Annual Report 2010

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 11 million customers, approximately 1,400 branch offices, a leading netbanking position and a total market capitalisation of EUR 36 billion. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Contents

Nordea Bank Finland Group

Five-year overview of the Directors' Report

Income statement

EURm	2010	2009	2008	2007	2006
Net interest income	1,182	1,218	1,812	1,531	1,393
Net fee and commission income	289	225	215	315	308
Net result from items at fair value	979	1,325	770	586	430
Profit from companies accounted for under the equity method	6	4	-4	2	31
Other income	43	53	29	169	297
Total operating income	**2,499**	**2,825**	**2,822**	**2,603**	**2,459**
General administrative expenses:					
Staff costs	-553	-599	-537	-515	-504
Other expenses	-479	-432	-397	-375	-359
Depreciation, amortisation and impairment charges of tangible and intangible assets	-41	-37	-33	-29	-18
Total operating expenses	**-1,073**	**-1,068**	**-967**	**-919**	**-881**
Profit before loan losses	**1,426**	**1,757**	**1,855**	**1,684**	**1,578**
Net loan losses	-272	-381	-133	20	63
Impairment of securities held as financial non-current assets	2	-	-	0	-2
Operating profit	**1,156**	**1,376**	**1,722**	**1,704**	**1,639**
Income tax expense	-302	-373	-389	-339	-358
Net profit for the year	**854**	**1,003**	**1,333**	**1,365**	**1,281**

Balance sheet

EURm	2010	2009	2008	2007	2006
Treasury bills and interest-bearing securities	23,937	8,906	5,620	4,364	4,038
Loans to credit institutions	67,751	59,037	47,447	45,549	47,031
Loans to the public	73,607	65,723	68,293	60,597	52,463
Derivatives	97,251	74,520	85,662	30,731	23,692
Other assets	23,540	12,979	12,939	6,013	4,122
Total assets	**286,086**	**221,165**	**219,961**	**147,254**	**131,346**
Deposits by credit institutions	60,549	44,344	37,713	26,789	29,233
Deposits and borrowings from the public	55,459	44,526	45,279	41,709	35,689
Debt securities in issue	39,846	39,276	31,263	29,635	22,680
Derivatives	95,676	73,237	87,291	32,012	24,057
Subordinated liabilities	477	437	1,238	1,270	1,665
Other liabilities	22,855	8,373	5,902	5,046	4,543
Equity	11,224	10,972	11,275	10,793	13,479
Total liabilities and equity	**286,086**	**221,165**	**219,961**	**147,254**	**131,346**

Ratios and key figures

Group	2010	2009	2008	2007	2006
Return on equity, %	7.7	9.0	12.1	11.2	10.0
Cost/income ratio, %	43	38	34	35	36
Tier 1 capital ratio[1], %	13.6	14.0	12.0	13.7	13.8
Total capital ratio[1], %	14.3	14.6	13.3	15.3	16.0
Tier 1 capital[1], EURm	10,242	10,099	9,807	9,725	8,998
Risk-weighted assets incl. transition rules[1,2], EURm	75,203	72,092	81,720	71,044	65,270
Loan loss ratio, basis points	41	56	22	-4	-14
Number of employees (full-time equivalents)[1]	9,097	9,218	9,634	9,347	9,060
Average number of employees	10,038	10,152	10,412	10,010	9,843
Salaries and remuneration, EURm	-433	-442	-429	-392	-372
Return of total assets, %	0.3	0.5	0.7	1.0	1.0
Equity to total assets, %	3.9	5.0	5.1	7.3	10.3

[1] End of the year
[2] RWA according to Basel I for the year 2006

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 –the negative difference between expected losses and provisions. The Core tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

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 2010)

EUR	1.0000	**USD**	1.3362	**DKK**	7.4535	**EEK**	15.6466
GBP	0.8608	**CHF**	1.2504	**LTL**	3.4528	**LVL**	0.7094
NOK	7.8000	**PLN**	3.9750	**SEK**	8.9655	**SGD**	1.7136

Rating, Nordea Bank Finland

31 Dec 2010	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. Among other things, a conversion is conditional on Nordea obtaining necessary approvals from the relevant authorities.

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

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 during the year to manage assets taken over in Baltic countries: Recurso OÜ and Uus-Sadama OÜ in Estonia and SIA Realm in Latvia.

During the year, one wholly-owned small subsidiary was dissolved. The dissolution had no material effect on the Group's result.

