Tier 1 capital
The proportion of the capital base, which includes consolidated shareholders' equity excluding proposed dividend, tax assets as well as goodwill in the banking operations and half of the expected shortfall deduction.

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

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

Tier 1 capital ratio
Tier 1 capital as a percentage of risk-weighted amounts.

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

Return on equity (ROE)
Operating profit less taxes as a percentage of average shareholders' equity including minority interests. Average equity is the mean of equity at the beginning and end of the year.

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

Return on total assets (ROA)
Operating profit less taxes as a percentage of average total assets. Average total assets are calculated as the mean of total assets at the beginning and end of the year.

Equity to total assets
Total shareholders' equity including minority interests as a percentage of total assets at year-end.

Exchange rates applied (end of year rates as at 31 December 2009)

EUR	1.0000	**USD**	1.4406	**DKK**	7.4418	**EEK**	15.6466
GBP	0.8881	**CHF**	1.4836	**LTL**	3.4528	**LVL**	0.7093
NOK	8.3000	**PLN**	4.1045	**SEK**	10.2520	**SGD**	2.0194

Rating, Nordea Bank Finland

31 Dec 2009	Short	Long
Moody's	P-1	Aa2
S&P	A-1+	AA-
Fitch	F1+	AA-
DBRS	R-1 (high)	AA

Nordea Bank Finland
Director's Report

Throughout this report the terms "Nordea Bank Finland", "NBF" and "Bank Group" refer to Nordea Bank Finland Plc and its subsidiaries. Nordea Bank Finland Plc is a wholly-owned subsidiary of Nordea Bank AB (publ), the parent company in the Nordea Group. The Nordea Group is referred to as "Nordea".

Nordea Bank Finland Plc is domiciled in Helsinki and its business identity code is 1680235-8.

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

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, the conversion is conditional on Nordea obtaining necessary approvals from the relevant authorities. The 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 the process, which are not expected to be finalised during 2010.

Subsidiaries and foreign branches

NBF has subsidiaries in Finland and abroad. The most significant subsidiary is Nordea Finance Finland Ltd, which is responsible for the Group's finance company operations in Finland. The Nordea Finance Finland Group comprises one Finnish financial institution and several real estate companies, four associated companies as well as four subsidiaries operating in Poland and in the Baltic market: Nordea Finance Polska S.A., Nordea Finance Estonia Ltd, Nordea Finance Latvia Ltd and Nordea Finance Lithuania Ltd.

NBF has foreign branches in Frankfurt, London, New York, Riga, Singapore, Tallinn and Vilnius and on Grand Cayman. NBF has no foreign representative offices.

Changes in the group structure

Nordea Bank Finland Plc has established three new subsidiaries to manage residential real estate in the Baltic countries, Oü Promano Est, SIA Promano Lat and UAB Promano Lit.

During the year, one subsidiary, Power Partners Oy, was dissolved. Nordea Bank Finland Plc owned 31% and Nordea Finance Finland Ltd 49.5% of the shares in Power Partners Oy.

Nordea Bank Finland Plc increased its ownership in the associated company Realia Holding Oy during 2009. NBF's share of the total capital invested is thereafter 40.3%.

Arfin Oy and Eka-kiinteistöt Oy, associated companies of Nordea Bank Finland Plc, were dissolved during 2009.

Lines of business, results for the financial period and total assets of the above companies are shown in the Notes to the financial statements (note 46).

In addition, some small subsidiaries have been disposed of or merged during the year. These disposals had no material effect on the Group's result.

Business development in 2009

Even in the very difficult environment the financial industry has faced in 2009, NBF's business has continued to develop strongly, with the focus on further enhancing business relations with core customers and also acquiring new customers. Due to its strong position NBF was able to continue to develop business relations with customers and support existing customers, while adhering to prudent risk management policy.

Total income was stable driven by strong growth in customer driven capital markets operations. Profit before loan losses decreased by 5% while operating profit decreased by 20% following the increase in loan losses. Profit before tax was EUR 1,376m (2008: 1,722), and return on equity was 9.0% (12.1).

Comments on the income statement

Operating income

Total operating income was stable and amounted to EUR 2,825m (2,822), which was mainly the result of strong growth in net gains and losses on items at fair value.

Net interest income decreased by 34% to EUR 1,202m (1,812) compared to last year, with lending and deposit volumes being lower than last year. Margins increased both in corporate lending and household mortgages whereas deposit margins were considerably lower than last year, following lower market interest rates. Lending margins have increased reflecting continued re-pricing of credit risk. Total lending to the public decreased by 4% to EUR 66bn.

Deposit volumes decreased by 2% to EUR 44bn. The exceptionally low interest rate level has led to an outflow from deposit accounts to more profitable investments e.g. equities and funds.

Net fee and commission income increased by 12% to EUR 241m (215). Commission income increased by 12% to EUR 611m (545). Savings related commissions decreased by 12% due to lower Assets under Management on average. Additionally, the sale of international global custody operations in 2008 decreased income from custody operations. Lending-related commissions were up 22% reflecting increased guarantee fees as a consequence of the centralisation of Trade Finance operations to Finland. Payment and card fees increased by 15%. Commission expenses increased by 12% to EUR 370m (330) mainly as a result of higher transaction fees.

Net gains/losses on items at fair value increased by 72% to an all time high level and totalled EUR 1,325m (770). The customer-driven capital markets activities continued to perform very strongly in 2009, with a high demand for risk management products in both Nordic Banking and in Institutional & International Banking. Competition in the Nordic markets increased towards the end of the year, which resulted in tightening spreads across the markets.

Profit from companies accounted for under the equity method was EUR 4m compared to a negative income of EUR 4m last year.

Other operating income increased to EUR 53m (29) mainly due to the income from the sale of the international global custody operations to J.P. Morgan last year.

Operating expenses

Total operating expenses increased by 10% to EUR 1,068m (967).

Staff costs increased by 12% to EUR 599m (537). The increase reflects general increases in wages and restructuring reservations. Profit related salaries were lower than last year whereas the allocation to profit sharing increased markedly. Pension expenses increased mainly due to one-off items both in 2008 and 2009. In 2009 the number of employees, measured by full-time equivalents, decreased by 416 and amounted to 9,218 at the end of the year.

Other expenses amounted to EUR 432m (397), up by 9% compared with the preceding year. Higher business volumes and investments in growth areas mainly explain the increase in IT and other operating expenses.

Depreciation of tangible and intangible assets increased somewhat to EUR 37m (33).

Loan losses

Net loan losses amounted to EUR 381m (133). Provisions for both collectively and individually assessed loans were increased. Reversals and recoveries were somewhat higher than in the preceding year, thus decreasing net loan losses. The increase in provisions stems largely from the economic slowdown in the three Baltic countries. Net loan losses in 2009 correspond to a loan loss ratio of 56 basis points compared to a loan loss ratio of 22 basis points in 2008.

Individual loan losses amounted to 39 basis points in 2009 compared to 15 basis points in 2008. Collective provisions net amounted to 17 basis points in 2009 and to 7 basis points in 2008.

Loan losses in the Baltic countries totalled EUR 209m and total allowances amounted to EUR 319m, of which collective allowances were EUR 188m.

Net loan losses continue to stem from a large number of smaller and medium-sized exposures rather than from a few large exposures.

Taxes

Income tax expenses were EUR 373m (389). The effective tax rate amounted to 27% compared to the tax rate of 23% in 2008. The tax rate in 2009 is higher than the Finnish legal tax rate of 26% mainly due to uncreditable foreign taxes.

Net profit
Net profit for the year amounted to EUR 1,003m (1,333). Return on equity was 9.0% (12.1).

Comments on the balance sheet

Total assets were fairly stable and amounted to EUR 221bn (220). All balance sheet items in foreign currencies are translated into euros at the actual year-end currency exchange rates. See Note 1 for more information regarding accounting policies.

Assets
Consolidated *total assets* amounted to EUR 221bn at year-end, showing an increase of EUR 1bn compared to the previous year-end.

Loans to credit institutions increased to EUR 59bn (47) reflecting higher amount of intra-group deposits.

Loans to the public decreased by approximately EUR 3bn to EUR 66bn (68). The housing market in Finland has picked up during 2009 and traditional domestic mortgage lending to household customers increased by 6%.

Corporate lending decreased by 12% compared to the previous year totalling EUR 32bn (37). Main reason for the decrease is the stagnated corporate business environment. Consumer lending to households continued to show growth and it increased by 7%.

Treasury bills and interest-bearing securities increased by EUR 3bn and totalled EUR 9bn at year-end (6), reflecting a higher liquidity buffer compared to the end of 2008.

Other assets decreased by approximately EUR 11bn, mainly reflecting the lower balance sheet values of derivatives as a result of changes in exchange and interest rates.

Liabilities
Total liabilities amounted to EUR 210bn (209), showing an increase of approximately EUR 1bn.

Deposits by credit institutions increased by approximately EUR 7bn to EUR 44bn (38) reflecting mainly increased intra-group transactions.

Deposits and borrowings from the public decreased by approximately EUR 1bn to EUR 44bn (45). Deposits from the public constitute the Bank Group's primary source of funding. Balances especially in time deposits decreased significantly during the year due to the outflow from deposits to funds and equity markets.

Debt securities in issue increased by approximately EUR 8bn to EUR 39bn (31). The issued securities mainly comprise short-term debt instruments with a maturity under one year.

Other liabilities including subordinated liabilities decreased by approximately EUR 12bn mainly reflecting lower balance sheet values of derivatives.

Equity
Shareholders' equity amounted to EUR 11,275m at the beginning of 2009. Net profit for the year was EUR 1,001m. Total equity amounted to EUR 10,972m at the end of 2009.

Appropriation of distributable funds

The parent company's distributable funds on 31 December 2009 were EUR 7,738m of which the profit for the year is EUR 987m. It is proposed that:

- a dividend of EUR 600m be paid and
- EUR 0.2m be reserved for public good purposes
- whereafter the distributable funds will total EUR 7,138m

Off-balance sheet commitments

The bank's business operations include a considerable proportion of off-balance sheet items such as guarantees, documentary credits and credit commitments. Credit commitments and unutilised credit lines amounted to EUR 17.8bn (16.1), while guarantees and granted but not utilised documentary credits as well as other off-balance sheet commitments, excluding nominal values of derivative contracts, totalled EUR 17.7bn (17.6).

The nominal values of derivatives increased to EUR 4,512bn (3,781).

Capital adequacy and ratings
At year-end, the Group's total capital ratio was 14.6% (13.3) and the Tier 1 ratio was 14.0% (12.0). Risk-weighted assets after transition rules totalled EUR 72bn (82).

A debenture loan with a nominal value of EUR 600m was prematurely paid back in March 2009 with the permission of FIN-FSA.

Together with a number of Nordic banks, Nordea was downgraded when Moody's conducted a calibration of ratings for the whole sector. The long-term rating for Nordea Bank Finland Plc was lowered from Aa1 to Aa2 in September 2009.

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 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 and 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.
- Capital Planning Forum (CPF), chaired by the CFO, monitors the development of the required (internal and regulatory) capital and the capital base and also decides upon capital planning activities within the Group.
- The Risk Committee, chaired by the Chief Risk Officer (CRO), monitors developments of risks on an aggregated level.
- 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 is 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

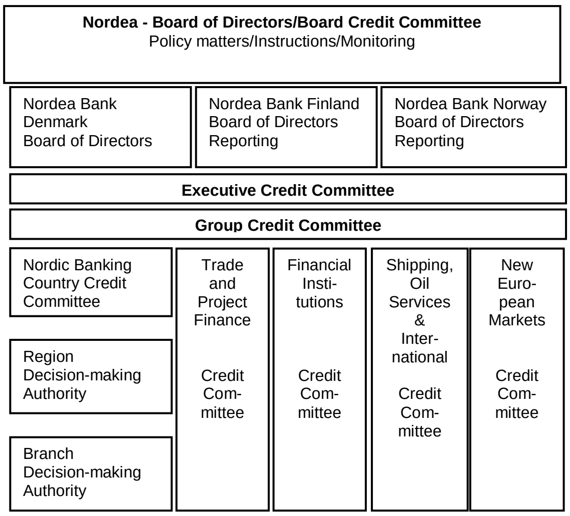
Group Credit and Risk Control is responsible for the credit risk management framework, consisting of policies, instructions and guidelines for the Group.

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 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 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.

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.

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 in default, and reported as non-performing and impaired or not impaired depending on the deemed loss potential.

In addition to individual impairment testing of all individually significant customers, collective impairment testing is performed for groups of customers that have not been found to be impaired on individual level. The collective impairment is based on the migration of rated and scored customers in the credit portfolio. The assessment of collective impairment reacts to up- and down-ratings of customers as well as to new customers and customers leaving the portfolio. Also customers going to and from default affect the calculation. Collective impairment is assessed quarterly for each legal unit. The rationale for this two-step procedure with both individual and collective assessment is to ensure that all incurred losses are accounted for up to and including each balance sheet day.

Further information on credit risk 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 47 to the Financial statements of the Annual Report.

Credit portfolio

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

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

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
To credit institutions	**59,037**	**47,447**	**64,054**	**52,629**
To the public	**65,723**	**68,293**	**60,053**	**62,479**
- of which corporate	32,412	36,972	29,439	33,874
- of which household	32,725	30,732	30,028	28,016
- of which public sector	586	589	586	589
Total loans	**124,760**	**115,740**	**124,107**	**115,108**
Off-balance credit exposure [1]	35,546	33,667	32,830	30,976
Counterparty risk exposure [2]	27,684	26,383	27,684	26,383
Treasury bills / interest-bearing securities	8,906	5,620	8,906	5,620
Total credit risk exposure in the banking operations	**196,896**	**181,410**	**193,527**	**178,087**

[1] Of which for corporate customers approx. 90%
[2] After close-out netting and collateral agreements, including current market value exposure as well as potential future exposure.

NBF's total loans have decreased by 4% to EUR 66bn during 2009 (68). Including off-balance sheet exposures, the total credit risk exposure at year end was EUR 197bn (181). The portion of total lending going to corporate customers was 49% (54) and to household customers 50% (45). Loans to credit institutions, mainly in the form of inter-bank deposits, increased to EUR 59bn at the end of 2009 (47).

Loans to corporate customers
Loans to corporate customers at the end of 2009 amounted to EUR 32bn (37), down 12%, while lending to household customers increased by 6% to EUR 33bn (31).

Real estate remains the largest sector in NBF's lending portfolio, EUR 8.0bn (8.8). There is a high level of collateral coverage, especially for exposures which are assigned lower rating grades (3+ or lower).

The distribution of loans to corporate customers by size of loans shows a high degree of diversification where approx. 79% of the corporate volume is for loans on a scale of up to EUR 50m per customer. This distribution has been relatively stable in recent years.

All credit risk mitigations are an inherent part of the credit decision process. In every credit decision and review are considered 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 may be of great help as a complement to both secured and unsecured exposures. All 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, mortgage loans and consumer loans increased to EUR 25.6bn and EUR 7.2bn respectively. The portion of mortgage loans out of total household loans was 78% (78).Collateral coverage is high for mortgage loans to household customers, whereas consumer loans to this segment have a lower degree of collateral.

Geographical distribution
Lending to the public distributed by borrower domicile shows that the Nordic market accounts for 78% (87). Apart from the Baltic countries other EU countries represent the main part of the lending outside the Nordic countries. At the end of 2009, lending to customers in the Baltic countries was EUR 7.7bn (8.2).

Loans to the public by country and industry

Group

31 Dec 2009, EURm	Finland	Baltic	Poland	Total 2009	Total 2008
Energy (oil, gas etc)	378	105		483	413
Metals and mining materials	391	15		406	848
Paper and forest materials	911	46		957	1,241
Other materials (building materials etc)	1,698	267		1,965	1,929
Industrial capital goods	816	40		856	1,203
Industrial commercial services etc	1,219	197		1,416	1,867
Construction and engineering	831	274		1,105	1,245
Shipping and offshore	3,141	15		3,156	3,353
Transportation	920	416		1,336	1,128
Consumer durables (cars, appliances etc)	772	101		873	593
Media and leisure	641	145		786	1,002
Retail trade	2,211	578		2,789	3,093
Consumer staples (food, agriculture etc)	1,760	245		2,005	1,990
Health care and pharmaceuticals	269	19		288	402
Financial institutions	1,179	116		1,295	1,691
Real estate	6,745	1,291		8,036	8,802
IT software, hardware and services	360	21		381	477
Telecommunication equipment	41	9		50	518
Telecommunication operators	379	6		385	263
Utilities (distribution and productions)	976	353		1,329	1,414
Other, public and organisations	2,298	158	59	2,515	3,500
Corporate loans	**27,936**	**4,417**	**59**	**32,412**	**36,972**
Household mortgages	22,652	2,904		25,556	24,018
Household consumer	7,169	-		7,169	6,714
Public sector	162	424		586	589
Total	**57,919**	**7,745**	**59**	**65,723**	**68,293**

Loans to the public by country and industry

Parent company

31 Dec 2009, EURm	Finland	Baltic	Poland	Total 2009	Total 2008
Energy (oil, gas etc)	377	105		482	411
Metals and mining materials	358	5		363	802
Paper and forest materials	823	19		842	1,130
Other materials (building materials etc)	1,392	232		1,624	1,428
Industrial capital goods	661	33		694	1,039
Industrial commercial services etc	922	123		1,045	1,615
Construction and engineering	652	195		847	923
Shipping and offshore	3,138	14		3,152	3,345
Transportation	472	314		786	577
Consumer durables (cars, appliances etc)	714	90		804	509
Media and leisure	520	121		641	848
Retail trade	1,935	501		2,436	2,701
Consumer staples (food, agriculture etc)	1,527	230		1,757	1,737
Health care and pharmaceuticals	214	9		223	336
Financial institutions	1,168	113		1,281	1,669
Real estate	6,730	1,286		8,016	8,785
IT software, hardware and services	303	16		319	442
Telecommunication equipment	37	7		44	487
Telecommunication operators	370	5		375	243
Utilities (distribution and productions)	936	346		1,282	1,368
Other, public and organisations	2,397	29	-	2,426	3,479
Corporate loans	**25,646**	**3,793**	**-**	**29,439**	**33,874**
Household mortgages	22,775	2,781		25,556	24,018
Household consumer	4,472	-		4,472	3,998
Public sector	164	422		586	589
Total	**53,057**	**6,996**	**-**	**60,053**	**62,479**

Rating and scoring distribution

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

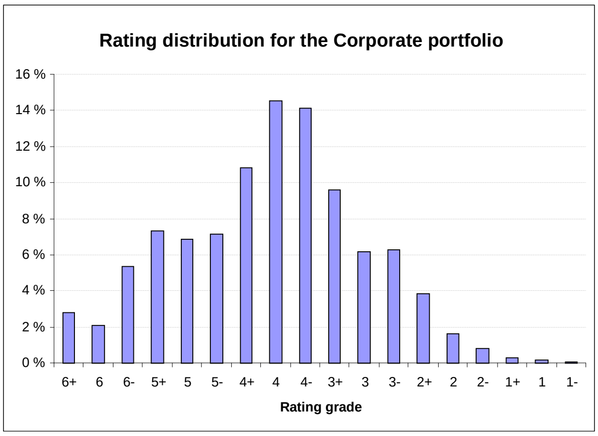
Following the economic downturn, the credit quality weakened in 2009. Mainly the corporate credit portfolio migrated downwards in 2009. About 71% (77) of the corporate exposure is rated 4– or higher. The portion of institutional exposures rated 5- or higher is 96% (95). About 88% (88) of the retail exposures are scored C- or higher.

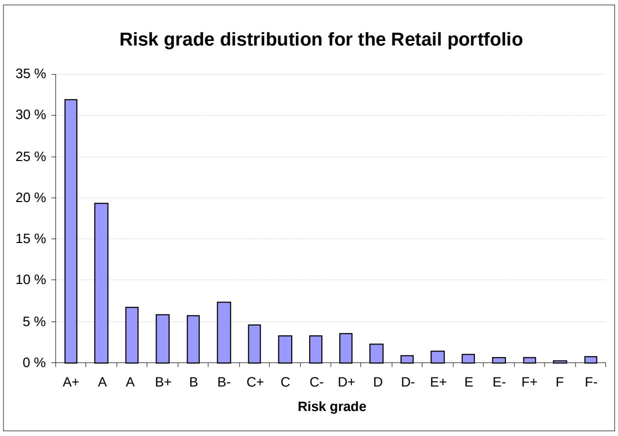
Impaired loans

Impaired loans, gross, increased to EUR 1,801m from EUR 971m during 2009 as the result of the current downturn and worsened economic conditions for many customers. Allowances for individually assessed loans increased to EUR 447m from EUR 258m. Allowances for collectively assessed exposures were EUR 316m (174). The ratio of total allowances to cover impaired loans, gross, was 42% (44). The main increases in impaired loans were in household mortgages and household consumer financing as well as in the corporate sector Real estate.

Past due loans to corporate customers that are not considered impaired decreased to EUR 307m (351). The volume of past due loans to household customers increased to EUR 475m (416) in 2009.