Nordea Bank Finland Plc increased its ownership in the associated company Realia Holding Oy during 2010. NBF's share of the total capital invested was 40.7%. In January 2011 the ownership was decreased to 25.6 %.

Business development in 2010

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

NBF has continued to perform strongly even though total income was down mainly since "Net result from items at fair value" decreased from the record level in 2009. Profit before loan losses decreased by 19% while operating profit decreased by 16%. Profit before tax was EUR 1,156m (2009: 1,376), and return on equity was 7.7% (9.0).

Comments on the income statement

Operating income
Total operating income decreased to EUR 2,499m (2,825), explained by the higher net result from items at fair value in 2009.

Net interest income decreased by 3% to EUR 1,182m (1,218) compared to last year, despite increasing lending and deposit volumes. Margins increased in corporate lending whereas margins in household mortgages decreased slightly. Fierce competition for savings deposits continued. Average deposit margins increased due to higher market interest rates in the latter part of the year, however. Total lending to the public, excluding reverse repurchase agreements, increased by 5% to EUR 69bn.

Deposit volumes increased by 25% to EUR 55bn. The increase is partially explained by the higher repurchase agreement volumes in the latter part of the year.

Net fee and commission income increased by 28% to EUR 289m (225). Commission income increased by 9% to EUR 649m (595). The increase was driven by strong commission income within asset management, payments and guarantees. Income from custody operations decreased. Commission expenses decreased by 3% to EUR 360m (370) mainly as a result of lower transaction fees.

Net result from items at fair value decreased by 26% compared to the very high level last year and totalled EUR 979m (1,325). The customer-driven capital markets activities continued to be strong with increasing volumes. Nominal values of derivatives increased by 30%.

Profit from companies accounted for under the equity method was EUR 6m (4).

Other operating income decreased to EUR 43m (53). The high level in 2009 was mainly explained by the sale of the international global custody operations to J.P. Morgan.

Operating expenses
Total operating expenses were nearly unchanged at EUR 1,073m (1,068).

Staff costs decreased by 8% to EUR 553m (599). The decrease reflects mainly lower profit related salaries and markedly lower profit sharing expenses. Pension costs and social insurance contributions decreased as well. In 2010 the number of employees, measured by full-time equivalents, decreased by 121 and amounted to 9,097 at the end of the year.

Other expenses amounted to EUR 479m (432), up by 11% compared with the preceding year. Higher business volumes, investments in group initiatives and higher marketing expenses mainly explain the increase in IT and other operating expenses.

Depreciation of tangible and intangible assets increased somewhat to EUR 41m (37).

Loan losses
Net loan losses amounted to EUR 272m (381). Net provisions for collectively assessed loans were stable whereas provisions for individually assessed loans were increased. Net loan losses in 2010 correspond to a loan loss ratio of 41 basis points compared to a loan loss ratio of 56 basis points in 2009.

Individual loan losses amounted to 42 basis points in 2010 compared to 39 basis points in 2009. Collective provisions net amounted to 0 basis points in 2010 and to 17 basis points in 2009.

Loan losses in the Baltic countries totalled EUR 77m and total allowances amounted to EUR 320m, of which collective allowances totalled EUR 175m.

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 302m (373). The effective tax rate amounted to 26% (27), which is the same as the legal tax rate. The decrease in the effective tax rate is mainly explained by increased creditable foreign taxes.

Net profit
Net profit for the year amounted to EUR 854m (1,003). Return on equity was 7.7% (9.0).

Comments on the balance sheet

Total assets increased by 29% and amounted to EUR 286bn (221). 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.

In the second half of 2010 Nordea Capital Markets moved forward in centralising its trading activity to NBF. Fixed income products, debt securities and repurchase agreements were transferred from Nordea Bank Denmark to Nordea Bank Finland. This had a significant impact on NBF's balance sheet. By year-end the repurchase agreement volumes were approximately EUR 22bn in assets and EUR 20bn in liabilities. Increase was also seen in interest bearing securities, in assets/liabilities on securities settlement and in sold, not held securities.

Assets

Consolidated *total assets* amounted to EUR 286bn at year-end, showing an increase of EUR 65bn compared to the previous year-end.

Loans to credit institutions increased to EUR 68bn (59) reflecting higher amount of intra-group deposits and higher repurchase agreement volumes.

Loans to the public increased by approximately EUR 8bn to EUR 74bn (66). The housing market in Finland picked up during 2010 and traditional domestic mortgage lending to household customers increased by 8%.