In the Baltic countries, gross impaired loans, including both performing and non-performing loans, amounted to EUR 535m, corresponding to 690 basis points of loans. Total allowances for the Baltic countries amounted to EUR 319m, of which collective allowances were EUR 188m. Total allowances amounted to 412m basis points of loans, giving a provisioning ratio of 60%.





Impaired loans, allowances and ratios[1]

	Group		Parent company	
Basis points of loans	2009	2008	2009	2008
Gross impaired loans	143	84	126	72
- of which performing	74	52	71	50
- of which non-performing	69	31	55	22
Total allowance ratio[2]	61	37	54	34
Provisioning ratio[3]	0.42	0.44	0.43	0.47

[1] Excluding off-balance sheet items
[2] Total allowances in relation to total loans before allowances
[3] Total allowances in relation to impaired loans

Impaired loans gross and allowances by country and industry

Group

31 Dec 2009, EURm	Finland	Baltic	Poland	Allowances (individual+ collective)	Provisioning ratio (allowances/ impaired loans)
Energy (oil, gas etc)	-	-		-	-
Metals and mining materials	2	0		1	0.49
Paper and forest materials	5	1		8	1.17
Other materials (building materials etc)	70	28		70	0.72
Industrial capital goods	67	2		28	0.41
Industrial commercial services etc	100	7		36	0.34
Construction and engineering	20	50		41	0.58
Shipping and offshore	43	0		7	0.17
Transportation	41	5		20	0.44
Consumer durables (cars, appliances etc)	73	4		26	0.34
Media and leisure	45	8		11	0.21
Retail trade	83	16		50	0.51
Consumer staples (food, agriculture etc)	38	18		15	0.28
Health care and pharmaceuticals	7	-		1	0.10
Financial institutions	33	3		45	1.28
Real estate	65	135		113	0.57
IT software, hardware and services	35	0		12	0.34
Telecommunication equipment	4	7		13	1.11
Telecommunication operators	0	-		1	2.91
Utilities (distribution and productions)	1	12		3	0.26
Other, public and organisations	1	38	2	80	1.96
Corporate	**733**	**334**	**2**	**581**	**0.54**
Household mortgages	248	177		132	0.31
Household consumer	289	24		72	0.23
Public sector	-	-		-	-
Total impaired loans[1]	**1,270**	**535**	**2**	**1,807**	
Allowances[2]	464	319	2	**785**	
Provisioning ratio	0.37	0.60	1.00	0.43	

[1] Includes EUR 6m impaired loans related to off-balance sheet items.
[2] Includes EUR 22m allowances related to off-balance sheet items.

Impaired loans gross and allowances by country and industry

Parent company

31 Dec 2009, EURm	Finland	Baltic	Poland	Allowances (individual+ collective)	Provisioning ratio (allowances/ impaired loans)
Energy (oil, gas etc)	-	-		-	-
Metals and mining materials	1	0		1	0.54
Paper and forest materials	5	1		8	1.30
Other materials (building materials etc)	64	23		70	0.81
Industrial capital goods	62	0		28	0.45
Industrial commercial services etc	93	4		36	0.37
Construction and engineering	20	47		41	0.60
Shipping and offshore	39	0		7	0.19
Transportation	41	1		20	0.48
Consumer durables (cars, appliances etc)	70	1		26	0.37
Media and leisure	39	8		11	0.23
Retail trade	80	12		50	0.55
Consumer staples (food, agriculture etc)	38	13		15	0.30
Health care and pharmaceuticals	7	-		1	0.12
Financial institutions	31	3		45	1.33
Real estate	64	135		113	0.57
IT software, hardware and services	31	0		12	0.37
Telecommunication equipment	2	7		13	1.30
Telecommunication operators	0	0		1	3.21
Utilities (distribution and productions)	0	12		3	0.28
Other, public and organisations	0	0	-	28	453.20
Corporate	**687**	**267**	**-**	**529**	**0.55**
Household mortgages	249	177		133	0.31
Household consumer	172	24		35	0.18
Public sector	-	-		-	-
Total impaired loans[1]	**1,108**	**468**	-	**1,576**	
Allowances[2]	403	294	-	**697**	
Provisioning ratio	0.36	0.63	-	0.44	

[1] Includes EUR 6m impaired loans related to off-balance sheet items.
[2] Includes EUR 22m allowances related to off-balance sheet items.

Net loan losses

Net loan loss provisions in NBF were EUR 381m (133). EUR 277m (107) relates to corporate customers and EUR 104m (26) relates to household customers. Collective provisions net increased to EUR 316m from 174m in 2009 while specific provisions increased to EUR 447m from EUR 258m. The main losses were in housing loans as well as in the corporate sectors Real estate and Other materials.

The loan loss ratio in 2009 was 56 bp compared to 22 bp in 2008. 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.

Restructured loans and receivables for 2009 are close to zero before and after restructuring. Assets taken over for protection of claims consist mostly of other assets.

Baltic countries

The recession in the Baltic countries has affected the credit quality as well as the collateral values.

In the Baltic countries, gross impaired loans amounted to EUR 535m or 690 basis points of total loans, compared with EUR 141m or 174 basis points at the end of 2008.

The total allowances for the Baltic countries at the end of 2009 corresponded to 412 basis points of the lending portfolio, an increase from 157 basis points at the end of 2008. The provisioning ratio in the Baltic countries was 60%. In the Baltic countries, the loan loss ratio was 257 basis points.

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 total counterparty credit risk exposure at the end of 2009 was EUR 27.7bn, of which the current exposure represents EUR 6.3bn. 57% of the total exposure and 30% of the current exposure was towards Financial institutions.

Net loan losses and loan loss ratios

	Group		Parent company	
Basis points of loans	2009	2008	2009	2008
Loan losses, EURm	381	133	313	113
Loan loss ratio[1]	55,8	21,9	50,1	20,5
- of which individual	38,9	14,6	32,9	12,8
- of which collective	16,9	7,3	17,2	7,7

[1] Net loan losses divided by the opening balance of loans to the public

Baltic countries, net loan losses and impaired loans

	Group		Parent company	
Basis points of loans	2009	2008	2009	2008
Net loan losses, EURm	209	40	180	38
- of which collective	90	17	89	17
Loan loss ratio, basis points	257	67	248	72
Gross impaired loans, EURm	535	141	468	115
Gross impaired loans, basis points	690	174	669	158
Total allowances, EURm	319	127	294	125
Total allowance ratio, basis points	412	157	421	172
Provisioning ratio[1]	0.60	0.90	0.63	1.09

[1]Total allowances in relation to gross impaired loans

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.

Market price risk and market price risk appetite

The customer-driven trading activity of Nordea Markets and the investment and liquidity portfolios of Group Treasury are the key contributors to market risk. For all other banking activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance sheet items.

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

The total VaR was EUR 25m (38) at the end of 2009 demonstrating a considerable diversification effect between interest rate, equity, credit spread and foreign exchange 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 15m (26). The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of NBF's interest rate sensitive positions if all interest rates were to move adversely for Nordea, was EUR 83m at the end of 2009 (157). The largest part of NBF's interest rate sensitivity stemmed from interest rate positions in Swedish Kronor, Danish Kroner, US Dollars and Euro.

At the end of 2009, NBF's equity VaR stood at EUR 2m (1), and structured equity option risk was EUR 28m (16).

Credit spread VaR ended 2009 at EUR 12m (13). Credit spread risk is concentrated on the financial sector.

NBF's foreign exchange VaR was EUR 14m (15) at year-end. By far the largest foreign exchange exposure is to Danish kroner.

NBF'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 (4).

The fair value of investments in private equity funds was EUR 7m (6).

Market risk

Group

EURm	Measure	31 Dec 2009	31 Dec 2008
Total Risk	VaR	24.9	38.1
- Interest Rate Risk	VaR	15.5	25.9
- Equity Risk	VaR	2.3	0.8
- Credit Spread Risk	VaR	12.3	12.5
- Foreign Exchange Risk	VaR	13.8	15.4
Diversification effect	VaR	43%	30%
Structured Equity Option Risk	Simulation	27.6	15.9
Commodity Risk	Simulation	8.9	4.1

Operational risk

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

Managing operational risk is part of the management's responsibilities. 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.

Liquidity risk and Structural Income Interest Risk

Liquidity risk

Management principles and control

The Board of Directors of Nordea Group has the ultimate responsibility for Asset and Liability Management of the Group i.e. 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 Asset and Liability Committee (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 consist of policies, instructions and guidelines for the whole Group.

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 Group'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 Nordea Group's four domestic markets in the form of a strong and stable retail customer base and a variety of funding programmes.

Special focus is given to the composition of the investor base in terms of geographical range and rating sensitivity.

Nordea publishes adequate information on the liquidity situation of Nordea 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. The stress test should identify events or influences that could affect the funding need or the funding price and seek to quantify the potential effects. The purpose of stress tests is to supplement the normal liquidity risk measurement and confirm that the business continuity plan is adequate in stressful events, and that the business continuity plan properly describes procedures to handle a liquidity crisis with minimal damage to Nordea. Nordea stress scenarios are based on the assessment of the particular events which Nordea is presumed to be most vulnerable to taking into account the current business structure and environment.

Stress tests focus on one hand on increased funding need and on the other hand on increased funding prices.

Group Treasury is responsible for managing the liquidity in Nordea and for compliance with the group wide limits from the Boards of Directors, CEO in GEM and ALCO.

Liquidity risk measurement methods

The liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. In order to measure the exposure on both horizons, a number of liquidity risk measures have been developed covering all material sources of liquidity risk.

In order to avoid short-term funding pressures, 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 committed facilities.

ALCO has set as a target that the net balance of stable funding should be positive, which means that stable assets must be funded by stable liabilities.

Liquidity risk analysis

The short-term liquidity risk has been held at moderate levels throughout 2009. The average funding gap risk, i.e. the average expected need for raising liquidity in the course of the next 14 days, has been EUR -3.9bn (3.7).

NBF's liquidity buffer has been in the range EUR 10.2–14.4bn (3.6–13.1) throughout 2009 with an average of EUR 11.3bn (6.0). NBF considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular. The yearly average for the net balance of stable funding was EUR -6.2bn (-4.0).

Cash flow analysis

Group

EURm	On demand	0-3 months	3-12 months	1-5 years	>5 years	**Total**
Interest bearing financial assets	24,651	38,588	18,233	33,125	33,486	**148,083**
Non interest bearing financial assets					79,490	**79 ,490**
Total financial assets	**24 ,651**	**38,588**	**18,233**	**33,125**	**112,976**	**227,573**
Interest bearing financial liabilities	35,365	71,170	15,677	6,387	495	**129,094**
Non interest bearing financial liabilities					92,851	**92,851**
Total financial liabilities	**35,365**	**71,170**	**15,677**	**6,387**	**93,346**	**221,945**
Derivatives, cash inflow		10,992	3,323	335	1,469	**16,119**
Derivatives, cash outflow		-10,706	-3,308	-687	-1,481	**-16,182**
Net exposure		**286**	**15**	**-352**	**-12**	**-63**
Exposure	**-10,714**	**-32,296**	**2,571**	**26,386**	**19,618**	**5,565**
Cumulative exposure	**-10,714**	**-43,010**	**-40,439**	**-14,053**	**5,565**	

Parent company

EURm	On demand	0-3 months	3-12 months	1-5 years	>5 years	**Total**
Interest bearing financial assets	24,360	39,123	18,132	32,205	33,391	**147,211**
Non interest bearing financial assets					79,524	**79,524**
Total financial assets	**24,360**	**39,123**	**18,132**	**32,205**	**112,915**	**226,735**
Interest bearing financial liabilities	35,460	70,050	15,698	6,471	494	**128,173**
Non interest bearing financial liabilities					92,189	**92,189**
Total financial liabilities	**35,460**	**70,050**	**15,698**	**6 ,471**	**92,683**	**220,362**
Derivatives, cash inflow		11,011	3,232	35	1,469	**15,747**
Derivatives, cash outflow		-10,726	-3,308	-687	-1,481	**-16,202**
Net exposure		**285**	**-76**	**-652**	**-12**	**-455**
Exposure	**-11,100**	**-30,642**	**2,358**	**25,082**	**20,220**	**5,918**
Cumulative exposure	**-11,100**	**-41,742**	**-39,384**	**-14,302**	**5,918**	

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, NBF has credit commitments amounting to EUR 17,863m, which could be drawn at any time.

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 Group'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 month 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. For example in a low interest rate environment, when rates are decreasing further, the total decrease of rates cannot be applied to non-maturity deposits since rates cannot be negative. Similarly in an increasing rate environment Nordea may choose not to increase interest rates on all customer deposits correspondingly.

SIIR, Gap analysis 31 Dec 2009

Group

EURm, Interest Rate Fixing Period	**Balance sheet**	Within 3 months	3-6 month	6-12 month	1-2 year	2-5 year	>5 year	Non re-pricing	Total
Assets									
Interest bearing assets	**141,671**	114,076	11,570	7,396	4,285	2,079	988	1,277	141,671
Non interest bearing assets	**79,494**	-	-	-	-		-	79,494	79,494
Total assets	**221,165**	**114,076**	**11,570**	**7,396**	**4,285**	**2,079**	**988**	**80,771**	**221,165**
Liabilities									
Interest bearing liabilities	**128,314**	110,540	6,196	4,251	4,076	2,785	466	-	128,314
Non interest bearing liabilities	**92,851**	-	-	-	-	-	-	92,851	92,851
Total liabilities	**221,165**	**110,540**	**6,196**	**4,251**	**4,076**	**2,785**	**466**	**92,851**	**221,165**
Off-balance sheet items, net		**5,732**	**-2,143**	**-2,842**	**-684**	**-29**	**-34**	**-**	
Exposure		**9,268**	**3,231**	**303**	**-475**	**-735**	**488**	**-12,080**	
Cumulative exposure			**12,499**	**12,802**	**12,327**	**11,592**	**12,080**	**0**	

Parent company

EURm, Interest Rate Fixing Period	**Balance sheet**	Within 3 months	3-6 month	6-12 month	1-2 year	2-5 year	>5 year	Non re-pricing	Total
Assets									
Interest bearing assets	**141,018**	113,423	11,570	7,396	4,285	2,079	988	1,277	141,018
Non interest bearing assets	**79,532**	-	-	-	-	-	-	79,532	79,532
Total assets	**220,550**	**113,423**	**11,570**	**7,396**	**4,285**	**2,079**	**988**	**80,809**	**220,550**
Liabilities									
Interest bearing liabilities	**128,327**	110,578	6,196	4,251	4,076	2,785	441	-	128,327
Non interest bearing liabilities	**92,223**	-	-	-	-	-	-	92,223	92,223
Total liabilities	**220,550**	**110,578**	**6,196**	**4,251**	**4,076**	**2,785**	**441**	**92,223**	**220,550**
Off-balance sheet items		**5,732**	**-2,143**	**-2,842**	**-684**	**-29**	**-34**	**-**	
Exposure		**8,577**	**3,231**	**303**	**-475**	**-735**	**513**	**-11,414**	
Cumulative exposure			**11,808**	**12,111**	**11,636**	**10,900**	**11,414**	**0**	

SIIR analysis

At the end of the year, the SIIR for decreasing market rates was EUR –117m (–88) and the SIIR for increasing rates was EUR 81m (172). These figures imply that net interest income would decrease if interest rates fell and increase if interest rates rose.

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 risk and return relationship.

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

Group	31 Dec 2009	31 Dec 2009	31 Dec 2008	31 Dec 2008
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**5,163**	**64,540**	**5,235**	**65,439**
IRB	2,590	32,375	2,829	35,357
- of which corporate	1,707	21,337	1,940	24,246
- of which institutions	517	6,460	540	6,752
- of which retail	344	4,301	307	3,841
- of which residential real estate	174	2,176	141	1,757
- of which other	170	2,125	167	2,084
- of which other	22	277	41	518
Standardised	2,573	32,165	2,407	30,083
- of which sovereign	41	515	45	567
- of which retail	388	4,847	358	4,472
- of which residential real estate	11	144	-	-
- of which qualifying revolving	-	-	-	-
- of which other	377	4,703	358	4,472
- of which other	2,144	26,803	2,004	25,044
Market risk	**236**	**2,946**	**291**	**3,636**
- of which trading book, VaR	103	1,287	240	3,004
- of which trading book, non-VaR	133	1,659	51	631
- of which FX, non-VaR	0	0	0	0
Operational risk	**368**	**4,606**	**318**	**3,975**
Standardised	368	4,606	318	3,975
Sub total	**5,767**	**72,092**	**5,844**	**73,050**
Adjustment for transition rules				
Additional capital requirement according to transition rules	-	-	694	8,670
Total	**5,767**	**72,092**	**6,538**	**81,720**

Capital ratio

	31 Dec 2009	31 Dec 2008
Tier 1 ratio, %, incl profit	14.0	12.0
Capital ratio, %, incl profit	14.6	13.3

Capital requirement and RWA

Parent company	31 Dec	31 Dec	31 Dec	31 Dec
	2009	2009	2008	2008
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**4,828**	**60,355**	**4,889**	**61,117**
IRB	2,474	30,926	2,712	33,901
- of which corporate	1,597	19,964	1,832	22,904
- of which institutions	516	6,454	540	6,750
- of which retail	344	4,301	302	3,775
- of which residential real estate	174	2,176	141	1,757
- of which other	170	2,125	161	2,018
- of which other	17	207	38	472
Standardised	2,354	29,429	2,177	27,216
- of which sovereign	43	540	46	576
- of which retail	202	2,522	170	2,129
- of which residential real estate	11	144	-	-
- of which qualifying revolving	-	-	-	-
- of which other	191	2,378	170	2,129
- of which other	2,109	26,367	1,961	24,511
Market risk	**236**	**2,946**	**291**	**3,636**
- of which trading book, VaR	103	1,287	240	3,004
- of which trading book, non-VaR	133	1,659	51	631
- of which FX, non-VaR	0	0	0	0
Operational risk	**343**	**4,284**	**295**	**3,690**
Standardised	343	4,284	295	3,690
Subtotal	**5,407**	**67,585**	**5,475**	**68,443**
Adjustment for transition rules				
Additional capital requirement according to transition rules	-	-	631	7,883
Total	**5,407**	**67,585**	**6,106**	**76,326**

Capital ratio

	31 Dec 2009	31 Dec 2008
Tier 1 ratio, %, incl profit	14.5	12.5
Capital ratio, %, incl profit	15.2	13.9

Pillar 1

Risk Weighted Assets (RWA) are calculated based on pillar 1 requirements. Nordea Bank Finland Group had 48% of the exposure covered by IRB approaches by the end of 2009. Nordea will continue the implementation of the IRB approach in some remaining portfolios. Nordea is also permitted 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 LGD and 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, 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 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 inputs in the EP framework.

Expected losses

EL reflects the normalised loss level of an 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 at the end 2009 (22 basis points at the end 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. 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, i.e. investment in insurance and other financial companies.

Pillar 3 disclosure, Capital adequacy and risk management
The disclosure in accordance with the Pillar 3 requirements according to the CRD in the Basel II framework is presented on www.nordea.com.

Capital base

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Original own funds				
Paid up capital	2,319	2,319	2,319	2,319
Share premium	599	599	599	599
Eligible capital	**2,918**	**2,918**	**2,918**	**2,918**
Reserves	7,047	7,019	6,751	6,817
Minority interests	6	7	-	-
Income (positive/negative) from current year	1,001	1,331	987	1,233
Eligible reserves	**8,054**	**8,357**	**7,738**	**8,050**
Tier 1 capital (before hybrid capital and deductions)	**10,972**	**11,275**	**10,656**	**10,968**
Proposed/actual dividend	-600	-1,300	-600	-1,300
Deferred tax assets	-17	-15	-13	-13
Intangible assets	-69	-59	-64	-53
Deductions for investments in credit institutions	-22	-21	-4	-4
IRB provisions excess (+) / shortfall (-)[1]	-72	-73	-62	-60
Other items, net	-93	-	-93	-
Deductions from original own funds	**-873**	**-1,468**	**-836**	**-1,430**
Tier 1 capital (net after deduction)	**10,099**	**9,807**	**9,820**	**9,538**
Additional own funds				
Securities of indeterminate duration and other instruments	543	547	543	547
Subordinate loan capital	-	600	-	600
Other additional own funds	-	-	-	-
Tier 2 capital (before deductions)	**543**	**1,147**	**543**	**1,147**
Deductions for investments in credit institutions	-22	-21	-4	-4
IRB provisions excess (+) / shortfall (-)[1]	-72	-73	-62	-60
Deductions from original additional own funds	**-94**	**-94**	**-66**	**-64**
Tier 2 capital (net after deductions)	**449**	**1,053**	**477**	**1,083**
Total own funds for solvency purposes	**10,548**	**10,860**	**10,297**	**10,621**

[1] The term provision is used in the CRD when defining the basis for shortfall/provision excess. In Nordea, the term allowances is used when referring to the same treatment.