Corporate lending increased by 18% compared to the previous year totalling EUR 38bn (32). Excluding repurchase agreements the increase was EUR 1bn. Consumer lending to households was stable.

Treasury bills and interest-bearing securities increased by EUR 15bn and totalled EUR 24bn at year-end (9), reflecting a higher liquidity buffer and Markets' new activities in NBF.

Other assets increased by approximately EUR 33bn, mainly reflecting higher balance sheet values of derivatives as a result of higher volumes and changes in exchange and interest rates.

Liabilities

Total liabilities amounted to EUR 275bn (210), showing an increase of approximately EUR 65bn.

Deposits by credit institutions increased by approximately EUR 17bn to EUR 61bn (44) reflecting mainly increased volumes in repurchase agreements.

Deposits and borrowings from the public increased by approximately EUR 11bn to EUR 55bn (44). Excluding the impact of higher volumes in repurchase agreements the increase in deposits was 11%.

Debt securities in issue remained unchanged at EUR 39bn (39). Nordea Bank Finland issued its first covered bond under the revised Finnish covered bond legislation in November. The EUR 2bn transaction was the largest Finnish covered bond transaction in 2010. Other issued securities mainly comprise short-term debt instruments with a maturity under one year.

Other liabilities including subordinated liabilities increased by approximately EUR 37bn mainly reflecting higher balance sheet values of derivatives and other liabilities.

Equity

Shareholders' equity amounted to EUR 10,972m at the beginning of 2010. Net profit for the year excluding non-controlling interests was EUR 852m. Total equity amounted to EUR 11,224m at the end of 2010.

Appropriation of distributable funds

The parent company's distributable funds on 31 December 2010 were EUR 7,939m of which the profit for the year is EUR 798m. It is proposed that:

- a dividend of EUR 700m be paid and
- EUR 0.2m be reserved for public good purposes
- whereafter the distributable funds will total EUR 7,239m.

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 18.2bn (17.8), 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 19.1bn (17.7).

The nominal values of derivatives increased to EUR 5,886bn (4,512).

Capital adequacy and ratings

At year-end, the Group's total capital ratio was 14.3% (14.6) and the Tier 1 ratio 13.6% (14.0). Risk-weighted assets totalled EUR 75bn (72).

Risk, liquidity and capital management

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

Management principles and control

Board of Directors and Board Credit Committee

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

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

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

CEO and GEM

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

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

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

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

CRO and CFO

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

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

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

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

Monitoring and reporting

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

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

Risk management

Credit risk management

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

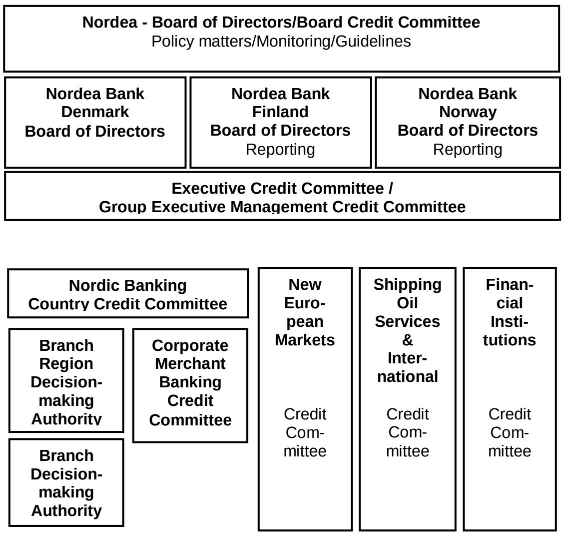
Each customer area and product area is primarily responsible for managing the credit risks in its operations, while Group Risk Management consolidates and monitors the credit risks on both Group and sub-levels.

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 credit decision-making structure has been adjusted starting in the fourth quarter 2010. The new Group Executive Management Credit Committee (GEM CC) has been added to decide on proposals containing major principle issues and the powers to act for Group Credit Committee has been increased. The changes will only impact the Credit Committees on Group level (ECC and GCC), and not impact Credit Committees in the customer areas.

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

In addition to individual impairment testing of all individually significant customers, collective impairment testing is performed for groups of customers that have not been found to be impaired on individual level. The collective impairment is based on the migration of rated and scored customers in the credit portfolio as well as management judgement. The assessment of collective impairment reacts to up- and down-ratings of customers as well as 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 is presented in Note 47 to the Financial statements.

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

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
To credit institutions	**67,751**	**59,037**	**72,772**	**64,054**
To the public	**73,607**	**65,723**	**67,886**	**60,053**
- of which corporate	38,174	32,412	35,055	29,439
- of which household	34,713	32,725	32,111	30,028
- of which public sector	720	586	720	586
Total loans	**141,358**	**124,760**	**140,658**	**124,107**
Off-balance credit exposure	32,731	35,546	30,141	32,830
Counterparty risk exposure [1]	32,305	27,684	32,305	27,684
Treasury bills and interest-bearing securities	23,937	8,906	23,937	8,906
Total credit risk exposure in the banking operations	**230,331**	**196,896**	**227,041**	**193,527**

[1] After close-out netting and collateral agreements, including current market value exposure as well as potential future exposure.

Credit portfolio

Credit risk exposure is measured and presented as the principal amount of on-balance sheet claims, i.e. 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.

NBF's total loans increased by 12% to EUR 74bn (66) during 2010, mainly attributable to an increase in both corporate and household lending. Including off-balance sheet exposures, the total credit risk exposure at year end was EUR 230bn (197). Out of lending to the public, corporate customers accounted for 52% (49) and household customers 47% (50). Loans to credit institutions, mainly in the form of inter-bank deposits, increased to EUR 68bn (59) at the end of 2010.

Loans to corporate customers
Loans to corporate customers at the end of 2010 amounted to EUR 38bn (32), up 18%. Real estate remains the largest sector in NBF's lending portfolio, EUR 8.9bn (8.0).

The distribution of loans to corporates by size of loans shows a high degree of diversification where approx. 78% of the corporate volume is for loans on a scale of up to EUR 50m per customer.

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

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

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

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

Loans to household customers
In 2010 lending to household customers increased by 6% to EUR 35bn (33). Mortgage loans increased by 8% to EUR 27.5bn and consumer loans remained at EUR 7.2bn. The proportion of mortgage loans of total household loans was 79% (78).

Geographical distribution
Lending to the public distributed by borrower domicile shows that the Nordic market accounts for 79% (78). Other EU countries represent the main part of lending outside the Nordic countries. At the end of 2010, lending to customers in the Baltic countries was EUR 7.7bn (7.7).

Loans to the public by country and industry

Group

31 Dec 2010, EURm	Finland	Baltic	Poland	Total 2010	Total 2009
Energy (oil, gas etc.)	429	66	56	551	483
Metals and mining materials	542	6	-	548	406
Paper and forest materials	906	50	-	957	957
Other materials (building materials etc.)	1,881	271	-	2,151	1,965
Industrial capital goods	551	22	-	573	856
Industrial commercial services, etc.	1,184	225	-	1,409	1,416
Construction and engineering	754	323	-	1,077	1,105
Shipping and offshore	3,863	4	-	3,867	3,156
Transportation	833	459	-	1,292	1,336
Consumer durables (cars, appliances etc)	671	83	-	754	873
Media and leisure	617	118	-	735	786
Retail trade	2,426	568	-	2,994	2,789
Consumer staples (food, agriculture, etc.)	1,719	264	-	1,983	2,005
Health care and pharmaceuticals	275	60	-	335	288
Financial institutions	1,213	206	-	1,419	1,295
Real estate	7,660	1,223	-	8,883	8,036
IT software, hardware and services	382	21	-	403	381
Telecommunication equipment	83	2	-	85	50
Telecommunication operators	418	5	-	423	385
Utilities (distribution and productions)	1,000	407	-	1,407	1,329
Other, public and organisations	5,976	354	-	6,330	2,515
Corporate loans	**33,382**	**4,736**	**56**	**38,174**	**32,412**
Household mortgages	24,593	2,919	-	27,512	25,556
Household consumer	7,201	-	-	7,201	7,169
Public sector	656	64	-	720	586
Total	**65,832**	**7,719**	**56**	**73,607**	**65,723**