Capital adequacy ratios

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
RWA Basel II (pillar 1) excl transition rules	72,092	73,050	67,585	68,443
RWA incl transition rules	72,092	81,720	67,585	76,326
Regulatory Capital requirement incl transition rules	5,767	6,538	5,407	6,106
Economic Capital	3,885	3,508	3,614	3,224
Tier 1 capital	10,099	9,807	9,820	9,538
Capital base	10,548	10.860	10,297	10,621
Core tier 1 ratio excl transition rules, %	14.0	13.4	14.5	13.9
Core tier 1 ratio incl transition rules, %	14.0	12.0	14.5	12.5
Tier 1 ratio excl transition rules, %	14.0	13.4	14.5	13.9
Tier 1 ratio incl transition rules, %	14.0	12.0	14.5	12.5
Capital ratio excl transition rules, %	14.6	14.9	15.2	15.5
Capital ratio incl transition rules, %	14.6	13.3	15.2	13.9
Capital base / Regulatory Capital requirement incl transition rules, %	182.9	166.1	190.4	173.9

Specification over group undertakings consolidated in the Nordea Bank Finland Group

31 Dec 2009	Number of shares	Carrying amount, EURm	Voting power of holding, %	Domicile	Consolidation method
Group undertakings included in the NBF Group					
Nordea Finance Finland Ltd	1,000,000	306	100	Espoo	purchase method
Other companies		32			
Total		**338**			
Over 10 % investments in credit institutions deducted from the capital base					
Luottokunta		42	24	Helsinki	
NF Fleet Oy		1	20	Espoo	
Other		1			
Total investments in credit institutions deducted from the capital base		**44**			

Human resources

Nordea's employees continue to create great customer experiences, as one team, living our vision – making it possible.

It's all about people and Nordea's People Strategy
While products and services can be copied, people are what ultimately distinguish us from our competitors. Consequently, our people are what will move Nordea from Good to Great. The People Strategy focuses on selected prioritised areas, namely:

- Building the foundation – HR Basics
- Being the employer of choice for those who will move us from Good to Great
- Staffing, ensuring we have the right person in the right place at the right time
- Mobilising, differentiating and 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

All of these priorities are guided by and reinforce Nordea's three values: Great Customer Experiences, One Nordea Team and It's All About People.

Building the foundation – HR Basics
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.

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.

Staffing, ensuring 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.

Mobilising, differentiating and rewarding, thereby securing outstanding organisational performance
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.

Providing opportunities for our people to develop and grow
No organisation can grow unless the people develop and grow. We have made improvements in 2009 aimed at strengthening the tie between business needs and competency areas we must develop. 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.

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 so also in 2010.

Profit-sharing scheme
All employees participate in a unified profit-sharing programme. The profit-sharing scheme is capped and not based on the value of the Nordea share. 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.

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 in early 2009. The first deliveries, mainly focused on in-house operations, have been met.

Legal proceedings

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

Corporate Governance

NBF'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.

Nordea shares

Nordea Bank Finland Plc does not possess its own shares. The information regarding bought and sold shares in the parent company Nordea Bank AB (publ) is presented in note 48.

Subsequent events

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

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 result from initiatives will be neutral in 2010. NBF is expected to contribute to this strategy and these initiatives.

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 in 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 level off.

Nordea Group expects the effective tax rate to be approx. 26%.

Nordea Bank Finland Group and Nordea Bank Finland Plc

Income statement

EURm	Note	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Operating income					
Interest income	3	2,692	5,694	2,482	5,486
Interest expense	3	-1,490	-3,882	-1,488	-3,879
Net interest income	**3**	**1,202**	**1,812**	**994**	**1,607**
Fee and commission income	4	611	545	573	507
Fee and commission expense	4	-370	-330	-355	-308
Net fee and commission income	4	241	215	218	199
Net gains/losses on items at fair value	5	1,325	770	1,321	769
Profit from companies accounted for under the equity method	21	4	-4	-	-
Dividends	6	-	-	52	2
Other operating income	7	53	29	60	34
Total operating income		**2,825**	**2,822**	**2,645**	**2,611**
Operating expenses					
General administrative expenses:					
Staff costs	8	-599	-537	-550	-489
Other expenses	9	-432	-397	-427	-392
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 22, 23	-37	-33	-22	-20
Total operating expenses		**-1,068**	**-967**	**-999**	**-901**
Profit before loan losses		**1,757**	**1,855**	**1,646**	**1,710**
Net loan losses	11	-381	-133	-313	-113
Impairment of securities held as financial non-current assets		-	-	-	-9
Operating profit		**1,376**	**1,722**	**1,333**	**1,588**
Income tax expense	12	-373	-389	-346	-355
Net profit for the year		**1,003**	**1,333**	**987**	**1,233**
Attributable to:					
Shareholders of Nordea Bank Finland Plc		1,001	1,331	987	1,233
Non-controlling interests		2	2	-	-
Total		**1,003**	**1,333**	**987**	**1,233**

Statement of comprehensive income

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Net profit for the year	**1,003**	**1,333**	**987**	**1,233**
Currency translation differences during the period	0	0	-	-
Available-for-sale investments:				
- Valuation gains/losses during the period	0	-1	0	-1
- Tax on valuation gains/losses during the period	0	0	0	0
- Transferred to profit or loss on sale for the period	0	-	0	-
- Tax on transfers to profit or loss on sale for the period	0	-	0	-
Other comprehensive income, net of tax	**0**	**-1**	**0**	**-1**
Total comprehensive income	**1,003**	**1,332**	**987**	**1,232**
Attributable to:				
Shareholders of Nordea Bank Finland Plc	1,001	1,330	987	1,232
Non-controlling interests	2	2	-	-
Total	**1,003**	**1,332**	**987**	**1,232**

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		8,004	906	8,004	906
Treasury bills	13	1,033	691	1,033	691
Loans to credit institutions	14	59,037	47,447	64,054	52,629
Loans to the public	14	65,723	68,293	60,053	62,479
Interest-bearing securities	15	7,873	4,929	7,873	4,929
Financial instruments pledged as collateral	16	1	0	1	0
Shares	17	1,052	982	1,048	981
Derivatives	18	74,520	85,662	74,520	85,662
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	141	157	141	157
Investments in group undertakings	20	-	-	338	309
Investments in associated undertakings	21	56	51	16	16
Intangible assets	22	69	59	64	53
Property and equipment	23, 24	143	117	54	54
Investment property	25	7	3	4	3
Deferred tax assets	12	17	15	13	13
Current tax assets	12	0	133	-	124
Retirement benefit assets	34	91	82	85	75
Other assets	26	3,029	9,532	3,014	9,507
Prepaid expenses and accrued income	27	369	902	235	824
Total assets		**221,165**	**219,961**	**220,550**	**219,412**
Liabilities					
Deposits by credit institutions	28	44,344	37,713	44,285	37,664
Deposits and borrowings from the public	29	44,256	45,279	44,354	45,366
Debt securities in issue	30	39,276	31,263	39,276	31,266
Derivatives	18	73,237	87,291	73,237	87,291
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	7	16	7	16
Current tax liabilities	12	129	341	128	340
Other liabilities	31	7,813	4,403	7,666	4,298
Accrued expenses and prepaid income	32	571	1,016	428	882
Deferred tax liabilities	12	44	39	-	-
Provisions	33	49	59	46	55
Retirement benefit obligations	34	30	28	30	28
Subordinated liabilities	35	437	1,238	437	1,238
Total liabilities		**210,193**	**208,686**	**209,894**	**208,444**
Equity					
Non-controlling interests		6	7	-	-
Share capital		2,319	2,319	2,319	2,319
Share premium reserve		599	599	599	599
Other reserves		2,848	2,941	2,848	2,848
Retained earnings		5,200	5,409	4,890	5,202
Total equity		**10,972**	**11,275**	**10,656**	**10,968**
Total liabilities and equity		**221,165**	**219,961**	**220,550**	**219,412**
Assets pledged as security for own liabilities	36	12,674	16,840	12,674	16,839
Other assets pledged	37	-	-	-	-
Contingent liabilities	38	17,084	17,119	17,350	17,377
Commitments	39	18,462	16,548	15,480	13,599

Other notes

Note 1 Accounting policies
Note 2 Segment reporting
Note 40 Classification of financial instruments
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Note 43 Obtained collaterals which are permitted to be sold or repledged
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Note 48 Nordea shares

Statement of changes in equity

Group

EURm	Share capital[1]	Share premium reserve	Available-for-sale investments (Other reserves)	Other reserves (Other reserves)	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc							
Balance at 1 Jan 2009	**2,319**	**599**	**0**	**2,941**	**5,409**	**11,268**	**7**	**11,275**
Total comprehensive income	-	-	0	0	1,001	1,001	2	**1,003**
Share-based payments[2]	-	-	-	-	1	1	-	**1**
Dividend for 2008	-	-	-	-	-1,301	-1,301	-	**-1,301**
Other changes[3]	-	-	-	-93	90	-4	-3	**-6**
Balance at 31 Dec 2009	**2,319**	**599**	**0**	**2,848**	**5,200**	**10,965**	**6**	**10,972**
Balance at 1 Jan 2008	**2,319**	**599**	**1**	**2,928**	**4,939**	**10,786**	**7**	**10,793**
Total comprehensive income	-	-	-1	0	1,331	1,330	2	**1,332**
Share-based payments[4]	-	-	-	-	1	1	-	**1**
Dividend for 2007	-	-	-	-	-850	-850	-	**-850**
Other changes	-	-	-	13	-12	1	-2	**-1**
Balance at 31 Dec 2008	**2,319**	**599**	**0**	**2,941**	**5,409**	**11,268**	**7**	**11,275**

Parent company

EURm	Share capital [1]	Share premium reserve	Available-for-sale investments (Other reserves)	Other reserves (Other reserves)	Retained earnings	Total equity
Balance at 1 Jan 2009	**2,319**	**599**	**0**	**2,848**	**5,202**	**10,968**
Total comprehensive income	-	-	0	-	987	**987**
Share-based payments[2]	-	-	-	-	2	**2**
Dividend for 2008	-	-	-	-	-1,301	**-1,301**
Balance at 31 Dec 2009	**2,319**	**599**	**0**	**2,848**	**4,890**	**10,656**
Balance at 1 Jan 2008	**2,319**	**599**	**1**	**2,848**	**4,818**	**10,585**
Total comprehensive income	-	-	-1	-	1,233	**1,232**
Share-based payments[4]	-	-	-	-	1	**1**
Dividend for 2007	-	-	-	-	-850	**-850**
Balance at 31 Dec 2008	**2,319**	**599**	**0**	**2,848**	**5,202**	**10,968**

[1] Total shares registered were 1,030.8 million (31 Dec 2008: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.
[2] Refers to the Long-Term Incentive Programmes (LTIP 2007, LTIP 2008 and LTIP 2009), see also note 8.
[3] Transfer of equity share of untaxed reserves from Other reserves to Retained earnings EUR 93m.
[4] Refers to the Long-Term Incentive Programmes (LTIP 2007 and LTIP 2008), see also note 8.

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

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription of shares in the Bank. At the end of 2009, the Bank held no authorisations given by the General Meeting for issuance or buybacks of shares, equity warrants or convertible bonds.

Cash flow statement

	Group		Parent company	
EURm	2009	2008	2009	2008
Operating activities				
Operating profit	1,376	1,722	1,333	1,588
Adjustments for items not included in cash flow	-834	-398	-873	-448
Income taxes paid	-450	-86	-433	-72
Cash flow from operating activities before changes in operating assets and liabilities	**92**	**1,238**	**27**	**1,068**
Changes in operating assets				
Change in treasury bills	736	707	736	707
Change in loans to credit institutions	-10,530	115	-10,382	-215
Change in loans to the public	2,158	-7,851	2,092	-7,495
Change in interest-bearing securities	210	1,860	210	1,860
Change in financial assets pledged as collateral	0	0	0	0
Change in shares	41	218	41	217
Change in derivatives, net	-1,950	1,363	-1,950	1,363
Change in investment properties	-3	1	0	0
Change in other assets	6,501	-8,118	6,493	-8,065
Changes in operating liabilities				
Change in deposits by credit institutions	6,631	10,931	6,621	10,927
Change in deposits and borrowings from the public	-1,023	3,570	-1,013	3,632
Change in debt securities in issue	8,013	1,628	8,010	1,628
Change in other liabilities	3,407	435	3,366	443
Cash flow from operating activities	**14,284**	**6,097**	**14,252**	**6,070**
Investing activities				
Acquisition of group undertakings	-	-	-30	-
Sale of group undertakings	0	-	1	13
Dividends from associated companies	1	1	-	-
Acquisition of investments in associated companies	-3	-7	-	-6
Sale of investments in associated companies	1	22	0	22
Acquisition of property and equipment	-58	-51	-11	-24
Sale of property and equipment	9	9	0	0
Acquisition of intangible assets	-18	-37	-19	-37
Sale of intangible assets	0	4	-	-
Investments in debt securities, held to maturity	-3,960	-4,036	-3,960	-4,036
Purchase/sale of other financial fixed assets	-6	-121	-6	-122
Cash flow from investing activities	**-4,034**	**-4,216**	**-4,025**	**-4,190**
Financing activities				
Issued subordinated liabilities	-	-	-	-
Amortised subordinated liabilities	-786	-64	-786	-64
Dividend paid	-1,300	-850	-1,300	-850
Other changes	-6	-1	1	0
Cash flow from financing activities	**-2,092**	**-915**	**-2,085**	**-914**
Cash flow for the year	**8,158**	**966**	**8,142**	**966**
Cash and cash equivalents at the beginning of year	16,400	15,433	16,397	15,431
Exchange rate difference	0	1	-	-
Cash and cash equivalents at the end of year	24,558	16,400	24,539	16,397
Change	**8,158**	**966**	**8,142**	**966**

Cash flow statement *cont.*

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Bank Finland'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 unrealised gains/losses 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	37	33	22	20
Impairment charges	-	0	-	9
Loan losses	413	145	335	117
Unrealised gains/losses	-1,340	-414	-1,337	-414
Capital gains/losses (net)	-1	-2	0	0
Change in accruals and provisions	79	-92	125	-111
Translation differences	0	1	0	0
Other	-15	-69	-18	-69
Total	**-827**	**-398**	**-872**	**-448**

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	2,972	5,721	2,782	5,510
Interest expenses paid	-1,900	-3,944	-1,898	-3,941

Cash and cash equivalents

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Cash and balances with central banks	8,004	906	8,004	906
Loans to credit institutions, payable on demand	16,554	15,494	16,535	15,491
	24,558	**16,400**	**24,539**	**16,397**

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.

Notes to the financial statements

Note 1 Accounting policies

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1. Basis for presentation

NBF's 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 Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervision Authority's Regulations and Guidelines and the Decision of the Ministry of Finance on the financial statements and consolidated statements of credit institutions 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 26 February 2010 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 9 March 2010.

2. Comparative figures

The comparative figures for 2008 include no material changes.

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) 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 47 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 above mentioned revised and amended standards, improvements and new interpretation not yet adopted are not, in the period of initial application or in 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
- 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 10 "Determination of fair value of financial instruments" and Note 41 "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 15 "Intangible assets" and Note 22 "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 13 "Loans to the public/credit institutions" and Note 14 "Loans and their impairment".

Actuarial calculations of pension liabilities and plan assets related to employees
The Projected Benefit Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. These calculations are based on a number of actuarial and financial parameters. 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 34 "Retirement benefit obligations".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at market price 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 34 "Retirement benefit obligations".

See also the separate section 19 “Pensions to employees” and Note 34 “Retirement benefit obligations”.

Claims in civil lawsuits

Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note 38 “Contingent liabilities”.

5. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank Finland Plc 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. 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 NBF 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 NBF 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 NBF.

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 NBF 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 NBF’s behalf or if NBF 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. NBF consolidates all SPEs where NBF has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that NBF 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 NBF has created is limited. The SPEs that are consolidated in the Group are further described in Note 20 "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 Finland Plc. 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 statement 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.

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 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, 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

"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).

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 NBF'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 NBF.

The change in NBF´s share of the net assets is based on the external reporting provided by the associates and affects the financial statements of NBF in the period in which the information is available.

Other operating income

Net gains from divestments of shares in subsidiaries and associates and 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 12 "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 13 "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. 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 NBF, i.e. on settlement date.

In some cases, NBF 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 security lending agreements and repurchase agreements, for example.

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 NBF performs, for example when NBF repays a deposit to the counterpart, i e on the settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within section 12 "Financial instruments", as well as Note 43 "Obtained collaterals which are permitted to be sold or repledged".

8. Translation of assets and liabilities denominated in foreign currencies

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

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

Exchange differences arising from 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".

9. 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. NBF applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities.

The hedge accounting policy within NBF has been developed to fulfil the requirements set out in IAS 39. NBF 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 NBF'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

NBF currently applies only fair value hedge accounting.

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 NBF'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".

Hedging instruments

The hedging instruments used in NBF 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 NBF 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 NBF 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.

10. 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. NBF 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)

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. NBF 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)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for model risk comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available
- Sensitivity calculations where unobservable parameters are varied to take other reasonable values

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

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, NBF considers data that can be collected from generally available external sources and 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

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 41 "Assets and liabilities at fair value".

The valuation models applied by NBF 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 41 "Assets and liabilities at fair value".

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where 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 12 "Financial instruments".

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

12. Financial instruments

Classification of financial instruments

Each financial instrument 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. The classification of financial instruments in NBF's balance sheet is presented in the note 40 "Classification of financial instruments".

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 consist of some shares and interest bearing securities.

NBF 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 13 "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.

NBF 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 13 "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 (see section 12 "Financial instruments") 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 for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised 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 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".

13. Loans to the public/credit institutions

Financial instruments categorised within “Loans and receivables” are measured at amortised cost (see also the separate section 7 “Recognition and derecognition of financial instruments in the balance sheet” as well as Note 40 ”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 downrated due to estimated decreases in cashflows. 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 NBF, for other reasons, deems 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 NBF 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 NBF. For example a property taken over, not held for NBF'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 is 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 classified as Available for sale (see section 12 "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.

14. Leasing

NBF as lessor
Finance leases
NBF'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 NBF's depreciation policy for similar assets and reported as depreciation on property and equipment in the income statement.

NBF as lessee
Finance leases
No leases in NBF have been classified as finance leases.

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 that NBF 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 NBF'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.

15. Intangible assets

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

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of NBF'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.

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.

16. Property and equipment

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

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.

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.

17. Investment property

Investment properties are primarily properties held to earn rent and capital appreciation. Investment properties are measured at fair value. The best evidence of a fair value is normally given by current prices on an active market for similar property in the same location and condition. In the absence of current prices on an active market, discounted cash flow projections based on reliable estimates of future cash flows are used.

Net rental income is reported in the item “Other operating 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”.

18. 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.

19. 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. 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.

Certain Finnish plans are based on defined contribution arrangements that hold no pension liability for NBF. NBF 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 34 “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.

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Finland Plc.

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, NBF's share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

Treasury shares
NBF does not hold its own shares.

Contracts on Nordea shares that can be settled net in cash are either a financial asset or financial liability.

21. 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".

22. Share-based payment

Nordea Bank AB (publ) 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 Nordea's service 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.

For more information see Note 8 "Staff costs".

23. Related party transactions

NBF 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 NBF. Nordea and its group companies are considered as having such significant influence.

Group undertakings

For the definition of Group undertakings see section 5 “Principles of consolidation”. Further information on the undertakings included in the Bank Group is found in Note 20 “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 Bank Group is found in Note 21 “Investments in associated undertakings”.

Key management personnel

Key management personnel include the following positions:

- The Board of Directors of NBF and of Nordea Bank AB (publ)
- 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 NBF’s pension foundations.

Information concerning transactions between NBF and other related parties is found in Note 45 “Related-party transactions”.

24. Segment reporting

Segment reporting structure

Within Nordea, customer responsibility is fundamental. NBF’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 as well as Shipping, Oil Services & International. The customer operations which are not included in these segments are included in Other operating segments (International Private Banking & Funds 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.

Note 2 Segment reporting

Group

Operating segments

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
Net interest income	789	1,146	103	99	7	14	66	57
Net fee and commission income	466	416	35	38	34	41	11	16
Net gains/losses on items at fair value	148	131	19	14	44	49	16	10
Profit from companies accounted for under the equity method	4	-4	-	-	-	-	-	-
Other income	3	3	1	1	24	2	1	1
Total operating income	**1,410**	**1,692**	**158**	**152**	**109**	**106**	**94**	**84**
Staff costs	-317	-293	-29	-29	-9	-9	-24	-23
Other expenses	-495	-475	-40	-29	-27	-27	7	6
Depreciation, amortisation and impairment charges of tangible and intangible assets	-3	-4	-3	-2	0	0	-1	-1
Total operating expenses	**-815**	**-772**	**-72**	**-60**	**-36**	**-36**	**-18**	**-18**
Net loan losses	-185	-66	-138	-32	-10	-14	-7	1
Operating profit	**410**	**854**	**-52**	**60**	**63**	**56**	**69**	**67**
Income tax expense	-	-	-	-	-	-	-	-
Net profit for the year	**410**	**854**	**-52**	**60**	**63**	**56**	**69**	**67**
Balance sheet, EURm								
Loans to the public	46,365	47,073	7,046	7,340	2	8	6,124	7,209
Deposits and borrowings from the public	35,668	33,951	2,041	1,774	1,046	768	4,278	4,361

Group

Operating segments

Income statement, EURm	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	14	8	979	1,324	224	487	1,202	1,812
Net fee and commission income	-109	-117	437	394	-196	-180	241	215
Net gains/losses on items at fair value	1,076	602	1,303	806	22	-36	1,325	770
Profit from companies accounted for under the equity method	-	-	4	-4	0	0	4	-4
Other income	0	-1	29	6	24	24	53	29
Total operating income	**981**	**492**	**2,752**	**2,526**	**74**	**295**	**2,825**	**2,822**
Staff costs	-68	-64	-447	-418	-152	-118	-599	-537
Other expenses	-200	-148	-755	-673	323	276	-432	-397
Depreciation of tangible and intangible assets	0	0	-7	-7	-31	-26	-37	-33
Total operating expenses	**-268**	**-212**	**-1,209**	**-1,098**	**140**	**132**	**-1,068**	**-967**
Net loan losses	0	0	-340	-111	-41	-22	-381	-133
Operating profit	**713**	**280**	**1,203**	**1,317**	**173**	**405**	**1,376**	**1,722**
Income tax expense	-	-	-	-	-373	-389	-373	-389
Net profit for the year	**713**	**280**	**1,203**	**1,317**	**-200**	**16**	**1,003**	**1,333**
Balance sheet, EURm								
Loans to the public	-	-	59,537	61,630	6,185	6,664	65,723	68,293
Deposits and borrowings from the public	-	-	43,033	40,854	1,224	4,425	44,256	45,279

Reconciliation between total operating segments and financial statements

2009

EURm	Total operating income	Operating profit	Loans to the public	Deposits and borrowings from the public
Total Operating segments	2,752	1,203	59,537	43,033
Group functions[1]	85	173	6,306	1,246
Unallocated items	-	-	-	-
Eliminations	-12	0	-120	-23
Total	**2,825**	**1,376**	**65,723**	**44,256**

2008

EURm	Total operating income	Operating profit	Loans to the public	Deposits and borrowings from the public
Total Operating segments	2,526	1,317	61,630	40,854
Group functions[1]	307	405	6,783	4,448
Unallocated items	-	-	-	-
Eliminations	-11	0	-120	-23
Total	**2,822**	**1,722**	**68,293**	**45,279**

[1] Consists of Group Management Secretariat, Group Internal Audit, Group Credit and Risk Control, Human Resources and Group Identity and Communications.

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.

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 NBF's largest customer area and serves household customers and corporate customers in the Finnish 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 and Lithuania. 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 Bank Finland's financial institution services include single products such as funds, equity products etc 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. Nordea provides tailormade solutions and syndicated loan transactions within this area.

Group

Total operating income split on product groups

EURm	2009	2008
Banking products	1,858	2,120
Capital Markets products	990	522
Savings Products & Asset Management	18	25
Life & Pensions	7	3
Other	-48	152
Total	**2,825**	**2,822**

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 invest 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 Advice is a service provided to support the customers investment decision. Nordea Life & Pensions provides life insurance and pension products and services.

Group

Geographical information

	Total operating income		Assets	
EURm	2009	2008	2009	2008
Sweden	26	90	3,288	5,673
Finland	1,587	2,051	95,347	124,601
Norway	178	161	5,097	6,549
Denmark	628	126	63,329	40,747
Baltic countries	157	154	8,146	9,093
Poland	1	1	60	50
Russia	-	-	-	-
Other	248	239	45,899	33,247
Total	**2,825**	**2,822**	**221,165**	**219,961**

Nordea Bank Finland's main geographical market comprises the Nordic countries, the Baltic countries and Poland. Revenues and assets are distributed to geographical areas based on the location of the legal entities. Assets comprises investments in associated undertakings, intangible assets, tangible assets and investment property. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Note 3 Net interest income

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Interest income				
Loans to credit institutions	610	2,171	731	2,400
Loans to the public	2,002	3,317	1,671	2,880
Interest-bearing securities	140	193	140	193
Other interest income	-60	13	-60	13
Interest income	**2,692**	**5,694**	**2,482**	**5,486**
Interest expense				
Deposits by credit institutions	-453	-1,429	-451	-1,425
Deposits and borrowings from the public	-496	-1,183	-496	-1,184
Debt securities in issue	-376	-1,106	-376	-1,106
Subordinated liabilities	-37	-71	-37	-71
Other interest expense	-128	-93	-128	-93
Interest expense	**-1,490**	**-3,882**	**-1,488**	**-3,879**
Net interest income	**1,202**	**1,812**	**994**	**1,607**

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 2,655m (5,612) for the Group and EUR 2,445m (5,405) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR -1,364m (-3,791) for the Group and EUR -1,361m (-3,788) for the parent company. The net interest income from derivatives, measured at fair value and related to NBF's funding, decreases the total interest expense. For further information see also Note 1.

Net interest income

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Interest income	2,582	5,561	2,482	5,486
Leasing income, net	110	133	-	-
Interest expenses	-1,490	-3,882	-1,488	-3,879
Total	**1,202**	**1,812**	**994**	**1,607**

All interest income and interest expense related to Markets are presented on the same income line as revaluation effects from financial instruments at fair value, i e “Net gains/losses on items at fair value”, instead of being reported within “Net interest income”. For further information, see Note 1.

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2009	2008	2009	2008
Asset Management commissions	31	40	31	40
Life insurance	10	7	10	7
Brokerage	25	21	25	21
Custody	35	48	35	48
Deposits	5	5	5	5
Total savings related commissions	106	121	106	121
Payments	165	149	166	150
Cards	61	47	38	25
Total payment commissions	226	196	204	175
Lending	83	78	67	61
Guarantees and documentary payments	117	86	119	88
Total lending related to commissions	200	164	186	149
Other commission income	79	64	77	62
Fee and commission income	**611**	**545**	**573**	**507**
Payment expenses	-72	-63	-49	-42
Other commission expenses	-298	-267	-306	-266
Fee and commission expenses	**-370**	**-330**	**-355**	**-308**
Net fee and commission income	**241**	**215**	**218**	**199**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounts to EUR 87m (83) for the Group and EUR 72m (66) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounts to EUR 66m (68) for the Group and EUR 66m (68) for the parent company.

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	22	85	18	85
Interest-bearing securities and other interest-related instruments	929	377	929	377
Other financial instruments	131	13	131	13
Foreign exchange gains/losses	244	296	244	295
Investment properties	-1	-1	-1	-1
Total	**1,325**	**770**	**1,321**	**769**

Net gains/losses for categories of financial instruments

	Group		Parent company	
EURm	2009	2008	2009	2008
Available for sale assets, realised	0	2	0	2
Financial instruments designated at fair value through profit or loss	253	280	250	280
Financial instruments held for trading[1]	1,077	491	1,076	491
Financial instruments under hedge accounting	-4	-4	-4	-4
- of which net gains/losses on hedging instruments	-27	-82	-27	-82
- of which net gains/losses on hedged items	23	78	23	78
Other	-1	1	-1	0
Total	**1,325**	**770**	**1,321**	**769**

[1] Deferred day one profits amounted to EUR 51m for 2009 (-7) both in the Group and parent company.

Note 6 Dividends

	Group		Parent company	
EURm	2009	2008	2009	2008
Investments in group undertakings	-	-	51	1
Investments in associated undertakings	-	-	1	1
Total	**-**	**-**	**52**	**2**

Note 7 Other operating income

	Group		Parent company	
EURm	2009	2008	2009	2008
Divestment of shares	-	-	-	-
Income from real estate	4	4	7	7
Disposals of tangible and intangible assets	0	0	0	0
Other	49	25	53	27
Total	**53**	**29**	**60**	**34**

Note 8 Staff costs

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Salaries and remuneration	-442	-429	-405	-392
Pension costs (specification below)	-66	-36	-60	-31
Social insurance contributions	-35	-38	-32	-35
Allocation to profit-sharing foundation	-31	-8	-30	-7
Other staff costs	-25	-26	-23	-24
Total	**-599**	**-537**	**-550**	**-489**

	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Pension costs:				
Defined benefit plans (Note 34)	-5	9	-5	8
Defined contribution plans	-61	-45	-55	-39
Total	**-66**	**-36**	**-60**	**-31**

Compensation etc to the Board of Directors, President and his deputy

The members of the Board of Directors of Nordea Bank Finland Plc, the President and his deputy are all members of the Nordea Bank AB (publ) Group Executive Management. In 2009 Nordea Bank AB (publ) has paid all salaries, fees, pension- and other staff-related expenses to the above mentioned members and deputies of the administrative and controlling boards. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation -expenses.

Information on salaries, loans and pension liabilities is presented in the Annual Report of Nordea Bank AB (publ).

EURm	2009	2008
Loans granted by Nordea Bank Finland Plc		
To members and deputy members of the Board of Directors	0	0
of whom to the President and his deputy	0	0

Terms and conditions regarding loans to members of the Board of Directors to President and his deputy are decided in accordance with instructions issued by the Board of Directors.

Guarantees and other off-balance sheet commitments

No guarantees or other off-balance sheet commitments have been granted to members of administrative or controlling boards or to auditors. The members of the administrative and controlling boards have no holdings of shares, equity warrants or convertible bonds issued by Nordea Bank Finland Plc.

Loans to key management personnel

Loans to key management personnel amounted to EUR 1m (1) in the Group and EUR 0m (1) in the parent company. Interest income on these loans amounted to EUR 0m (0) in the Group and EUR 0m (0) in the parent company.

Terms and conditions regarding loans for key management personnel employed by Nordea are decided in accordance with instructions issued by the Board of Directors. Loans and receivables to family members of key management personnel are granted on normal market terms, as well as loans and receivables to key management personnel who are not employees of Nordea. 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.

The Group has not pledged any assets or other collateral or committed itself to contingent liabilities on behalf of any member of the key management personnel.

Share-based payment

Group			2009	
Conditional Rights LTIP 2009		A Rights	B-C Rights	D Rights
Granted		281,849	563,698	281,849
Forfeited		-6,728	-6,728	-6,728
Outstanding at end of year		**275,121**	**556,970**	**275,121**
Of which currently exercisable		-	-	-

Parent company			2009	
Conditional Rights LTIP 2009		A Rights	B-C Rights	D Rights
Granted		277,520	555,040	277,520
Forfeited		-6,728	-6,728	-6,728
Outstanding at end of year		**270,792**	**548,312**	**270,792**
Of which currently exercisable		-	-	-

Group		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	89,496	89,496	89,496	-	-	-
Granted	-	-	-	92,284	184,568	92,284
Forfeited	-1,805	-1,805	-19,343	-2,788	-95,072	-2,788
Outstanding at end of year	**87,691**	**87,691**	**70,153**	**89,496**	**89,496**	**89,496**
Of which currently exercisable	-	-	-	-	-	-

Parent company		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	88,120	88,120	88,120	-	-	-
Granted	-	-	-	90,908	181,816	90,908
Forfeited	-1,805	-1,805	-19,068	-2,788	-93,696	-2,788
Outstanding at end of year	**86,315**	**86,315**	**69,052**	**88,120**	**88,120**	**88,120**
Of which currently exercisable	-	-	-	-	-	-

Group		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	78,732	76,993	78,732	86,112	170,304	86,112
Forfeited	-	-	-	-7,380	-93,311	-7,380
Exercised	-64,113	-63,980	-54,560	-	-	-
Outstanding at end of year	**14,619**	**13,013**	**24,172**	**78,732**	**76,993**	**78,732**
Of which currently exercisable	14,619	13,013	24,172	-	-	-

Parent company		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	77,495	75,783	77,495	84,875	167,857	84,875
Forfeited	-	-	-	-7,380	-92,074	-7,380
Exercised	-62,876	-62,770	-53,323	-	-	-
Outstanding at end of year	**14,619**	**13,013**	**24,172**	**77,495**	**75,783**	**77,495**
Of which currently exercisable	14,619	13,013	24,172	-	-	-

Long-Term Incentive Programmes

In May 2007, May 2008 and May 2009 the parent company Nordea Bank AB (publ) issued Share-based Payment Programs named "Long Term Incentive Programme 2007" (LTIP 2007), "Long Term Incentive Programme 2008" (LTIP 2008) and "Long Term Incentive Programme 2009" (LTIP 2009). Participation in the Long-Term Incentive Programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

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

	LTIP 2008[1]			LTIP 2007[1]		
	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Ordinary share per right	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price	EUR 2.30	EUR 1.53	EUR 1.53	EUR 2.53	EUR 1.00	EUR 1.00
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period	24 months	24 months	24 months	24 months	24 months	24 months
Contractual life	48 months	48 months	48 months	48 months	48 months	48 months
First day of exercise	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date	EUR 7.53	EUR 8.45	EUR 4.14	EUR 8.76	EUR 10.49	EUR 7.76

[1] The new rights issue, which was resolved in 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 then 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 comprises growth in total shareholder return (TSR) in comparison with a peer group's TSR.

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

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

	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 with 10% 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	29.00%	21.00%	20.00%

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 has been taken into consideration when calculating the right's fair value at grant.

Note 8 *Staff costs, cont.*

Expenses

	Group			Parent company		
EURm	LTIP 2009	LTIP 2008[1]	LTIP 2007[1]	LTIP 2009	LTIP 2008[1]	LTIP 2007[1]
Expected expense	4.9	2.3	0.5	4.9	2.2	0.5
- of which social security	0.0	0.0	0.0	0.0	0.0	0.0
Maximum expense	7.2	3.4	0.6	7.1	3.3	0.6
- of which social security	0.0	0.0	0.0	0.0	0.0	0.0
Total expense 2009	0.5	0.8	2.1	0.5	0.8	2.1
- of which social security	0.0	0.0	0.0	0.0	0.0	0.0
Total expense 2008	-	0.5	0.9	-	0.5	0.9
- of which social security	-	0.0	0.0	-	0.0	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.

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 expense is recognised in each sub-group and entity, applying the IFRS accounting standard, with a counter entry in equity. The recognition is based on the total number of matching shares bought by the participants in each sub-group or entity. The expected expense are expensed over the vesting period of 24 months.

Average number of employees

	Group		Parent company	
	2009	2008	2009	2008
Full-time employees	9,566	9,640	8,734	8,757
Part-time employees	586	772	516	684
Total	**10,152**	**10,412**	**9,250**	**9,441**
Total number of employees (FTEs), end of period	**9,218**	**9,634**	**8,454**	**8,754**

Note 9 Other expenses

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Information technology [1]	-146	-127	-165	-145
Marketing	-25	-32	-22	-29
Postage, telephone and office expenses	-41	-41	-35	-34
Rents, premises and real estate	-86	-85	-85	-84
Divestment of shares	0	-	0	-
Disposals of tangible and intangible assets	-1	-	0	-
Other [2]	-133	-112	-120	-100
Total	**-432**	**-397**	**-427**	**-392**

[1] Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc., were EUR 199m EUR (175) in the Group and EUR 185m (161) in the parent company.
[2] Including fees and remuneration to auditors.

Auditors' fees

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
KPMG				
Auditing assignments	-1	-1	-1	-1
Tax advisory services	0	0	0	0
Other assignments incl audit-related services	0	0	0	0
Ernst & Young				
Auditing assignments	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments incl audit-related services	0	0	0	0
Deloitte				
Auditing assignments	-	-	-	-
Tax advisory services	0	-	0	-
Other assignments incl audit-related services	0	0	0	0
PriceWaterhouseCoopers				
Auditing assignments	0	0	-	-
Tax advisory services	0	0	0	0
Other assignments incl audit-related services	-2	0	-2	0
Other				
Auditing assignments	-	-	-	-
Tax advisory services	0	-	0	-
Other assignments incl audit-related services	0	0	0	0
Total	**-3**	**-1**	**-3**	**-1**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Property and equipment (Note 23)				
Equipment	-28	-28	-14	-16
Buildings	0	0	0	0
Intangible assets (Note 22)				
Goodwill	0	0	-	-
Internally developed software	-7	-4	-7	-4
Other intangible assets	-2	-1	-1	0
Total	**-37**	**-33**	**-22**	**-20**

Impairment charges / Reversed impairment charges

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Property and equipment (Note 23)				
Equipment	-	-	-	-
Buildings	-	-	-	-
Total	**-**	**-**	**-**	**-**
Intangible assets (Note 22)				
Goodwill	0	0	-	-
Internally developed software				
Other intangible assets	0	-	-	-
Total	**0**	**0**	**-**	**-**
Total	**-37**	**-33**	**-22**	**-20**

Note 11 Loan losses

	Group		Parent company	
EURm	2009	2008	2009	2008
Net loan losses divided by class				
Loans to credit institutions	**-9**	**-14**	**-9**	**-14**
- of which provisions	-10	-15	-10	-15
- of which write-offs	-	-	-	-
- of which allowances used for covering write-offs	-	-	-	-
- of which reversals	1	1	1	1
- of which recoveries	-	-	-	-
Loans to the public	**-399**	**-102**	**-331**	**-81**
- of which provisions	-417	-157	-361	-138
- of which write-offs	-104	-26	-73	-7
- of which allowances used for covering write-offs	39	20	34	16
- of which reversals	52	49	47	44
- of which recoveries	31	12	22	4
Off-balance sheet items[1]	**27**	**-17**	**27**	**-18**
- of which provisions	-1	-18	-1	-19
- of which write-offs	-	-	-	-
- of which allowances used for covering write-offs	-	-	-	-
- of which reversals	28	1	28	1
- of which recoveries	-	-	-	-
Total	**-381**	**-133**	**-313**	**-113**
Specification of Net loan losses				
Changes of allowance accounts in the balance sheet	**-347**	**-139**	**-296**	**-125**
- of which Loans, individually assessed[2]	-232	-94	-189	-82
- of which Loans, collectively assessed[2]	-142	-27	-134	-25
- of which Off-balance sheet items, individually assessed[1]	0	-1	0	-1
- of which Off-balance sheet items, collectively assessed[1]	27	-17	27	-17
Changes directly recognised in the income statement	**-34**	**6**	**-17**	**12**
- of which realised loan losses, individually assessed	-65	-6	-39	8
- of which realised loan losses, collectively assessed	-	-	-	-
- of which realised recoveries, individually assessed	31	12	22	4
- of which realised recoveries, collectively assessed	-	-	-	-
Total	**-381**	**-133**	**-313**	**-113**

[1] Included in Note 33 Provisions.

[2] Included in Note 14 Loans and their impairment

Key ratios

	Group		Parent company	
	2009	2008	2009	2008
Loan loss ratio, basis points[3]	56	22	50	20
- of which individual	39	15	33	13
- of which collective	17	7	17	8

[3] Net loan losses divided by opening balance of loans to the public (lending).

Note 12 Taxes

Income tax expense

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Current tax	-370	-261	-346	-234
Deferred tax	-3	-128	0	-121
Total	**-373**	**-389**	**-346**	**-355**

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

EURm	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Profit before tax	1,376	1,722	1,333	1,588
Tax calculated at a tax rate of 26%	-358	-448	-347	-413
Tax charges not related to profit	0	-	-	-
Income from associated undertakings	1	-	-	-
Other direct taxes	0	0	0	0
Tax-exempt income	2	3	14	3
Non-deductible expenses	-11	-6	-5	-6
Adjustments relating to prior years	3	1	3	0
Income tax due to tax assets previously not recognised	1	68	-	68
Change of tax rate	-	-	-	-
Not creditable foreign taxes	-10	-7	-10	-7
Tax charge	**-372**	**-389**	**-345**	**-355**
Average effective tax rate	27%	23%	26%	22%

Deferred tax

	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	-2	-196	0	-190
Deferred tax due to change of tax rate	-	-	-	-
Deferred tax due to tax assets previously not recognised	0	68	-	68
Income tax expense, net	**-2**	**-128**	**0**	**-122**
Deferred tax assets				
Deferred tax asset due to tax losses carry-forward	0	0	-	-
Deferred tax assets due to temporary differences	17	15	13	13
Offset against tax liabilities	-	-	-	-
Total	**17**	**15**	**13**	**13**
Of which expected to be settled after more than 1 year	0	15	0	13
Deferred tax liabilities				
Deferred tax liabilities due to untaxed reserves	35	33	-	-
Deferred tax liabilities due to temporary differences	9	6	-	-
Offset against tax assets	-	-	-	-
Total	**44**	**39**	**-**	**-**
Of which expected to be settled after more than 1 year	44	39	-	-

Note 12 *Taxes, cont.*

	Group		Parent company	
EURm	2009	2008	2009	2008
Deferred tax assets (+)/liabilities (-), net				
Deferred tax assets due to tax losses carry-forward	0	0	-	-
Deferred tax assets/liabilities in untaxed reserves	-35	-33	-	-
Deferred tax assets/liabilities in loans to the public	9	9	15	14
Deferred tax assets/liabilities in financial instruments	-	0	-	0
Deferred tax assets/liabilities in property and equipment	7	10	6	9
Deferred tax assets/liabilities in investment property	-	0	-	-
Deferred tax assets/liabilities in retirement benefit obligations	-12	-14	-12	-14
Deferred tax assets/liabilities in provisions	5	4	4	4
Deferred tax assets/liabilities, net	**-26**	**-24**	**13**	**13**

Movements in deferred tax assets/liabilities, net, are as follows:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Acquisitions and others	-	1	-	0
Deferred tax in the income statement	-3	-128	0	-121
At the end of the year	**-3**	**-127**	**0**	**-121**

There were no unrecognised deferred tax assets in the Group nor in the parent company in 2009 or 2008.