Loans to the public by country and industry

Parent company

31 Dec 2010, EURm	Finland	Baltic	Poland	Total 2010	Total 2009
Energy (oil, gas etc.)	423	65	-	489	482
Metals and mining materials	470	2	-	472	363
Paper and forest materials	803	25	-	828	842
Other materials (building materials etc.)	1,564	242	-	1,805	1,624
Industrial capital goods	419	19	-	438	694
Industrial commercial services, etc.	872	111	-	982	1,045
Construction and engineering	550	275	-	825	847
Shipping and offshore	3,859	3	-	3,862	3,152
Transportation	397	325	-	722	786
Consumer durables (cars, appliances etc)	600	72	-	672	804
Media and leisure	507	109	-	617	641
Retail trade	2,136	513	-	2,648	2,436
Consumer staples (food, agriculture, etc.)	1,479	244	-	1,723	1,757
Health care and pharmaceuticals	212	50	-	261	223
Financial institutions	1,196	203	-	1,399	1,281
Real estate	7,628	1,219	-	8,847	8,016
IT software, hardware and services	271	16	-	288	319
Telecommunication equipment	81	0	-	81	44
Telecommunication operators	412	3	-	415	375
Utilities (distribution and productions)	959	401	-	1,360	1,282
Other, public and organisations	6,110	210	-	6,321	2,426
Corporate loans	**30,947**	**4,108**	**-**	**35,055**	**29,439**
Household mortgages	24,734	2,777	-	27,511	25,556
Household consumer	4,600	-	-	4,600	4,472
Public sector	661	59	-	720	586
Total	**60,942**	**6,944**	**-**	**67,886**	**60,053**

Rating and scoring distribution

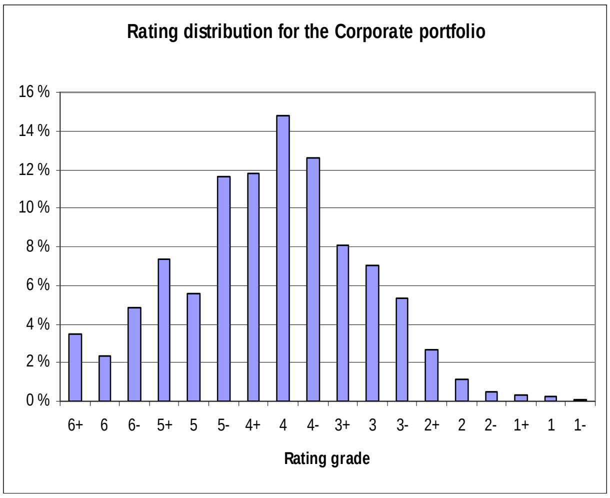
One way of assessing credit quality is through analysis of the distribution across rating grades, for rated corporate customers and institutions, as well as risk grades for scored household and small business customers, i.e. retail exposures.

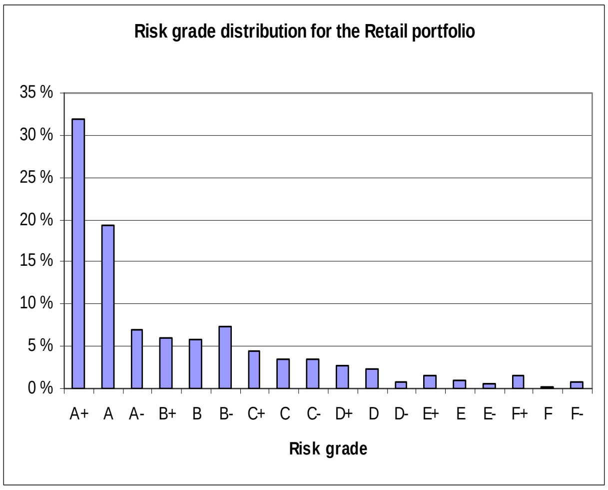
Following the economic recovery, improving credit quality has been seen in 2010, mainly in the corporate credit portfolio. About 75% (71%) of the corporate exposure were rated 4– or higher. The portions of institutional exposures rated 5- or higher were 92% (96%). About 89% (88%) of the retail exposures is scored C- or higher. Impaired loans are not included in the rating/scoring distributions.

Impaired loans

Impaired loans gross increased to EUR 1,871m from EUR 1,801m, corresponding to 132 basis points of total loans. 55% of impaired loans gross are performing loans and 45% are non-performing loans. Impaired loans net, after allowances for individually assessed impaired loans amounted to EUR 1,306m (1,353), corresponding to 92 basis points of total loans. Allowances for individually assessed loans increased to EUR 565m from EUR 447m. Allowances for collectively assessed loans remained at EUR 316m. The provisioning ratio was 47% (42). 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 194m (307). The volume of past due loans to household customers decreased to EUR 442m (475) in 2010.