There was no deferred tax relating to temporary differences associated with investments in group undertakings, associated undertakings and joint ventures.

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

Note 13 Treasury bills

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
State and sovereigns	1,033	691	1,033	691
Municipalities and other public bodies	0	0	0	0
Total	**1,033**	**691**	**1,033**	**691**

All bills are subject to variable interest rate risk.

Of which Financial instruments pledged as collateral (Note 16)	-	-	-	-
Total	**1,033**	**691**	**1,033**	**691**

Note 14 Loans and their impairment

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Loans, not impaired	123,723	115,201	123,212	114,664
Impaired loans	1,801	971	1,570	833
- Performing	937	608	878	573
- Non-performing	864	363	692	260
Loans before allowances	**125,524**	**116,172**	**124,782**	**115,497**
Allowances for individually assessed impaired loans	-447	-258	-375	-223
- Performing	-223	-168	-164	-144
- Non-performing	-224	-90	-211	-79
Allowances for collectively assessed impaired loans	-316	-174	-300	-166
Allowances	**-763**	**-432**	**-675**	**-389**
Loans, carrying amount	**124,761**	**115,740**	**124,107**	**115,108**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Loans, not impaired	59,038	47,435	64,055	52,617
Impaired loans	24	27	24	27
- Performing	-	27	-	27
- Non-performing	24	-	24	-
Loans before allowances	**59,062**	**47,462**	**64,079**	**52,644**
Allowances for individually assessed impaired loans	-25	-14	-25	-14
- Performing	-	-14	-	-14
- Non-performing	-25	-	-25	-
Allowances for collectively assessed impaired loans	0	-1	0	-1
Allowances	**-25**	**-15**	**-25**	**-15**
Loans, carrying amount	**59,037**	**47,447**	**64,054**	**52,629**

	The public[1]			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Loans, not impaired	64,685	67,766	59,157	62,047
Impaired loans	1,776	944	1,546	806
- Performing	937	581	878	546
- Non-performing	839	363	668	260
Loans before allowances	**66,461**	**68,710**	**60,703**	**62,853**
Allowances for individually assessed impaired loans	-422	-244	-350	-209
- Performing	-223	-154	-164	-130
- Non-performing	-199	-90	-186	-79
Allowances for collectively assessed impaired loans	-316	-173	-300	-165
Allowances	**-738**	**-417**	**-650**	**-374**
Loans, carrying amount	**65,723**	**68,293**	**60,053**	**62,479**

[1] Finance leases, where the NBF is a lessor, are included in Loans to the public, see Note 24 Leasing.

Reconciliation of allowance accounts for impaired loans[2]

	Total					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2009	**-258**	**-174**	**-432**	**-223**	**-166**	**-389**
Provisions	-257	-171	-428	-209	-162	-371
Reversals	24	29	53	20	28	48
Changes through the income statement	**-233**	**-142**	**-375**	**-189**	**-134**	**-323**
Allowances used to cover write-offs	39	-	39	34	-	34
Currency translation differences and reclassifications	5	0	5	3	0	3
Closing balance at 31 Dec 2009	**-447**	**-316**	**-763**	**-375**	**-300**	**-675**
Opening balance at 1 Jan 2008	**-186**	**-140**	**-326**	**-153**	**-140**	**-293**
Provisions	-138	-34	-172	-121	-31	-152
Reversals	44	7	51	39	6	45
Changes through the income statement	**-94**	**-27**	**-121**	**-82**	**-25**	**-107**
Allowances used to cover write-offs	20	-	20	16	-	16
Currency translation differences and reclassifications[3]	2	-7	-5	-4	-1	-5
Closing balance at 31 Dec 2008	**-258**	**-174**	**-432**	**-223**	**-166**	**-389**

	Credit institutions					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2009	**-14**	**-1**	**-15**	**-14**	**-1**	**-15**
Provisions	-11	0	-11	-11	0	-11
Reversals	-	1	1	-	1	1
Changes through the income statement	**-11**	**1**	**-10**	**-11**	**1**	**-10**
Allowances used to cover write-offs	-	-	-	-	-	-
Currency translation differences and reclassifications	-	-	-	-	-	-
Closing balance at 31 Dec 2009	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Opening balance at 1 Jan 2008	**-**	**-2**	**-2**	**-**	**-2**	**-2**
Provisions	-14	0	-14	-14	0	-14
Reversals	0	1	1	-	1	1
Changes through the income statement	**-14**	**1**	**-13**	**-14**	**1**	**-13**
Allowances used to cover write-offs	-	-	-	-	-	-
Currency translation differences and reclassifications[3]	-	-	-	-	-	-
Closing balance at 31 Dec 2008	**-14**	**-1**	**-15**	**-14**	**-1**	**-15**

	The public					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2009	**-244**	**-173**	**-417**	**-209**	**-165**	**-374**
Provisions	-246	-171	-417	-198	-162	-360
Reversals	24	28	52	20	27	47
Changes through the income statement	**-222**	**-143**	**-365**	**-178**	**-135**	**-313**
Allowances used to cover write-offs	39	-	39	34	-	34
Currency translation differences and reclassifications	5	0	5	3	0	3
Closing balance at 31 Dec 2009	**-422**	**-316**	**-738**	**-350**	**-300**	**-650**
Opening balance at 1 Jan 2008	**-186**	**-138**	**-324**	**-153**	**-138**	**-291**
Provisions	-124	-34	-158	-107	-31	-138
Reversals	44	6	50	39	5	44
Changes through the income statement	**-80**	**-28**	**-108**	**-68**	**-26**	**-94**
Allowances used to cover write-offs	20	-	20	16	-	16
Currency translation differences and reclassifications[3]	2	-7	-5	-4	-1	-5
Closing balance at 31 Dec 2008	**-244**	**-173**	**-417**	**-209**	**-165**	**-374**

[2] See Note 11 Loan losses.

[3] Mainly reclassification to off-balance sheet items

Note 14 *Loans and their impairment, cont.*

Allowances and provisions

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Allowances for items in the balance sheet	-763	-432	-675	-389
Provisions for off balance sheet items	-22	-47	-22	-47
Total allowances and provisions	**-785**	**-479**	**-697**	**-436**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Allowances for items in the balance sheet	-25	-15	-25	-15
Provisions for off balance sheet items	-15	-43	-15	-43
Total allowances and provisions	**-40**	**-58**	**-40**	**-58**

	The public			
EURm				
Allowances for items in the balance sheet	-738	-417	-650	-374
Provisions for off balance sheet items	-7	-4	-7	-4
Total allowances and provisions	**-745**	**-421**	**-657**	**-378**

Key ratios	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2009	2008	2009	2008
Impairment rate, gross[4], basis points	143	84	126	72
Impairment rate, net[5], basis points	108	61	96	53
Total allowance ratio[6], basis points	61	37	54	34
Allowances in relation to impaired loans[7], %	25	27	24	27
Total allowances in relation to impaired loans[8], %	42	44	43	47
Non-performing loans, not impaired[9], EURm	89	13	89	13

[4] Individually assessed impaired loans before allowances divided by total loans before allowances.
[5] Individually assessed impaired loans after allowances divided by total loans before allowances.
[6] Total allowances divided by total loans before allowances.
[7] Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
[8] Total allowances divided by total impaired loans before allowances.
[9] Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 15 Interest-bearing securities

	Group[1]		Parent company[1]	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Issued by public bodies	33	57	33	57
Issued by other borrowers	7,840	4,872	7,840	4,872
Total	**7,873**	**4,929**	**7,873**	**4,929**
Listed securities	6,097	3,092	6,097	3,092
Unlisted securities	1,776	1,837	1,776	1,837
Total	**7,873**	**4,929**	**7,873**	**4,929**

[1]Of which EUR 6,717m (4,176) held at amortised cost with a nominal amount of EUR 6,717m (4,374).

Of which Financial instruments pledged as collateral (Note 16)	-	-	-	-
Total	**7,873**	**4,929**	**7,873**	**4,929**

Note 16 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	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Repurchase agreements	-	-	-	-
Securities lending agreements	1	0	1	0
Total	**1**	**0**	**1**	**0**

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 NBF 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	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Repurchase agreements	-	-	-	-
Securities lending agreements				
Shares	1	0	1	0
Securitisations	-	-	-	-
Total	**1**	**0**	**1**	**0**

Note 16 *Financial instruments pledged as collateral, cont.*

Liabilities associated with the assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Repurchase agreements	-	-	-	-
Securities lending agreements	-	-	-	-
Securitisations	-	-	-	-
Total	-	-	-	-

Note 17 Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Shares held for trading	1,029	958	1,029	958
Shares designated at fair value through profit or loss	24	24	20	23
- of which shares taken over for protection of claims	0	-	0	-
Shares available for sale	-	0	-	0
- of which shares taken over for protection of claims	-	-	-	-
Total	**1,053**	**982**	**1,049**	**981**
Listed shares	64	99	61	99
Unlisted shares	989	883	988	882
Total	**1,053**	**982**	**1,049**	**981**
Of which Financial instruments pledged as collateral (Note 16)	1	0	1	0
Total	**1,052**	**982**	**1,048**	**981**
Of which expected to be settled after more than 1 year	24	24	20	23

Note 18 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	53,955	52,788	2,350,747	53,955	52,788	2,350,747
FRAs	756	723	921,796	756	723	921,796
Futures and forwards	8	8	13,823	8	8	13,823
Options	5,999	5,838	365,833	5,999	5,838	365,833
Total	**60,718**	**59,357**	**3,652,199**	**60,718**	**59,357**	**3,652,199**
Equity derivatives						
Equity swaps	37	37	734	37	37	734
Futures and forwards	55	58	799	55	58	799
Options	767	952	16,290	767	952	16,290
Total	**859**	**1,047**	**17,823**	**859**	**1,047**	**17,823**
Foreign exchange derivatives						
Currency and interest rate swaps	4,280	3,944	252,846	4,280	3,944	252,866
Currency forwards	5,817	5,784	447,540	5,817	5,784	447,540
Options	604	682	46,667	604	682	46,667
Total	**10,701**	**10,410**	**747,053**	**10,701**	**10,410**	**747,073**
Credit derivatives						
Credit default swaps	1,309	1,238	80,768	1,309	1,238	80,768
Total rate of return swaps	45	56	3,000	45	56	3,000
Total	**1,354**	**1,294**	**83,768**	**1,354**	**1,294**	**83,768**
Other derivatives						
Swaps	719	631	8,991	719	631	8,991
Futures and forwards	50	64	549	50	64	549
Options	62	62	1,654	62	62	1,654
Total	**831**	**757**	**11,194**	**831**	**757**	**11,194**
Total derivatives held for trading	**74,463**	**72,865**	**4,512,037**	**74,463**	**72,865**	**4,512,057**

31 Dec 2009, 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	44	174	11,191	44	174	11,191
Total	**44**	**174**	**11,191**	**44**	**174**	**11,191**
Foreign exchange derivatives						
Currency and interest rate swaps	13	198	2,338	13	198	2,337
Total	**13**	**198**	**2,338**	**13**	**198**	**2,337**
Total derivatives used for hedge accounting	**57**	**372**	**13,529**	**57**	**372**	**13,528**
Of which						
- Fair value hedges	57	372	13,529	57	372	13,528
Total derivatives	**74,520**	**73,237**	**4,525,566**	**74,520**	**73,237**	**4,525,585**

Note 18 *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 held for trading						
Interest rate derivatives						
Interest rate swaps	44,085	43,553	1,893,877	44,085	43,553	1,893,877
FRAs	2,134	2,031	782,193	2,134	2,031	782,193
Futures and forwards	1	4	1,701	1	4	1,701
Options	6,240	6,412	238,109	6,240	6,412	238,109
Total	**52,460**	**52,000**	**2,915,880**	**52,460**	**52,000**	**2,915,880**
Equity derivatives						
Equity swaps	139	286	1,841	139	286	1,841
Futures and forwards	314	263	1,463	314	263	1,463
Options	467	601	14,198	467	601	14,198
Total	**920**	**1,150**	**17,502**	**920**	**1,150**	**17,502**
Foreign exchange derivatives						
Currency and interest rate swaps	7,223	7,278	192,123	7,223	7,278	192,142
Currency forwards	18,133	17,961	480,888	18,133	17,961	480,888
Options	912	867	33,879	912	867	33,879
Total	**26,268**	**26,106**	**706,890**	**26,268**	**26,106**	**706,909**
Credit derivatives						
Credit default swaps	4,634	4,625	100,077	4,634	4,625	100,077
Total rate of return swaps	1	136	3,000	1	136	3,000
Total	**4,635**	**4,761**	**103,077**	**4,635**	**4,761**	**103,077**
Other derivatives						
Swaps	1,125	1,033	10,007	1,125	1,033	10,007
Futures and forwards	65	100	596	65	100	596
Options	84	87	1,414	84	87	1,414
Total	**1,274**	**1,220**	**12,017**	**1,274**	**1,220**	**12,017**
Total derivatives held for trading	**85,557**	**85,237**	**3,755,366**	**85,557**	**85,237**	**3,755,385**

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	53	175	8,641	53	175	8,641
Total	**53**	**175**	**8,641**	**53**	**175**	**8,641**
Foreign exchange derivatives						
Currency and interest rate swaps	52	1,879	16,562	52	1,879	16,562
Total	**52**	**1,879**	**16,562**	**52**	**1,879**	**16,562**
Total derivatives used for hedge accounting	**105**	**2,054**	**25,203**	**105**	**2,054**	**25,203**
Of which						
- Fair value hedges	105	2,054	25,203	105	2,054	25,203
Total derivatives	**85,662**	**87,291**	**3,780,569**	**85,662**	**87,291**	**3,780,588**

Note 19 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Carrying amount at beginning of year	157	-45	157	-45
Changes during the year				
- Change in accounting policies	-	-	-	-
- Revaluation of hedged items	-16	202	-16	202
Carrying amount at end of year	**141**	**157**	**141**	**157**

Liabilities	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Carrying amount at beginning of year	15	-77	15	-77
Changes during the year				
- Change in accounting policies	-	-	-	-
- Revaluation of hedged items	-8	93	-8	93
Carrying amount at end of year	**7**	**16**	**7**	**16**

The carrying amount at end of year represents accumulated changes in the fair value for those re-pricing 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 20 Investments in group undertakings

Parent company		
	31 Dec	31 Dec
EURm	2009	2008
Acquisition value at beginning of year	310	323
Acquisitions during the year	30	-
Through mergers	-	-13
Sales during the year	-2	-
Reclassifications	-	0
Translation differences	0	0
Acquisition value at end of year	**338**	**310**
Accumulated impairment charges at beginning of year	-1	-1
Reversed impairment charges during the year	1	-
Impairment charges during the year	-	-
Reclassifications	-	0
Translation differences	-	-
Accumulated impairment charges at end of year	**0**	**-1**
Total	**338**	**309**
Of which listed shares	-	-

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

Note 20 *Investments in group undertakings, cont.*

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies.

Group

31 Dec 2009	Number of shares	Carrying amount 2009 EURm	Carrying amount 2008 EURm	Voting power of holding, %	Domicile	Business ID
Domestic						
Credit institutions						
Nordea Finance Finland Ltd	1,000,000	306	306	100.0	Espoo	0112305-3
Financial institutions						
Tukirahoitus Oy [1]	672	7	7	100.0	Espoo	0677131-6
Real estate companies						
VKR-Kiinteistöt Oy Ab [1]	600	1	1	60.0	Vantaa	0728754-2
Kiinteistö Oy Tampereen Kirkkokatu 7 [1]	280	50	50	100.0	Tampere	0819781-3
Kiinteistö Oy Levytie 6 [1]	147	22	23	100.0	Helsinki	0818921-5
Kiinteistö Oy Lahden Aleksanterinkatu 19-21 [1]	340,090	10	10	100.0	Lahti	0150108-5
Other companies						
Fidenta Oy	2,000	0	0	60.0	Espoo	0988412-1
International						
Financial institutions						
Nordea Finance Polska S.A [1]	19,690,000	0	0	100.0	Warsaw	PL5861944082
Nordea Finance Estonia Ltd [1]	60,000	6	6	100.0	Tallinn	EE100212426
Nordea Finance Latvia Ltd [1]	1,100	4	1	100.0	Riga	LV40003348054
Nordea Finance Lithuania Ltd [1]	6,540	4	1	100.0	Vilnius	LT116672716
Nordea Securities Holding (U.K.) Ltd	49,010,000	2	2	100.0	London	01803666
Real estate companies						
Oü Promano Est	156,466	10	-	100.0	Tallinn	11681888
UAB Promano Lit	34,528	10	-	100.0	Vilnius	302423219
SIA Promano Lat	7,028	10	-	100.0	Riga	40103235197

Other subsidiaries included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Carrying amount of shares EURm	Total assets EURm
Real estate companies	9	13	20
Other companies	5	0	50

[1] Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2009 of Nordea Bank AB (publ) may be down-loaded on the Internet at www.nordea.com and is available from Nordea Group Investor Relations, SE 105 71 Stockholm, Sweden. The Annual Report 2009 of the Nordea Group is also available at branches of Nordea Bank Finland Plc.

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	NBF's investment[1]	Total assets
Kirkas Northern Lights Limited[2]	Collateralised Mortgage Obligation	>5 years	6,233	6,233
Total			**6,233**	**6,233**

[1] Includes all assets towards the SPEs (bonds and subordinated loans). Additionally 9 SPEs have been setup in the Baltics to acquire assets from commercial customers. The total consolidated value of these assets is EUR 26m.

[2] Kirkas Northern Lights Ltd (Kirkas) has been established during 2008. Assets have been sold from NBF'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 is held in full by NBF. NBF still holds the majority of the risks and rewards in the sold loan portfolio and thus the loans are not derecognised in NBF. To prevent double counting of the assets in the parent company's balance sheet, the bonds and subordinated loans issued by the SPE, and held in full by NBF, are offset against the corresponding liability arising from the transfer of the portfolio. NBF also retains the ownership risks and rewards and followingly the SPE is consolidated in the Bank Group.

Note 21 Investments in associated undertakings

EURm	Group 31 Dec 2009	Group 31 Dec 2008	Parent company 31 Dec 2009	Parent company 31 Dec 2008
Acquisition value at beginning of year	53	77	25	45
Acquisitions during the year	3	6	-	6
Sales during the year	-1	-22	0	-22
Share in earnings	3	-4	-	-
Dividend received	-1	-1	-	-
Reclassifications	-	-4	-	-4
Translation differences	-	-	-	-
Acquisition value at end of year	**57**	**52**	**25**	**25**
Accumulated impairment charges at beginning of year	-1	-1	-9	-
Accumulated impairment charges on sales during the year	-	-	-	-
Reversed impairment charges during the year	-	-	-	-
Impairment charges during the year	0	0	-	-9
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-1**	**-1**	**-9**	**-9**
Total	**56**	**51**	**16**	**16**
Of which listed shares	-	-	-	-

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

Nordea Bank Finland Plc's and Nordea Bank Finland Group's associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2009	31 Dec 2008
Total assets	394	409
Total liabilities	303	323
Operating income	74	36
Operating profit	0	2

Nordea Bank Finland Plc's and Nordea Bank Finland Group's share of contingent liabilities in favour of associated undertakings of Nordea Bank Finland Group amounts to EUR 20m (20) and on behalf of associated undertakings EUR 0m (0).

Group

31 Dec 2009	Business ID	Domicile	Carrying amount EURm	Voting power of holding %
Credit institutions				
Luottokunta	0201646-0	Helsinki	42	24.7
Total			**42**	
Other				
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	9.9
NF Fleet Oy	2006935-5	Espoo	1	20.0
UAB ALD Automotive, Lithuania	300156575	Vilnius	0	25.0
ALD Automotive Eesti AS, Estonia	11094435	Tallinn	0	25.0
ALD Automotive SIA, Latvia	50003825931	Riga	0	25.0
Oy Realinvest Ab	0680035-9	Helsinki	3	49.3
Realia Holding Oy	2106796-8	Helsinki	0	40.3
Securus Oy	0742429-5	Helsinki	0	35.2
Other			2	
Total			**14**	
Total			**56**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 21 *Investments in associated undertakings, cont.*

Parent company

31 Dec 2009	Business ID	Domicile	Carrying amount EURm	Voting power of holding %
Credit institutions				
Luottokunta	0201646-0	Helsinki	9	24.7
Total			**9**	
Other				
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	5	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	9.9
Realia Holding Oy	2106796-8	Helsinki	0	40.3
Oy Realinvest Ab	0680035-9	Helsinki	2	49.3
Securus Oy	0742429-5	Helsinki	0	35.2
Total			**7**	
Total			**16**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 22 Intangible assets

	Group		Parent Company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Goodwill[1]				
Other goodwill	0	0	-	-
Goodwill, total	**0**	**0**	**-**	**-**
Internally developed software	57	49	62	53
Other intangible assets	12	10	2	-
Total	**69**	**59**	**64**	**53**

[1] Excluding goodwill in associated undertakings.

	Group		Parent Company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Goodwill				
Acquisition value at beginning of year	0	3	-	-
Acquisitions during the year	-	-	-	-
Reclassifications	0	-3	-	-
Acquisition value at end of year	**0**	**0**	**-**	**-**
			-	
Accumulated amortisation at beginning of year	0	-3	-	-
Amortisation according to plan for the year	-	-	-	-
Reclassifications	0	3	-	-
Accumulated amortisation at end of year	**0**	**0**	**-**	**-**
			-	
Accumulated impairment charges at end of year	-	-	-	-
Total	**0**	**0**	**-**	**-**

Note 22 *Intangible assets, cont.*

	Group		Parent company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Internally developed software				
Acquisition value at beginning of year	61	43	65	43
Acquisitions during the year	14	19	16	21
Sales/disposals during the year	0	-1	0	-
Reclassifications	-	-	-	1
Translation differences	0	0	0	-
Acquisition value at end of year	**75**	**61**	**81**	**65**
Accumulated amortisation at beginning of year	-12	-8	-12	-7
Amortisation according to plan for the year	-7	-4	-7	-4
Accumulated amortisation on sales/disposals during the year	0	-	-	-
Reclassifications	1	-	-	-1
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-18**	**-12**	**-19**	**-12**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**57**	**49**	**62**	**53**

	Group		Parent Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Other intangible assets				
Acquisition value at beginning of year	15	17	4	4
Acquisitions during the year	5	1	3	-
Sales/disposals during the year	-	-3	-	0
Reclassifications	-4	0	-	-
Translation differences	0	0	-	-
Acquisition value at end of year	**16**	**15**	**7**	**4**
Accumulated amortisation at beginning of year	-5	-4	-4	-4
Amortisation according to plan for the year	-2	-1	-1	0
Accumulated amortisation on sales/disposals during the year	-	0	-	0
Reclassifications	3	0	-	-
Translation differences	0	0	-	-
Accumulated amortisation at end of year	**-4**	**-5**	**-5**	**-4**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	0	0	-	-
Accumulated impairment charges at end of year	**0**	**0**	**-**	**-**
Total	**12**	**10**	**2**	**-**

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

Note 23 Property and equipment

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Property and equipment	143	117	54	54
Of which buildings for own use	25	3	2	2
Total	**143**	**117**	**54**	**54**
Equipment				
Acquisition value at beginning of year	227	199	140	126
Acquisitions during the year[1]	36	51	14	24
Sales/disposals during the year	-14	-13	-	0
Reclassifications	-10	-10	-13	-10
Translation differences	0	0	-	0
Acquisition value at end of year	**239**	**227**	**141**	**140**
Accumulated depreciation at beginning of year	-113	-91	-88	-73
Accumulated depreciation on sales/disposals during the year	7	5	0	0
Reclassifications	13	1	13	1
Depreciation according to plan for the year	-28	-28	-14	-16
Translation differences	0	0	0	-
Accumulated depreciation at end of year	**-121**	**-113**	**-89**	**-88**
Accumulated impairment charges at beginning of year	0	0	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Reversed impairment charges during the year	-	-	-	-
Impairment charges during the year	0	0	-	-
Accumulated impairment charges at end of year	**0**	**0**	**0**	**0**
Total	**118**	**114**	**52**	**52**
Land and buildings				
Acquisition value at beginning of year	4	4	3	3
Acquisitions during the year	23	0	0	0
Sales/disposals during the year	0	0	0	-
Reclassifications	0	0	-	-
Acquisition value at end of year	**27**	**4**	**3**	**3**
Accumulated depreciation at beginning of year	-1	-2	-1	-1
Accumulated depreciation on sales/disposals during the year	-	1	-	-
Reclassifications	-1	0	-	-
Depreciation according to plan for the year	0	0	0	0
Accumulated depreciation at end of year	**-2**	**-1**	**-1**	**-1**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Reversed impairment charges during the year	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**25**	**3**	**2**	**2**

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

Note 24 Leasing

NBF as a lessor

Finance leases

Nordea Bank Finland Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note 14) 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:

	Group	
	31 Dec	31 Dec
EURm	2009	2008
Gross investments	2,031	2,245
Less unearned finance income	-126	-249
Net investments in finance leases	**1,905**	**1,996**
Less unguaranteed residual values accruing to the benefit of the lessor	-64	-75
Present value of future minimum lease payments receivable	**1,841**	**1,921**
Accumulated allowance for uncollectible minimum lease payments receivable	-	3

As of 31 December 2009 the gross investment and the net investment by remaining maturity was distributed as follows:

	Group	
	31 Dec	31 Dec
	2009	2008
EURm	Gross investment	Net investment
2010	597	549
2011	535	502
2012	364	343
2013	335	324
2014	108	101
Later years	92	86
Total	**2,031**	**1,905**

Operating leases

Assets subject to operating leases mainly comprise vehicles and other equipment. In the balance sheet they are reported as tangible assets.

	Group	
	31 Dec	31 Dec
Carrying amount of leased assets, EURm	2009	2008
Acquisition value	89	80
Accumulated depreciations	-27	-20
Carrying amount at end of year	**62**	**60**
- Of which repossessed leased property, carrying amount	0	-

	Group	
	31 Dec	31 Dec
Carrying amount distributed on groups of assets, EURm	2009	2008
Equipment	62	60
Carrying amount at end of year	**62**	**60**

Depreciation for 2009 amounted to EUR 13 m (11).

Under non-cancellable operating leases, the future minimum lease payments receivables are distributed as follows:

EURm	Group 31 Dec 2009
2010	14
2011	9
2012	4
2013	1
2014	0
Later years	0
Total	**28**

NBF as a lessee

Finance leases

Nordea Bank Finland Group has only to a minor extent entered into finance lease agreements. The book value of assets subject to finance leases amounts to EUR 0m (EUR 1m).

Operating leases

Nordea Bank Finland Group 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	67	63	66	57
Of which				
-minimum lease payments	67	62	66	57
-contingent rents	0	1	-	0
Leasing income during the year regarding sublease payments	-	-	-	-

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	47	47
2011	27	27
2012	20	21
2013	14	14
2014	13	12
Later years	140	139
Total	**261**	**260**

Note 25 Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2009	31 Dec 2008
Carrying amount at beginning of year	3	4
Acquisitions	4	-
Disposals during the year	-	-1
Net gains or losses from fair value adjustments	-	-
Carrying amount at end of year	**7**	**3**
The total amount is expected to be settled after more than 1 year	7	3

Amounts recognised in the income statement[1]

EURm	2009	2008
Rental income	0	0
Direct operating expenses that generate rental income	-	-
Direct operating expenses that did not generate rental income	0	0
Total	**0**	**0**

[1] Together with fair value adjustments included in Net gains/losses on items at fair value.

Market value	7	3

Parent company

Movement in the balance sheet

EURm	31 Dec 2009	31 Dec 2008
Carrying amount at beginning of year	3	3
Acquisitions	1	0
Acquisitions through business combinations	-	0
Disposals during the year	-	0
Carrying amount at end of year	**4**	**3**
The total amount is expected to be settled after more than 1 year	4	3

Amounts recognised in the income statement[1]

EURm	2009	2008
Rental income	0	0
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	0	0
Total	**0**	**0**

[1] Together with fair value adjustments included in Net gains/losses on items at fair value.

Market value	4	3

Note 26 Other assets

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Claims on securities settlement proceeds	297	103	297	103
Other	2,732	9,429	2,717	9,404
Total	**3,029**	**9,532**	**3,014**	**9,507**
Of which expected to be settled after more than 1 year	-	-	-	-

Note 27 Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Accrued interest income	193	474	195	498
Other accrued income	165	420	32	319
Prepaid expenses	11	8	8	7
Total	**369**	**902**	**235**	**824**
Of which expected to be settled after more than 1 year	-	-	-	-

Note 28 Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Central banks	3,266	4,717	3,266	4,717
Other banks	27,295	21,022	27,236	20,973
Other credit institutions	13,783	11,974	13,783	11,974
Total	**44,344**	**37,713**	**44,285**	**37,664**

Note 29 Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Deposits from the public	44,194	44,940	44,289	45,026
Borrowings from the public	62	339	65	340
Total	**44,256**	**45,279**	**44,354**	**45,366**

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.

Note 30 Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Certificates of deposit	33,040	25,829	33,040	25,832
Bond loans	6,236	5,434	6,236	5,434
Total	**39,276**	**31,263**	**39,276**	**31,266**

Note 31 Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Liabilities on securities settlement proceeds	4,116	120	4,116	120
Sold, not held, securities	15	3	15	3
Accounts payable	45	13	4	4
Other	3,637	4,267	3,531	4,171
Total	**7,813**	**4,403**	**7,666**	**4,298**
Of which expected to be settled after more than 1 year	-	-	-	-

Note 32 Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Accrued interest	172	580	171	579
Other accrued expenses	377	400	237	269
Prepaid income	22	36	20	34
Total	**571**	**1,016**	**428**	**882**
Of which expected to be settled after more than 1 year	-	-	-	-

Note 33 Provisions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Reserve for restructuring costs	10	-	10	-
Transfer risks, off-balance	16	42	16	42
Individually assessed, off-balance sheet	6	4	6	4
Other	17	13	14	9
Total	**49**	**59**	**46**	**55**

Movement in the balance sheet:

Group	Transfer risks	Off-balance sheet	Restructuring	Other	Total
At the beginning of year	43	4	-	12	59
New provisions made	-	2	10	6	18
Provisions utilised	-	0	-	0	0
Reversals	-27	0	-	-1	-28
Reclassifications	-	-	-	-	-
Translation differences	-	-	-	-	-
At the end of year	**16**	**6**	**10**	**17**	**49**
Of which expected to be settled within 1 year	-	-	3	3	6

Restructuring activities, which should increase efficiency during coming years, have been initiated. This has resulted in restructuring provisions of EUR 10m.

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk reserve relating to loans and receivables is included in the item Allowances for collectively assessed impaired loans in Note 14. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (i e guarantees and L/C´s) amounted to EUR 6m.

Other provision refers to the following provisions: rental liabilities 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) and other provisions amounting to EUR 10m (of which EUR 3m expected to be settled during 2010).

Parent company	Transfer risks	Off-balance sheet	Restructuring	Other	Total
At beginning of year	42	4	-	9	55
New provisions made	-	2	10	6	18
Provisions utilised	-	0	-	0	0
Reversals	-27	0	-	0	-27
Reclassifications	-	-	-	-	-
Translation differences	-	-	-	-	-
At the end of year	**15**	**6**	**10**	**15**	**46**
Of which expected to be settled within 1 year	-	-	3	3	6

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk reserve relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 14. Provision for transfer risk is depending on the volume of business with different countries.

Restructuring activities, which should increase efficiency during coming years, have been initiated. This has resulted in restructuring provisions of EUR 10m.

Loan loss provisions for individually assessed off-balance sheet items (i e guarantees and L/C´s) amounted to EUR 6m.

Other provision refers to the following provisions: rental liabilities EUR 2m (of which EUR 1 m expected to be settled during 2010), provision for environmental and property-related obligations of EUR 5m (not expected to be settled during 2010) and other provisions amounting to EUR 8m (of which EUR 3m expected to be settled during 2010).

Note 34 Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Defined benefit plans, net	-62	-54	55	-47
Total	**-62**	**-54**	**55**	**-47**

NBF has various pension plans, which are classified both as defined benefit plans as well as defined contribution plans. The defined benefit plans in Finland are closed to new employees and instead, pensions for new employees are based on defined contribution arrangements. The plans for the foreign branches are also mainly defined contribution plans. The existing defined benefit plans in London, New York and Frankfurt are all closed to new employees. Defined contribution plans are not reflected on the balance sheet.

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

Funded schemes [1]	Group	Parent company
2009		
Members	19,307	18,647
Average member age	60	60
2008		
Members	19,524	18,864
Average member age	59	59

[1] Numbers are combined for the Finnish pension fund and pension foundation, Life Assurance Finland Ltd and London plans.

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	Finland
2009	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.5%
2008	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	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 12% and in service cost of 17%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 15% and in service cost of 21%

Asset composition

The combined return on assets in 2009 was 11% (-6) mainly reflecting the general market turmoil during the year. At the end of the year, the equity exposure in pension funds/foundations represented 19% (14) of total assets.

Asset composition in funded schemes	2009	2008
Equity	19%	14%
Bonds	75%	77%
Real Estate	6%	6%
Other plan assets	0%	3%
Of which		
- Nordea real estate	3%	0%

Amounts recognised in the balance sheet

	Group		Parent company	
EURm	2009	2008	2009	2008
PBO	774	774	757	744
Plan assets	816	775	798	746
Total surplus/deficit (-)	**42**	**1**	**41**	**2**
of which unrecognised actuarial gains/losses(-)	-20	-53	-14	-45
Of which recognised in the balance sheet	**62**	**54**	**55**	**47**
Of which				
- retirement benefit assets	91	82	85	75
- retirement benefit obligations	30	28	30	28
- related to unfunded plans (PBO)	16	17	16	17

Overview of surplus or deficit in the plans

	Total	Total	Total	Total	Total
EURm	2009	2008	2007	2006	2005
PBO	774	774	759	874	869
Plan Assets	816	775	857	851	828
Funded status - surplus/deficit(-)	**42**	**1**	**98**	**-23**	**-41**

Changes in the PBO

	Group		Parent company	
EURm	2009	2008	2009	2008
PBO at 1 Jan	774	759	744	705
Service cost	3	3	2	3
Interest cost	33	36	33	34
Pensions paid	-41	-40	-41	-40
Curtailments and settlements	-1	-	-1	-
Past service cost	7	0	7	0
Actuarial gains(-)/losses	-7	31	7	58
Effect of exchange rate changes	6	-15	6	-16
PBO at 31 Dec	**774**	**774**	**757**	**744**

Changes in the fair value of plan assets

	Group		Parent company	
EURm	2009	2008	2009	2008
Assets at 1 Jan	775	857	747	792
Expected return on assets	39	47	38	44
Pensions paid	-41	-39	-41	-39
Contributions	14	24	14	23
Actuarial gains/losses(-)	25	-102	36	-62
Effect of exchange rate changes	4	-12	4	-12
Plan assets at 31 Dec	**816**	**775**	**798**	**746**
Actual return on plan assets	**82**	**-55**	**76**	**-17**

Overview of actuarial gains/losses[2]

	Total	Total	Total	Total
EURm	2009	2008	2007	2006
Effects of changes in actuarial assumptions	-1	-41	87	-16
Experience adjustments	33	-92	8	28
Of which:				
- on plan assets	25	-102	-12	11
- on plan liabilities	8	10	20	17
Actuarial gains/losses	**32**	**-133**	**95**	**12**

[2] The 5-year trend information will be built up over time.

Note 34 *Retirement benefit obligations, cont.*

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 5m (positive 9). In the parent company's income statement the respective cost was EUR 5m (positive 8) in 2009.

Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

	Group		Parent company	
Recognised net defined benefit cost, EURm	2009	2008	2009	2008
Service cost	3	3	2	3
Interest cost	33	36	33	34
Expected return on assets	-39	-47	-38	-44
Curtailments and settlements	-1	-	-1	-
Recognised past service cost	7	0	7	0
Recognised actuarial gains(-) / losses	2	-1	2	-1
Pension cost on defined benefit plans	**5**	**-9**	**5**	**-8**

The pension cost is higher than expected in the beginning of the year mainly due to higher recognised past service cost. The net pension cost on defined benefit plans is expected to decrease to EUR 5m positive both in the Group and in the parent company in 2010 mainly as a consequence of lower recognised actuarial losses and past service costs.

The Group and parent company expect to contribute EUR 18m to its defined benefit plans in 2010.

Key management personnel
The members of the Board of Directors of Nordea Bank Finland Plc, the President and his deputy, are all members of the Nordea Bank AB (publ) Group Executive Management. In 2009 Nordea Bank AB (publ) has paid all salaries, fees, pensions- and other staff-related expenses to the above mentioned members and deputies of the administrative and controlling boards. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation -expenses.

Information on salaries, loans and pension liabilities is presented in the Annual Report of Nordea Bank AB (publ).

Note 35 Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Dated subordinated debenture loans	-	845	-	845
Undated subordinated debenture loans	437	393	437	393
Total	**437**	**1,238**	**437**	**1,238**
Of which expected to be settled within 1 year	-	845	-	845

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans. Within each respective category, the loans entitle lenders to equal payment rights.

Group and parent company

On 31 December 2009 loans - with terms specified below - exceeded 10% of the total outstanding volume.

	Year of issue	Nominal	Carrying amount	Interest rate
Issued by	/ maturity	value	EURm	(coupon)
Nordea Bank Finland Plc[1]	2002/undated	MGBP 300	337	6.25%
Nordea Bank Finland Plc[2]	1999/undated	MJPY 10,000	75	3.66%

[1] Callable for the first time on 18 July 2014
[2] Callable for the first time on 26 February 2029

Note 36 Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Assets pledged for own liabilities				
Securities etc	8,656	16,624	8,656	16,623
Loans to the public	3,754	-	3,754	-
Other pledged assets	264	216	264	216
Total	**12,674**	**16,840**	**12,674**	**16,839**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	35	40	35	40
Other liabilities and commitments	11,365	14,359	11,364	14,359
Total	**11,400**	**14,399**	**11,399**	**14,399**

Assets pledged for own liabilities contain securities pledged as security in repurchase agreements 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 bonds issued by Kirkas. For further information on Kirkas see Note 20.

Note 37 Other assets pledged

There are no collaterals pledged on behalf of other items other than the company's own liabilities.

Note 38 Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Guarantees				
Loan guarantees	3,083	2,994	3,084	2,996
Other guarantees	11,273	11,598	11,538	11,853
Documentary credits	2,715	2,511	2,715	2,512
Other contingent liabilities	13	16	13	16
Total	**17,084**	**17,119**	**17,350**	**17,377**

In the normal business of Nordea Bank Finland, the bank issues various forms of guarantees in favour of bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are considered as off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Note 39 Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Future payment obligations	15	17	15	17
Credit commitments[1]	17,836	16,046	15,053	13,335
Other commitments	611	485	412	247
Total	**18,462**	**16,548**	**15,480**	**13,599**

[1] Including unutilised portion of approved overdraft facilities.

Note 40 Classification of financial instruments

Group

EURm, 31 Dec 2009	Loans	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	8,004	-	-	-	-	-	-	8,004
Treasury bills	-	-	1,033	-	-	-	-	1,033
Loans to credit institutions	57,804	-	1,233	-	-	-	-	59,037
Loans to the public	65,723	-	-	-	-	-	-	65,723
Interest-bearing securities	-	6,717	1,151	-	-	5	-	7,873
Financial instruments pledged as collateral	-	-	1	-	-	-	-	1
Shares	-	-	1,028	24	-	-	-	1,052
Derivatives	-	-	74,463	-	57	-	-	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	141	-	-	-	-	-	-	141
Investments in associated undertakings	-	-	-	-	-	-	56	56
Intangible assets	-	-	-	-	-	-	69	69
Property and equipment	-	-	-	-	-	-	143	143
Investment property	-	-	-	-	-	-	7	7
Deferred tax assets	-	-	-	-	-	-	17	17
Current tax assets	-	-	-	-	-	-	0	0
Retirement benefit assets	-	-	-	-	-	-	91	91
Other assets	584	-	-	2,435	-	-	10	3,029
Prepaid expenses and accrued income	204	-	-	-	-	-	165	369
Total	**132,460**	**6,717**	**78,909**	**2,459**	**57**	**5**	**558**	**221,165**

EURm, 31 Dec 2009	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	-	-	-	44,344	-	44,344
Deposits and borrowings from the public	-	-	-	44,256	-	44,256
Debt securities in issue	6,147	-	-	33,129	-	39,276
Derivatives	72,865	-	372	-	-	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	7	-	7
Current tax liabilities	-	-	-	-	129	129
Other liabilities	15	2,130	-	5,660	8	7,813
Accrued expenses and prepaid income	-	-	-	194	377	571
Deferred tax liabilities	-	-	-	-	44	44
Provisions	-	-	-	-	49	49
Retirement benefit obligations	-	-	-	-	30	30
Subordinated liabilities	-	-	-	437	-	437
Total	**79,027**	**2,130**	**372**	**128,027**	**637**	**210,193**

Note 40 *Classification of financial instruments,cont.*

Group

EURm, 31 Dec 2008	Loans	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	906	-	-	-	-	-	-	906
Treasury bills	-	-	691	-	-	-	-	691
Loans to credit institutions	45,700	-	1,747	-	-	-	-	47,447
Loans to the public	68,293	-	-	-	-	-	-	68,293
Interest-bearing securities	-	4,176	635	113	-	5	-	4,929
Financial instruments pledged as collateral	-	-	0	-	-	-	-	0
Shares	-	-	958	24	-	0	-	982
Derivatives	-	-	85,557	-	105	-	-	85,662
Fair value changes of the hedged items in portfolio hedge of interest rate risk	157	-	-	-	-	-	-	157
Investments in associated undertakings	-	-	-	-	-	-	51	51
Intangible assets	-	-	-	-	-	-	59	59
Property and equipment	-	-	-	-	-	-	117	117
Investment property	-	-	-	-	-	-	3	3
Deferred tax assets	-	-	-	-	-	-	15	15
Current tax assets	-	-	-	-	-	-	133	133
Retirement benefit assets	-	-	-	-	-	-	82	82
Other assets	1,283	-	-	8,242	-	-	7	9,532
Prepaid expenses and accrued income	482	-	-	-	-	-	420	902
Total	**116,821**	**4,176**	**89,588**	**8,379**	**105**	**5**	**887**	**219,961**