Impaired loans, allowances and ratios[1]

	Group		Parent company	
Basis points of loans	2010	2009	2010	2009
Gross impaired loans	132	143	119	126
- of which performing	73	74	69	71
- of which non-performing	59	69	51	55
Total allowance ratio[2]	62	61	55	54
Provisioning ratio[3]	0.47	0.42	0.46	0.43

[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, loans to the public

Group

31 Dec 2010, EURm	Finland	Baltic	Poland	Allowances (individual+ collective)	Provisioning ratio (allowances/ impaired loans)
Energy (oil, gas etc)	0	0	-	1	-
Metals and mining materials	2	0	-	1	0.32
Paper and forest materials	55	1	-	44	0.79
Other materials (building materials etc)	130	40	-	114	0.67
Industrial capital goods	50	0	-	22	0.44
Industrial commercial services etc	93	37	-	58	0.45
Construction and engineering	18	46	-	38	0.60
Shipping and offshore	1	0	-	2	3.44
Transportation	21	1	-	9	0.40
Consumer durables (cars, appliances etc)	45	5	-	21	0.42
Media and leisure	39	6	-	19	0.43
Retail trade	100	26	-	77	0.61
Consumer staples (food, agriculture etc)	33	12	-	17	0.38
Health care and pharmaceuticals	6	0	-	2	0.33
Financial institutions	8	0	-	6	0.79
Real estate	28	156	-	112	0.61
IT software, hardware and services	27	0	-	13	0.48
Telecommunication equipment	9	0	-	5	0.61
Telecommunication operators	0	0	-	0	0.32
Utilities (distribution and productions)	0	0	-	3	15.29
Other, public and organisations	12	15	2	63	2.14
Corporate	**678**	**345**	**2**	**626**	**0.61**
Household mortgages	263	192	-	124	0.27
Household consumer	333	34	-	106	0.29
Public sector	-	-	-	-	-
Total impaired loans	**1,274**	**571**	**2**	**1,847**	
Allowances	535	320	1	**856**	
Provisioning ratio	0.42	0.56	0.50	0.46	

Impaired loans gross and allowances by country and industry, loans to the public

Parent company

31 Dec 2010, EURm	Finland	Baltic	Poland	Allowances (individual+ collective)	Provisioning ratio (allowances/ impaired loans)
Energy (oil, gas etc)	-	-	-	1	-
Metals and mining materials	2	0	-	1	0.34
Paper and forest materials	53	1	-	44	0.82
Other materials (building materials etc)	128	37	-	114	0.69
Industrial capital goods	47	0	-	22	0.47
Industrial commercial services etc	91	35	-	58	0.46
Construction and engineering	17	45	-	38	0.60
Shipping and offshore	0	0	-	2	3.75
Transportation	21	1	-	9	0.42
Consumer durables (cars, appliances etc)	44	5	-	21	0.44
Media and leisure	37	6	-	19	0.44
Retail trade	97	25	-	77	0.63
Consumer staples (food, agriculture etc)	31	12	-	17	0.40
Health care and pharmaceuticals	6	0	-	2	0.35
Financial institutions	7	0	-	6	0.88
Real estate	25	156	-	112	0.62
IT software, hardware and services	25	0	-	13	0.51
Telecommunication equipment	9	0	-	5	0.63
Telecommunication operators	0	0	-	0	0.33
Utilities (distribution and productions)	0	0	-	3	16.67
Other, public and organisations	0	0	-	19	347.56
Corporate	**642**	**323**	**-**	**583**	**0.60**
Household mortgages	263	192	-	123	0.27
Household consumer	206	34	-	49	0.20
Public sector	-	-	-	-	
Total impaired loans	**1,111**	**549**	**-**	**1,660**	
Allowances	453	302	-	**755**	
Provisioning ratio	0.41	0.55	-	0.46	

Net loan losses

Net loan losses were EUR 272m in 2010 (381). This corresponds to a loan loss ratio of 41 basis points. EUR 213m relates to corporate customers (277) and EUR 59m (104) relates to household customers. The main losses in household loans were in consumer loans and the main losses in the corporate sector were related to "Other materials" and “Paper & forest materials". 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.

Baltic countries

The recession in the Baltic countries has affected both the credit quality and the collateral values.

At the end of 2010, gross impaired loans in the Baltic countries amounted to EUR 572m or 741 basis points of loans and receivables, compared with EUR 535m or 690 basis points at the end of 2009. The total allowances for the Baltic countries at the end of 2010 were EUR 320m (319) corresponding to 414 basis points of the lending portfolio (412).

The provisioning ratio in the Baltic countries was 56%, down from 60% one year ago. In the Baltic countries, the loan loss ratio was 99 basis points (257).