EURm, 31 Dec 2008	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	501	3,423	-	33,789	-	37,713
Deposits and borrowings from the public	-	-	-	45,279	-	45,279
Debt securities in issue	5,242	-	-	26,021	-	31,263
Derivatives	85,237	-	2,054	-	-	87,291
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	16	-	16
Current tax liabilities	-	-	-	-	341	341
Other liabilities	3	2,177	-	2,217	6	4,403
Accrued expenses and prepaid income	-	-	-	616	400	1,016
Deferred tax liabilities	-	-	-	-	39	39
Provisions	-	-	-	-	59	59
Retirement benefit obligations	-	-	-	-	28	28
Subordinated liabilities	-	-	-	1,238	-	1,238
Total	**90,983**	**5,600**	**2,054**	**109,176**	**873**	**208,686**

Parent company

EURm, 31 Dec 2009	Loans	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	8,004	-	-	-	-	-	-	8,004
Treasury bills	-	-	1,033	-	-	-	-	1,033
Loans to credit institutions	62,821	-	1,233	-	-	-	-	64,054
Loans to the public	60,053	-	-	-	-	-	-	60,053
Interest-bearing securities	-	6,717	1,151	-	-	5	-	7,873
Financial instruments pledged as collateral	-	-	1	-	-	-	-	1
Shares	-	-	1,028	20	-	-	-	1,048
Derivatives	-	-	74,463	-	57	-	-	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	141	-	-	-	-	-	-	141
Investments in group undertakings	-	-	-	-	-	-	16	16
Investments in associated undertakings	-	-	-	-	-	-	338	338
Intangible assets	-	-	-	-	-	-	64	64
Property and equipment	-	-	-	-	-	-	54	54
Investment property	-	-	-	-	-	-	4	4
Deferred tax assets	-	-	-	-	-	-	13	13
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	85	85
Other assets	572	-	-	2,435	-	-	7	3,014
Prepaid expenses and accrued income	204	-	-	-	-	-	31	235
Total	**131,795**	**6,717**	**78,909**	**2,455**	**57**	**5**	**612**	**220,550**

EURm, 31 Dec 2009	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	-	-	-	44,285	-	44,285
Deposits and borrowings from the public	-	-	-	44,354	-	44,354
Debt securities in issue	6,147	-	-	33,129	-	39,276
Derivatives	72,865	-	372	-	-	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	7	-	7
Current tax liabilities	-	-	-	-	128	128
Other liabilities	15	2,130	-	5,513	8	7,666
Accrued expenses and prepaid income	-	-	-	191	237	428
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	46	46
Retirement benefit obligations	-	-	-	-	30	30
Subordinated liabilities	-	-	-	437	-	437
Total	**79,027**	**2,130**	**372**	**127,916**	**449**	**209,894**

Parent company

EURm, 31 Dec 2008	Loans	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	906	-	-	-	-	-	-	906
Treasury bills	-	-	691	-	-	-	-	691
Loans to credit institutions	50,882	-	1,747	-	-	-	-	52,629
Loans to the public	62,479	-	-	-	-	-	-	62,479
Interest-bearing securities	-	4,176	635	113	-	5	-	4,929
Financial instruments pledged as collateral	-	-	0	-	-	-	-	0
Shares	-	-	958	23	-	0	-	981
Derivatives	-	-	85,557	-	105	-	-	85,662
Fair value changes of the hedged items in portfolio hedge of interest rate risk	157	-	-	-	-	-	-	157
Investments in group undertakings	-	-	-	-	-	-	16	16
Investments in associated undertakings	-	-	-	-	-	-	309	309
Intangible assets	-	-	-	-	-	-	53	53
Property and equipment	-	-	-	-	-	-	54	54
Investment property	-	-	-	-	-	-	3	3
Deferred tax assets	-	-	-	-	-	-	13	13
Current tax assets	-	-	-	-	-	-	124	124
Retirement benefit assets	-	-	-	-	-	-	75	75
Other assets	1,263	-	-	8,242	-	-	2	9,507
Prepaid expenses and accrued income	505	-	-	-	-	-	319	824
Total	**116,192**	**4,176**	**89,588**	**8,378**	**105**	**5**	**968**	**219,412**

EURm, 31 Dec 2008	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	501	3,423	-	-	33,740	37,664
Deposits and borrowings from the public	-	-	-	-	45,366	45,366
Debt securities in issue	5,242	-	-	-	26,024	31,266
Derivatives	85,237	-	2,054	-	-	87,291
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	16	16
Current tax liabilities	-	-	-	340	-	340
Other liabilities	3	2,177	-	8	2,110	4,298
Accrued expenses and prepaid income	-	-	-	269	613	882
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	55	-	55
Retirement benefit obligations	-	-	-	28	-	28
Subordinated liabilities	-	-	-	-	1,238	1,238
Total	**90,983**	**5,600**	**2,054**	**700**	**109,107**	**208,444**

Note 41 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	8,004	8,004	906	906
Treasury bills	1,033	1,033	691	691
Loans to credit institutions	59,037	59,076	47,447	47,527
Loans to the public	65,723	65,789	68,293	68,645
Interest-bearing securities	7,873	7,899	4,929	4,944
Financial instruments pledged as collateral	1	1	0	0
Shares	1,052	1,052	982	982
Derivatives	74,520	74,520	85,662	85,662
Fair value changes of the hedged items in portfolio hedge of interest rate risk	141	141	157	157
Investments in associated undertakings	56	56	51	51
Intangible assets	69	69	59	59
Property and equipment	143	143	117	117
Investment property	7	7	3	3
Deferred tax assets	17	17	15	15
Current tax assets	0	0	133	133
Retirement benefit assets	91	91	82	82
Other assets	3,029	3,029	9,532	9,532
Prepaid expenses and accrued income	369	369	902	902
Total assets	**221,165**	**221,296**	**219,961**	**220,408**
Liabilities				
Deposits by credit institutions	44,344	44,376	37,713	37,765
Deposits and borrowings from the public	44,256	44,274	45,279	45,344
Debt securities in issue	39,276	39,280	31,263	31,359
Derivatives	73,237	73,237	87,291	87,291
Fair value changes of the hedged items in portfolio hedge of interest rate risk	7	7	16	16
Current tax liabilities	129	129	341	341
Other liabilities	7,813	7,813	4,403	4,403
Accrued expenses and prepaid income	571	571	1,016	1,016
Deferred tax liabilities	44	44	39	39
Provisions	49	49	59	59
Retirement benefit obligation	30	30	28	28
Subordinated liabilities	437	437	1,238	1,278
Total liabilities	**210,193**	**210,247**	**208,686**	**208,939**

Parent company

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	8,004	8,004	906	906
Treasury bills	1,033	1,033	691	691
Loans to credit institutions	64,054	64,117	52,629	52,725
Loans to the public	60,053	60,095	62,479	62,814
Interest-bearing instruments	7,873	7,899	4,929	4,945
Financial instruments pledged as collateral	1	1	0	0
Shares	1,048	1,048	981	981
Derivatives	74,520	74,520	85,662	85,662
Fair value changes of the hedged items in portfolio hedge of interest rate risk	141	141	157	157
Investments in group undertakings	338	338	309	309
Investments in associated undertakings	16	16	16	16
Intangible assets	64	64	53	53
Property and equipment	54	54	54	54
Investment property	4	4	3	3
Deferred tax assets	13	13	13	13
Current tax assets	-	-	124	124
Retirement benefit assets	85	85	75	75
Other assets	3,014	3,014	9,507	9,507
Prepaid expenses and accrued income	235	235	824	824
Total assets	**220,550**	**220,681**	**219,412**	**219,859**
Liabilities				
Deposits by credit institutions	44,285	44,316	37,664	37,715
Deposits and borrowings from the public	44,354	44,372	45,366	45,431
Debt securities in issue	39,276	39,280	31,266	31,362
Derivatives	73,237	73,237	87,291	87,291
Fair value changes of the hedged items in portfolio hedge of interest rate risk	7	7	16	16
Current tax liabilities	128	128	340	340
Other liabilities	7,666	7,666	4,298	4,298
Accrued expenses and prepaid income	428	428	882	882
Provisions	46	46	55	55
Retirement benefit obligations	30	30	28	28
Subordinated liabilities	437	437	1,238	1,278
Total liabilities	**209,894**	**209,947**	**208,444**	**208,696**

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 and receivables, deposits and borrowings and issued securities.

The carrying amounts on loans and receivables, 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 equity instruments measured at cost. Fair value is set to carrying amount for these instruments as the fair value cannot be measured reliably.

For further information about valuation of items normally measured at fair value, see Note 1.

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note 1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in the balance of this difference (movement of deferred Day 1 profit or loss).

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Amount at beginning of year	-95	-88	-95	-88
Deferred profit/loss on new transactions	-53	-61	-53	-61
Recognised in the income statement during the year	104	54	104	54
Amount at end of year	**-44**	**-95**	**-44**	**-95**

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are classified using a fair value hierarchy.

Level 1 consists of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. This category includes listed bonds and other securities, listed shares, exchange-traded derivatives, as well as listed issued bonds and other securities.

Level 2 consists of financial assets and financial liabilities which do not have quoted market prices directly available from an active market, and where fair values are estimated using valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing at the balance sheet date. The majority of NBF's OTC derivatives and several other instruments not traded in active markets fall within this category.

Level 3 consists of those types of financial instruments the fair values of which 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 and private equity funds as well as for certain complex and/or structured financial instruments.

Group

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	-	1,233	-	1,233
Loans to the public	-	-	-	-
Debt securities[1]	2,051	138	-	2,189
Shares[2]	210	-	842	1,052
Derivatives	84	72,017	2,419	74,520
Other assets	-	2,435	-	2,435
Prepaid expenses and accrued income	-	-5	-	-5
Liabilities				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Debt securities in issue	-	6,147	-	6,147
Derivatives	99	70,834	2,304	73,237
Other liabilities	15	2,130	-	2,145
Accrued expenses and prepaid income	-	77	-	77

[1] Of which EUR 1,033m Treasury bills and EUR 1,156m Interest-bearing securities (the portion held at fair value in Note 40).

[2] EUR 1m 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)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	1,747	-	1,747
Loans to the public	-	-	-	-
Debt securities[1]	759	685	-	1,444
Shares[2]	958	-	24	982
Derivatives	80	82,862	2,615	85,557
Other assets	-	8,242	-	8,242
Prepaid expenses and accrued income	-	-	-	-
Liabilities				
Deposits by credit institutions	-	3,423	-	3,423
Deposits and borrowings from the public	-	-	-	-
Debt securities in issue	-	5,242	-	5,242
Derivatives	103	82,278	2,856	85,237
Other liabilities	-	2,180	-	2,180
Accrued expenses and prepaid income	-	-	-	-

[1] Of which EUR 691m Treasury bills and EUR 753m Interest-bearing securities (the portion held at fair value in Note 40).

[2] EUR 0m relates to the balance sheet item Financial instruments pledged as collateral.

Parent company

31 Dec 2009, EURm	Instruments with quoted prices (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	1,233	-	1,233
Loans to the public	-	-	-	-
Debt securities[1]	2,051	138	-	2,189
Shares[2]	206	-	842	1,048
Derivatives	84	72,017	2,419	74,520
Other assets	-	2,435	-	2,435
Prepaid expenses and accrued income	-	-5	-	-5
Liabilities				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Debt securities in issue	-	6,147	-	6,147
Derivatives	99	70,834	2,304	73,237
Other liabilities	15	2,130	-	2,145
Accrued expenses and prepaid income	-	77	-	77

[1] Of which EUR 1,033m Treasury bills and EUR 1,156m Interest-bearing securities. (The portion held at fair value in Note 40.)
[2] EUR 1m relates to the balance sheet item Financial instruments pledged as collateral.

31 Dec 2008, EURm	Instruments with quoted prices (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	1,747	-	1,747
Loans to the public	-	-	-	-
Debt securities[1]	759	685	-	1,444
Shares[2]	958	-	23	981
Derivatives	80	82,862	2,615	85,557
Other assets	-	8,242	-	8,242
Prepaid expenses and accrued income	-	-	-	-
Liabilities				
Deposits by credit institutions	-	3,423	-	3,423
Deposits and borrowings from the public	-	-	-	-
Debt securities in issue	-	5,242	-	5,242
Derivatives	103	82,278	2,856	85,237
Other liabilities	-	2,180	-	2,180
Accrued expenses and prepaid income	-	-	-	-

[1] Of which EUR 691m Treasury bills and EUR 753m Interest-bearing securities. (The portion held at fair value in Note 40.)
[2] EUR 0m relates to the balance sheet item Financial instruments pledged as collateral.

Movements in level 3

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value.

Group

31 Dec 2009, EURm	1 Jan 2009	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Shares	24	0	-5	2	-1
Derivatives (net assets and liabilities)	-242	228	111	-	-

31 Dec 2009, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2009
Assets				
Shares	-	822	0	842
Derivatives (net assets and liabilities)	-228	344	-98	115

[1] Relates to those assets and liabilities held at the end of the reporting period.

During the year, NBF transferred shares from level 1 and level 2 to level 3 of the fair value hierarchy. The carrying amount of the total assets transferred was EUR 822m. The reason for the transfer from level 1 to level 3 is that the market for some securities has become inactive, which has led 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 recorded in the income statement during the year are included in "Net gains/losses on items at fair value" (see note 5).

Parent company

31 Dec 2009, EURm	1 Jan 2009	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Shares	24	0	-5	2	-1
Derivatives	-242	228	111	-	-

31 Dec 2009, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2009
Assets				
Shares	-	822	0	842
Derivatives	-228	344	-98	115

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

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

	Group			Parent company		
31 Dec 2009, EURm	Carrying amount	Effect of reasonably possible favourable alternative assumption	Effect of reasonably possible unfavourable alternative assumption	Carrying amount	Effect of reasonably possible favourable alternative assumption	Effect of reasonably possible unfavourable alternative assumption
Assets						
Shares	842	48	-48	842	48	-48
Derivatives	115	18	-31	115	18	-31

In order to calculate the effect on level 3 fair values from altering the assumptions of the valuation technique or model the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs that are based on pricing model assumptions or unobservability of market data inputs are replaced by alternative estimates or assumptions and impact on valuation computed. The majority of the effect on the derivatives is related to various types of correlations or correlation related inputs in credit derivatives, 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 42 Assets and liabilities in foreign currencies

Group

EURm, 31 Dec 2009	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1,033	-	-	-	-	-	1,033
Loans to credit institutions	8,035	5,300	16,264	3,416	22,604	3,418	59,037
Loans to the public	58,418	613	140	105	4,580	1,867	65,723
Interest-bearing securities	5,227	0	878	0	1,735	33	7,873
Other assets	64,101	6,524	2,921	2,995	4,756	6,202	87,499
Total assets	**136,814**	**12,437**	**20,203**	**6,516**	**33,675**	**11,520**	**221,165**
Liabilities and equity							
Deposits by credit institutions	19,557	256	101	125	20,654	3,651	44,344
Deposits and borrowings from the public	37,444	189	10	67	4,450	2,096	44,256
Debt securities in issue	8,102	2,244	558	302	22,046	6,024	39,276
Provisions	49	-	-	-	-	-	49
Subordinated liabilities	-	-	-	-	-	437	437
Other liabilities and equity	70,355	6,201	2,487	2,546	4,308	6,906	92,803
Total liabilities and equity	**135,507**	**8,890**	**3,156**	**3,040**	**51,458**	**19,114**	**221,165**
Position not reported in the balance sheet	**253**	**954**	**661**	**900**	**-608**	**-610**	**1,550**
Net position, currencies	**1,560**	**4,501**	**17,708**	**4,376**	**-18,391**	**-8,204**	**1,550**

Group

EURm, 31 Dec 2008	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	691	-	-	-	-	-	691
Loans to credit institutions	8,977	7,939	11,141	1,616	13,788	3,986	47,447
Loans to the public	59,768	669	148	123	5,291	2,294	68,293
Interest-bearing securities	2,969	57	119	-	1,725	59	4,929
Other assets	66,438	10,251	4,131	5,655	8,333	3,793	98,601
Total assets	**138,843**	**18,916**	**15,539**	**7,394**	**29,137**	**10,132**	**219,961**
Liabilities and equity							
Deposits by credit institutions	15,577	281	573	296	19,357	1,629	37,713
Deposits and borrowings from the public	39,296	134	28	41	3,703	2,077	45,279
Debt securities in issue	10,087	1,768	432	566	12,686	5,724	31,263
Provisions	56	-	-	-	-	3	59
Subordinated liabilities	600	-	-	-	245	393	1,238
Other liabilities and equity	74,532	9,933	4,018	5,471	7,818	2,637	104,409
Total liabilities and equity	**140,148**	**12,116**	**5,051**	**6,374**	**43,809**	**12,463**	**219,961**
Position not reported in the balance sheet	**2,607**	**-6,442**	**-10,771**	**-617**	**14,368**	**1,670**	**815**
Net position, currencies	**1,302**	**358**	**-283**	**403**	**-304**	**-661**	**815**

Note 42 *Assets and liabilities in foreign currencies, cont.*

Parent company

EURm, 31 Dec 2009	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1,033	-	-	-	-	-	1,033
Loans to credit institutions	13,013	5,315	16,264	3,417	22,624	3,422	64,055
Loans to the public	52,870	595	140	104	4,559	1,784	60,052
Interest-bearing securities	5,227	0	878	0	1,735	33	7,873
Other assets	64,165	6,524	2,921	2,995	4,756	6,174	87,535
Total assets	**136,308**	**12,434**	**20,203**	**6,516**	**33,674**	**11,413**	**220,548**
Liabilities and equity							
Deposits by credit institutions	19,530	256	101	125	20,654	3,618	44,284
Deposits and borrowings from the public	37,541	189	10	67	4,450	2,096	44,353
Debt securities in issue	8,102	2,244	558	302	22,046	6,024	39,276
Provisions	46	-	-	-	-	-	46
Subordinated liabilities	-	-	-	-	-	437	437
Other liabilities and equity	69,790	6,199	2,487	2,546	4,308	6,822	92,152
Total liabilities and equity	**135,009**	**8,888**	**3,156**	**3,040**	**51,458**	**18,997**	**220,548**
Position not reported in the balance sheet	**253**	**954**	**661**	**900**	**-608**	**-610**	**1,550**
Net position, currencies	**1,552**	**4,500**	**17,708**	**4,376**	**-18,392**	**-8,194**	**1,550**

Parent company

EURm, 31 Dec 2008	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	691	-	-	-	-	-	691
Loans to credit institutions	14,137	7,939	11,141	1,616	13,802	3,994	52,629
Loans to the public	53,832	652	148	121	5,267	2,459	62,479
Interest-bearing securities	2,969	57	119	-	1,725	59	4,929
Other assets	66,539	10,251	4,130	5,655	8,333	3,776	98,684
Total assets	**138,168**	**18,899**	**15,538**	**7,392**	**29,127**	**10,288**	**219,412**
Liabilities and equity							
Deposits by credit institutions	15,572	281	573	296	19,357	1,585	37,664
Deposits and borrowings from the public	39,383	134	28	41	3,703	2,077	45,366
Debt securities in issue	10,091	1,768	432	566	12,686	5,723	31,266
Provisions	53	-	-	-	-	2	55
Subordinated liabilities	600	-	-	-	245	393	1,238
Other liabilities and equity	73,980	9,930	4,018	5,471	7,818	2,606	103,823
Total liabilities and equity	**139,679**	**12,113**	**5,051**	**6,374**	**43,809**	**12,386**	**219,412**
Position not reported in the balance sheet	**2,607**	**-6,442**	**-10,770**	**-617**	**14,368**	**1,669**	**815**
Net position, currencies	**1,096**	**344**	**-283**	**401**	**-314**	**-429**	**815**

Note 43 Obtained collateral which is permitted to be sold or repledged

NBF obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements is disclosed below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	1,233	1,747	1,233	1,747
- of which repledged or sold	915	1,246	915	1,246
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
- of which repledged or sold	-	-	-	-
Total	**1,233**	**1,747**	**1,233**	**1,747**