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 2010 was EUR 32.3bn, of which the current exposure represents EUR 6.6bn. 56% of the total exposure and 24% of the current exposure was towards Financial institutions.

Market risk

Market risk is the risk of a loss in the market value of financial instruments as a result of movements in financial market variables. The customer-driven trading activity of Nordea Markets and the investment, liquidity buffer and funding activities in Group Treasury are the key contributors to market risk. For most other activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance sheet items.

Market risk appetite

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

Net loan losses and loan loss ratios

	Group		Parent company	
Basis points of loans	2010	2009	2010	2009
Loan losses, EURm	272	381	228	313
Loan loss ratio[1]	41.4	55.8	37.9	50.1
- of which individual	41.6	38.9	38.6	32.9
- of which collective	-0.1	16.9	-0.7	17.2

[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	2010	2009	2010	2009
Net loan losses, EURm	77	209	71	180
- of which collective	-13	90	-13	89
Loan loss ratio, basis points	99	257	101	248
Gross impaired loans, EURm	572	535	551	468
Gross impaired loans, basis points	741	690	794	669
Total allowances, EURm	320	319	302	294
Total allowance ratio, basis points	414	412	435	421
Provisioning ratio[1]	0.56	0.60	0.55	0.63

[1]Total allowances in relation to gross impaired loans

Market risk analysis

The total VaR was EUR 31m (25) at the end of 2010 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 interest rate VaR ended 2010 at EUR 35m (15). The net interest rate sensitivity was EUR -63m (10) and the largest part of NBF's interest rate sensitivity stemmed from interest rate positions in Swedish Kronor, Danish Kroner and Euro. 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 307m at the end of 2010 (83).

At the end of 2010, NBF's equity VaR stood at EUR 1m (2).

Credit spread VaR ended 2010 at EUR 15m (12). Credit spread risk is to a large extent concentrated on financial issuers.

NBF's foreign exchange VaR was EUR 8m (14).

The fair value of investments in private equity funds was EUR 8m (7).

Operational risk

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

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

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

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

Market risk

Group

EURm	Measure	31 Dec 2010	2010 high	2010 low	2010 average	31 Dec 2009
Total Risk	VaR	30.7	73.4	22.6	42.1	24.9
- Interest Rate Risk	VaR	34.6	74.9	13.2	33.8	15.5
- Equity Risk	VaR	0.5	6.0	0.2	1.8	2.3
- Credit Spread Risk	VaR	15.0	23.1	11.5	15.2	12.3
- Foreign Exchange Risk	VaR	8.0	28.3	6.0	15.0	13.8
Diversification effect	VaR	47%	55%	17%	37%	43%

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 2010. 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 -0.8bn (-3.9).

NBF's liquidity buffer has been in the range EUR 13.3–14.7bn (10.2–14.4) throughout 2010 with an average of EUR 14.1bn (11.3). 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 -2.4bn (-5.8).

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 analysis

At the end of the year, the SIIR for decreasing market rates was EUR -134m (-88) and the SIIR for increasing rates was EUR 225m (117). These figures imply that net interest income would decrease if interest rates fell and increase if interest rates rose.

Cash flow analysis

Group

31 Dec 2010, EURm	On demand	0-3 months	3-12 months	1-5 years	>5 years	**Total**
Interest bearing financial assets	14,952	70,209	21,932	46,473	39,257	**192,823**
Non interest bearing financial assets	-	-	-	-	108,003	**108,003**
Total financial assets	**14,952**	**70,209**	**21,932**	**46,473**	**147,260**	**300,826**
Interest bearing financial liabilities	39,756	87,765	19,464	10,017	692	**157,694**
Non interest bearing financial liabilities	-	-	-	-	129,755	**129,755**
Total financial liabilities	**39,756**	**87,765**	**19,464**	**10,017**	**130,447**	**287,449**
Derivatives, cash inflow	-	457,903	165,043	192,180	65,712	**880,838**
Derivatives, cash outflow	-	457,407	162,940	187,678	64,402	**872,427**
Net exposure	**-**	**496**	**2,103**	**4,502**	**1,310**	**8,411**
Exposure	**-24,804**	**-17,060**	**4,571**	**40,958**	**18,123**	**21,788**
Cumulative exposure	**-24,804**	**-41,864**	**-37,293**	**3,665**	**21,788**	