Note 44 Maturity analysis for assets and liabilities

Group

Remaining maturity

EURm, 31 Dec 2009	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		8,004	-	-	-	-	-	**8,004**
Treasury bills	13	-	0	236	797	-	-	**1,033**
Loans to credit institutions	14	16,554	31,458	7,955	3,043	27	-	**59,037**
Loans to the public	14	35	8,790	6,901	21,646	28,351	-	**65,723**
Interest bearing securities	15	-	821	2,523	4,381	148	-	**7,873**
Derivatives	18	-	5,625	7,112	26,319	35,464	-	**74,520**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	2	23	93	23	-	**141**
Total assets with fixed maturities		**24,593**	**46,696**	**24,750**	**56,279**	**64,013**	**-**	**216,331**
Other assets	26	-	-	-	-	-	4,834	**4,834**
Total assets		**24,593**	**46,696**	**24,750**	**56,279**	**64,013**	**4,834**	**221,165**
Deposits by credit institutions	28	4,771	33,630	5,733	125	85	-	**44,344**
Deposits and borrowings from the public	29	30,594	9,818	3,174	668	2	-	**44,256**
- of which Deposits		*30,594*	*9,816*	*3,143*	*634*	*2*	-	*44,189*
- of which Borrowings		-	*2*	*31*	*34*	*0*	-	*67*
Debt securities in issue	30	-	27,880	5,949	5,116	331	-	**39,276**
- of which Debt securities in issue		-	*27,880*	*5,949*	*5,116*	*331*	-	*39,276*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	5,195	7,175	26,716	34,151	-	**73,237**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	0	4	-	3	-	**7**
Subordinated liabilities	35	-	-	-	362	75	-	**437**
Total liabilities with fixed maturities		**35,365**	**76,523**	**22,035**	**32,987**	**34,647**	**-**	**201,557**
Other liabilties	31	-	-	-	-	-	8,636	**8,636**
Equity		-	-	-	-	-	10,972	**10,972**
Total liabilities and equity		**35,365**	**76,523**	**22,035**	**32,987**	**34,647**	**19,608**	**221,165**

Note 44 *Maturity analysis for assets and liabilities, cont.*

Group

Remaining maturity

EURm, 31 Dec 2008	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		906	-	-	-	-	-	**906**
Treasury bills	13	-	0	0	691	-	-	**691**
Loans to credit institutions	14	15,494	16,732	10,871	3,868	482	-	**47,447**
Loans to the public	14	421	14,854	5,801	18,206	29,011	-	**68,293**
Interest bearing securities	15	-	2,478	2,018	280	153	-	**4,929**
Derivatives	18	-	13,516	10,853	26,986	34,307	-	**85,662**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-12	45	101	23	-	**157**
Total assets with fixed maturities		**16,821**	**47,568**	**29,588**	**50,132**	**63,976**	**-**	**208,085**
Other assets	26	-	-	-	-	-	11,876	**11,876**
Total assets		**16,821**	**47,568**	**29,588**	**50,132**	**63,976**	**11,876**	**219,961**
Deposits by credit institutions	28	2,693	27,559	7,350	78	33	-	**37,713**
Deposits and borrowings from the public	29	27,978	11,927	5,023	350	-	-	**45,279**
- of which Deposits		*27,978*	*11,701*	*4,951*	*307*	*2*	-	*44,940*
- of which Borrowings		-	*226*	*72*	*41*	-	-	*339*
Debt securities in issue	30	-	16,916	10,212	3,742	393	-	**31,263**
- of which Debt securities in issue		-	*16,916*	*10,212*	*3,742*	*393*	-	*31,263*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	15,254	10,958	27,202	33,877	-	**87,291**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-7	20	-	3	-	**16**
Subordinated liabilities	35	-	640	205	-	393	-	**1,238**
Total liabilities with fixed maturities		**30,671**	**72,289**	**33,768**	**31,371**	**34,701**	**-**	**202,800**
Other liabilities	31	-	-	-	-	-	5,886	**5,886**
Equity		-	-	-	-	-	11,275	**11,275**
Total liabilities and equity		**30,671**	**72,289**	**33,768**	**31,371**	**34,701**	**17,161**	**219,961**

Parent company

Remaining maturity

EURm, 31 Dec 2009	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		8,004	-	-	-	-	-	**8,004**
Treasury bills	13	-	0	236	797	-	-	**1,033**
Loans to credit institutions	14	16,535	35,166	8,470	3,847	36	-	**64,054**
Loans to the public	14	89	7,907	4,871	18,946	28,240	-	**60,053**
Interest bearing securities	15	-	821	2,523	4,381	148	-	**7,873**
Derivatives	18	-	5,625	7,112	26,319	35,464	-	**74,520**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	2	23	93	23	-	**141**
Total assets with fixed maturities		**24,628**	**49,521**	**23,235**	**54,383**	**63,911**	**-**	**215,678**
Other assets	26	-	-	-	-	-	4,872	**4,872**
Total assets		**24,628**	**49,521**	**23,235**	**54,383**	**63,911**	**4,872**	**220,550**

Parent company

Remaining maturity

EURm, 31 Dec 2009	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Deposits by credit institutions	28	4,771	33,627	5,678	125	84	-	**44,285**
Deposits and borrowings from the public	29	30,689	9,822	3,173	668	2	-	**44,354**
- of which Deposits		*30,689*	*9,820*	*3,158*	*668*	*2*	-	*44,337*
- of which Borrowings		-	*2*	*15*	-	-	-	*17*
Debt securities in issue	30	-	27,880	5,949	5,116	331	-	**39,276**
- of which Debt securities in issue		-	*27,880*	*5,949*	*5,116*	*331*	-	*39,276*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	5,195	7,175	26,716	34,151	-	**73,237**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	0	4	-	3	-	**7**
Subordinated liabilities	35	-	-	-	362	75	-	**437**
Total liabilities with fixed maturities		**35,460**	**76,524**	**21,979**	**32,987**	**34,646**	**-**	**201,596**
Other liabilities	31	-	-	-	-	-	8,298	**8,298**
Equity		-	-	-	-	-	10,656	**10,656**
Total liabilities and equity		**35,460**	**76,524**	**21,979**	**32,987**	**34,646**	**18,954**	**220,550**

Parent company

Remaining maturity

EURm, 31 Dec 2008	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		906	-	-	-	-	-	**906**
Treasury bills	13	-	0	0	691	-	-	**691**
Loans to credit institutions	14	15,491	20,416	11,477	4,751	494	-	**52,629**
Loans to the public	14	255	10,694	5,196	17,323	29,011	-	**62,479**
Interest bearing securities	15	-	2,478	2,018	280	153	-	**4,929**
Derivatives	18	-	13,516	10,853	26,986	34,307	-	**85,662**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-12	45	101	23	-	**157**
Total assets with fixed maturities		**16,652**	**47,092**	**29,589**	**50,132**	**63,988**	**-**	**207,453**
Other assets	26	-	-	-	-	-	11,959	**11,959**
Total assets		**16,652**	**47,092**	**29,589**	**50,132**	**63,988**	**11,959**	**219,412**
Deposits by credit institutions	28	2,693	27,510	7,350	78	33	-	**37,664**
Deposits and borrowings from the public	29	27,979	12,014	5,023	350	-	-	**45,366**
- of which Deposits		*27,979*	*11,787*	*4,951*	*307*	*2*	-	*45,026*
- of which Borrowings		-	*227*	*72*	*41*	-	-	*340*
Debt securities in issue	30	-	16,919	10,212	3,742	393	-	**31,266**
- of which Debt securities in issue		-	*16,919*	*10,212*	*3,742*	*393*	-	*31,266*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	15,254	10,958	27,202	33,877	-	**87,291**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-7	20	-	3	-	**16**
Subordinated liabilities	35	-	640	205	-	393	-	**1,238**
Total liabilities with fixed maturities		**30,672**	**72,330**	**33,768**	**31,372**	**34,699**	**-**	**202,841**
Other liabilities	31	-	-	-	-	-	5,603	**5,603**
Equity		-	-	-	-	-	10,968	**10,968**
Total liabilities and equity		**30,672**	**72,330**	**33,768**	**31,372**	**34,699**	**16,571**	**219,412**

Note 45 Related-party transactions

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 Nokia Oyj, Posten AB, Sampo Abp, 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 risk-taking. The transactions are therefore not included in the table below.

Group	Nordea Group undertakings		Nordea Group associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008	2009	2008
Assets						
Loans	52,511	43,026	111	137	-	-
Interest-bearing securities	0	-	-	119	-	-
Derivatives	976	990	109	202	-	-
Investments in associated undertakings	0	-	-	51	-	-
Total assets	**53,487**	**44,016**	**220**	**509**	**-**	**-**
Liabilities						
Deposits	29,924	22,631	115	136	9	15
Debt securities in issue	632	465	-	-	-	-
Derivatives	1,427	3,251	66	242	-	-
Total liabilities	**31,983**	**26,347**	**181**	**378**	**9**	**15**
Off balance	251,029	145,942	2,983	4,516	-	-

Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008	2009	2008
Interest income and interest expense						
Interest income	403	1,967	2	6	-	-
Interest expense	316	762	0	0	0	0
Net interest income and expense	**87**	**1,205**	**2**	**6**	**0**	**0**

Parent company	Group undertakings		Associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2009	2008	2009	2008	2009	2008
Assets						
Loans and receivables	5,150	5,489	111	113	-	-
Interest-bearing securities	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Investments in associated undertakings	-	-	-	16	-	-
Investments in group undertakings	-	309	-	-	-	-
Total assets	**5,150**	**5,798**	**111**	**129**	**-**	**-**
Liabilities						
Deposits	23	15	115	136	9	15
Debt securities in issue	-	3	-	-	-	-
Derivatives	-	-	-	-	-	-
Total liabilities	**23**	**18**	**115**	**136**	**9**	**15**
Off balance	**346**	**444**	**54**	**50**	**-**	**-**

Note 45 *Related-party transactions, cont.*

EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Interest income and interest expense						
Interest income	129	246	2	5	-	-
Interest expense	0	1	0	0	0	0
Net interest income and expense	**129**	**245**	**2**	**5**	**0**	**0**

The terms "group undertakings" and "associated undertakings" refer to group undertakings and associated undertakings of the Nordea Bank Finland Group. In addition to the parent company figures stated above, the parent company's assets included receivables, interest-bearing securities and derivatives from other Nordea group undertakings in the amount of EUR 59,647m (44,015), liabilities in the amount of 31,946m EUR m (26,292), net interest income in the amount of EUR 218m (1,208) and off-balance sheet commitments in the amount of EUR 251,029m (145,942), see Group's specification above. Off balance sheet transactions with Nordea group associated undertakings amounted to EUR 2,929m (4,465) and corresponding balance sheet values of derivatives were EUR 109m (202) in assets and EUR 66m (242) in liabilities.

Compensations and loans and receivables to Key management personnel

Compensations and loans and receivables to Key management personnel are specified in Note 8.

Note 46 Mergers, acquisitions, disposals and dissolutions

Subsidiaries sold during 2009	Line of business	Total assets, EURm	Profit/loss for the year as included in the Bank Group
Menox Palvelut Oy	Business and management consultancy	1	0

Subsidiaries dissolved during 2009	Line of business	Total assets, EURm	Profit/loss for the year as included in the Bank Group
Power Partners Oy	Renting and leasing of other machinery, equipment and tangible goods	2	0

Other subsidiaries merged during 2009	Number of companies	Total assets, EURm	Profit/loss for the year as included in the Bank Group
Other companies	1	0	0

Associated undertakings dissolved during 2009	Line of business	Total assets, EURm	Profit/loss for the year as included in the Bank Group
Arfin Oy	Business and management consultancy activities	0	0
Eka-kiinteistöt Oy	Letting of other real estate	19	0

Note 47 Credit risk disclosure

Credit risk management and credit risk analysis is 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.

Credit risk is defined as the risk of loss if counterparts fail to fulfil their agreed obligations and the pledged collateral does not cover the claims. Credit risk stems mainly from various forms of lending, but also from guarantees and documentary credits, counterparty credit risk in derivatives contracts, transfer risk attributable to the transfer of money from another country and settlement risk.

Information on credit risk in lending is disclosed in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Information on credit risk in interest-bearing securities is found below, as well as some additional information on loans and collaterals.

Interest-bearing securities and Treasury bills

	Group				Parent company			
	31 Dec 2009		31 Dec 2008		31 Dec 2009		31 Dec 2008	
EURm	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost
State and sovereigns	1,065	150	691	-	1,065	150	691	-
Municipalities and other public bodies	9	-	66	-	9	-	66	-
Mortgage institutions	17	3,293	14	12	17	3,293	14	12
Other credit institutions	1,028	3,274	590	4,164	1,028	3,274	590	4,164
Corporates	70	-	78	-	70	-	78	-
Corporates, sub-investment grade	-	-	5	-	-	-	5	-
Other	-	-	-	-	-	-	-	-
Total	**2,189**	**6,717**	**1,444**	**4,176**	**2,189**	**6,717**	**1,444**	**4,176**

Loans to corporate customers, by size of loan

	Group				Parent company			
EURm	31 Dec 2009	%	31 Dec 2008	%	31 Dec 2009	%	31 Dec 2008	%
0-10	17,310	53.4	18,491	50.0	15,721	53.4	16,942	50.0
10-50	8,309	25.6	9,619	26.0	7,547	25.6	8,813	26.0
50-100	3,764	11.6	4,057	11.0	3,418	11.6	3,717	11.0
100-250	2,581	8.0	3,825	10.3	2,345	8.0	3,504	10.3
250-500	448	1.4	980	2.7	407	1.4	898	2.7
500-	-	-	-	-	-	-	-	-
Total	**32,412**	**100,0**	**36,972**	**100,0**	**29,438**	**100,0**	**33,874**	**100,0**

Restructured loans current year

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Loans before restructuring, carrying amount	0	1	0	1
Loans after restructuring, carrying amount	0	1	0	1

Assets taken over for protection of claims

	Group		Parent company	
EURm	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Current assets, carrying amount:				
Land and buildings	3	0	0	0
Shares and other participations	0	-	0	-
Other assets	4	3	1	-
Total	**7**	**3**	**1**	**0**

Note 47 *Credit risk disclosure,cont.*

Past due loans, excl impaired loans

	Group				Parent company			
	31 Dec 2009		31 Dec 2008		31 Dec 2009		31 Dec 2008	
EURm	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	98	249	124	200	34	211	57	169
31-60 days	75	157	131	157	38	102	78	104
61-90 days	45	69	83	59	31	43	72	35
>90 days	89	0	13	-	89	0	13	-
Total	**307**	**475**	**351**	**416**	**192**	**356**	**220**	**308**
Past due not impaired/loans in %	0.95	1.45	0.95	1.35	0.65	1.19	0.65	1.10

Note 48 Nordea shares

Nordea Bank Finland Plc does not possess own shares. During the year Nordea Bank Finland has bought and sold shares in its parent company Nordea Bank AB (publ) as part of its normal trading and marketmaking activities. The trades are specified in the table enclosed.

Acquisitions

Month	Quantity	Average acq.price	Amount, EUR
January	605,300	4.01	2,424,939.60
February	260,002	4.15	1,078,908.58
March	116,400	3.93	457,482.00
April	250,269	4.12	1,031,627.74
May	63,550	5.54	352,038.73
June	330,300	4.53	1,496,564.00
July	52,000	5.48	285,128.00
August	179,119	6.81	1,218,918.19
September	1,719,226	3.16	5,432,087.85
October	82,622	7.17	592,419.38
November	86,800	7.20	624,699.60
December	34,400	7.05	242,511.00
	3,779,988		15,237,324.67

Sales

Month	Quantity	Average price	Amount, EUR
January	-601,000	4.10	-2,466,474.00
February	-386,751	5.74	-2,219,104.21
March	-214,941	4.39	-942,708.55
April	-153,381	4.73	-724,738,03
May	-40,541	5.96	-241,523.44
June	-461,800	4.20	-1,941,142.08
July	-706,221	5.83	-4,118,946.16
August	-331,186	6.98	-2,313,130.31
September	-913,838	5.93	-5,417,712.83
October	-64,564	7.07	-456,463.90
November	-94,400	7.27	-686,651.00
December	-108,600	7.15	-776,502.00
	-4,077,223		-22,305,096.51

The quota value of the Nordea Bank AB (publ) share is EUR 1.00. The trades had an insignificant effect on the shareholding and voting-power in Nordea Bank AB (publ). At year-end 2009 NBF owned no shares of the parent company.

The proposal of the Board of Directors to the Annual General Meeting

The parent company's distributable funds on 31 December 2009 were EUR 7,738,115,525.15, of which the profit for the year was EUR 986,815,297.35. The Board of Directors proposes that

1. a dividend of EUR 600,000,000.00 be paid and
2. EUR 200,000.00 be reserved for public good purposes
3. whereafter the distributable funds will be EUR 7,137,915,525.15.

Signatures of the Directors' report and of the Financial Statements:

Helsinki, 26 February 2010

Christian Clausen

Carl-Johan Granvik

Michael Rasmussen

Fredrik Rystedt

Peter Schütze

Our auditors' report has been issued today.

Helsinki, 26 February 2010

KPMG OY AB

Raija-Leena Hankonen
Authorised Public Accountant

Auditors’ report

This document is an English translation of the Swedish auditor's report. Only the Swedish version of the report is legally binding.

To the Annual General Meeting of Nordea Bank Finland Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Nordea Bank Finland Plc for the year ended on 31 December, 2009. The financial statements comprise the consolidated and parent company’s balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements.

The Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated and parent company’s financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the report of the Board of Directors in accordance with laws and regulations governing the preparation of the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s responsibility
Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company’s financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Finnish Credit Institutions Act and the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated and the parent company’s financial statements and the report of the Board of Directors
In our opinion, the consolidated and parent company’s financial statements give a true and fair view of the financial position, financial performance and cash flows of the group and the parent company in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The report of the Board of Directors gives a true and fair view of the financial performance and financial position of the group and the parent company in accordance with the laws and regulations governing the preparation of the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinion on the discharge from liability and disposal of distributable funds
The consolidated and the parent company’s financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki, 26 February 2010

KPMG OY AB

Raija-Leena Hankonen
Authorized Public Accountant

Board of Directors and auditors

Board of Directors

The Board of Directors of Nordea Bank Finland Plc comprises the President and the Chief Executive Officer of the Nordea Group, Christian Clausen, and four members.

The President of Nordea Bank Finland Plc is Carl-Johan Granvik and Ari Kaperi acts as his deputy.

Auditors

The Annual General Meeting of Nordea Bank Finland Plc elects the company's auditors for a period of one year at a time. The auditor must be an audit firm authorised by the Finnish Chamber of Commerce.

Board of Directors 31 December 2009

Christian Clausen

Born 1955. President and Group Chief Executive Officer of Nordea. Chairman of the Board since 2007. Member since 2002.

Carl-Johan Granvik

Born 1949. President of Nordea Bank Finland Plc. Vice Chairman of the Board since 2008. Chief Risk Officer and Head of Group Credit and Risk Control. Country Senior Executive in Finland. Member since 1995.

Michael Rasmussen

Born 1964. Head of Banking Products & Group Operations. Member since 2008.

Fredrik Rystedt

Born 1963. Chief Financial Officer and Head of Group Corporate Centre. Member since 2008.

Peter Schütze

Born 1948. Head of Nordic Banking in Nordea. Country Senior Executive in Denmark. Member since 2002.

Auditors

KPMG Oy Ab

Auditor with main responsibility
Raija-Leena Hankonen
Authorised Public Accountant

Corporate Governance Report 2009

Application by Nordea Bank Finland Plc

Nordea Bank Finland Plc as an issuer of bonds submits this report for the first time. This report has been prepared following recommendation 51 in the Finnish Corporate Governance Code and the report is submitted as a separate report from the Annual Report 2009.

Nordea Bank Finland Plc is a wholly-owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. The Nordea Group is referred to as "Nordea". A description of corporate governance in Nordea during the most recent financial year is included in the 2009 Annual Report of Nordea Bank AB (publ). All the operations of Nordea Bank Finland Plc are integrated into the operations of the Nordea Group. Nordea has established the Corporate Governance framework at group level and the framework is reviewed on a continuous basis. Information on Corporate Governance in Nordea and this report are available on www.nordea.com.

Good corporate governance facilitates sound strategy and competent management, gives competitive edge and enhances the trust in the capital market. Nordea follows generally adopted principles of corporate governance including the rules and principles set forth in the Swedish Code of Corporate Governance. Although the codes differ in details between the countries, they are all based on the general international development and common Nordic approach within this field and thus show a fundamental resemblance to one another.

Nordea Bank AB (publ) has a separate Board Audit Committee. The Board of Directors of Nordea Bank Finland Plc has reviewed this Corporate Governance Report.

This Corporate Governance Report describes the main features of the internal control and risk management systems regarding the financial reporting process in - Nordea Bank Finland Plc.

Report on the key aspects of the systems for internal control and risk management regarding financial reports for the Financial Year 2009

Nordea Bank Finland Plc belongs to the Nordea Group and the internal control and risk management systems in relation to the financial reporting process are organised at Nordea level. Financial reporting processes are fully integrated within Nordea. The Board of Directors of Nordea Bank Finland Plc is monitoring financial and risk reporting at Nordea Bank Finland Plc level.

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 applicable requirements for listed companies and issuers of bonds. 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-eyes 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. Nordea Bank Finland Plc complies with the above mentioned Group directives and supporting instructions from applicable parts.

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. The Board of Directors of Nordea Bank Finland Plc has dealt with the risk reports on Nordea Bank Finland Plc level.

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 of Nordea annually issues a report to the Board of Directors of Nordea Bank AB (publ) on the quality of internal control in Nordea. This internal control 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 of Nordea Bank AB (publ). 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 of Directors of Nordea Bank Finland Plc approves the Group Internal Audit Annual Plan for Nordea Group and deals with the Group Internal Audit Annual Report on Nordea Bank Finland Plc.

The Audit Committee also assists the Board of Directors of Nordea Bank AB (publ) 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.

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 external auditors and it is not part of the formal financial statements.

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