Parent company

31 Dec 2010, EURm	On demand	0-3 months	3-12 months	1-5 years	>5 years	**Total**
Interest bearing financial assets	14,956	70,664	21,601	45,130	39,257	**191,608**
Non interest bearing financial assets	-	-	-	-	108,026	**108,026**
Total financial assets	**14,956**	**70,664**	**21,601**	**45,130**	**147,283**	**299,634**
Interest bearing financial liabilities	39,736	87,822	19,464	10,017	692	**157,731**
Non interest bearing financial liabilities	-	-	-	-	129,041	**129,041**
Total financial liabilities	**39,736**	**87,822**	**19,464**	**10,017**	**129,733**	**286,772**
Derivatives, cash inflow	-	457,903	165,088	192,360	65,712	**881,063**
Derivatives, cash outflow	-	457,415	162,963	187,800	64,402	**872,580**
Net exposure	-	**488**	**2,125**	**4,560**	**1,310**	**8,483**
Exposure	**-24,780**	**-16,670**	**4,262**	**39,673**	**18,860**	**21,345**
Cumulative exposure	**-24,780**	**-41,450**	**-37,188**	**2,485**	**21,345**	

The table is based on contractual maturities for on balance sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 18,212m, which could be drawn on at any time.

.

SIIR, Gap analysis 31 Dec 2010

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 repricing	Total
Assets									
Interest-bearing assets	**178,127**	154,416	10,948	8,439	1,637	1,814	271	602	178,127
Non interest-bearing assets	**107,959**	-	-	-	-	-	-	107,959	107,959
Total assets	**286,086**	**154,416**	**10,948**	**8,439**	**1,637**	**1,814**	**271**	**108,561**	**286,086**
Liabilities									
Interest-bearing liabilities	**156,294**	135,977	7,801	5,107	1,702	5,173	534	-	156,294
Non interest-bearing liabilities	**129,792**	-	-	-	-	-	-	129,792	129,792
Total liabilities	**286,086**	**135,977**	**7,801**	**5,107**	**1,702**	**5,173**	**534**	**129,792**	**286,086**
Off-balance sheet items, net		**5,241**	**-2,910**	**-4,064**	**-441**	**2,157**	**17**	**-**	
Exposure		**23,680**	**237**	**-732**	**-506**	**-1,202**	**-246**	**-21,231**	
Cumulative exposure			**23,917**	**23,185**	**22,679**	**21,477**	**21,231**	**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 repricing	Total
Assets									
Interest-bearing assets	**177,383**	153,604	10,985	8,571	1,852	1,518	251	602	177,383
Non interest-bearing assets	**108,026**	-	-	-	-	-	-	108,026	108,026
Total assets	**285,409**	**153,604**	**10,985**	**8,571**	**1,852**	**1,518**	**251**	**108,628**	**285,409**
Liabilities									
Interest-bearing liabilities	**156,331**	136,014	7,801	5,107	1,702	5,173	534	-	156,331
Non interest-bearing liabilities	**129,078**	-	-	-	-	-	-	129,078	129,078
Total liabilities	**285,409**	**136,014**	**7,801**	**5,107**	**1,702**	**5,173**	**534**	**129,078**	**285,409**
Off-balance sheet items		**5,241**	**-2,910**	**-4,064**	**-441**	**2,157**	**17**	**-**	
Exposure		**22,831**	**274**	**-600**	**-291**	**-1,498**	**-266**	**-20,450**	
Cumulative exposure			**23,105**	**22,505**	**22,214**	**20,716**	**20,450**	**0**	

Capital management

Nordea strives to attain efficient use of capital through active management of the balance sheet with respect to different asset, liability and risk categories. The goal is to enhance returns to the shareholder while maintaining a prudent capital structure.

Capital requirements and RWA

Group	31 Dec 2010	31 Dec 2010	31 Dec 2009	31 Dec 2009
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**5,238**	**65,470**	**5,163**	**64,540**
IRB	2,541	31,766	2,590	32,375
- of which corporate	1,718	21,477	1,707	21,337
- of which institutions	446	5,581	517	6,460
- of which retail	356	4,456	344	4,301
- of which residential real estate	179	2,237	174	2,176
- of which other	178	2,219	170	2,125
- of which other	20	253	22	277
Standardised	2,696	33,704	2,573	32,165
- of which sovereign	28	348	41	515
- of which retail	347	4,334	388	4,847
- of which residential real estate	46	581	11	144
- of which qualifying revolving	-	-	-	-
- of which other	300	3,753	377	4,703
- of which other	2,322	29,022	2,144	26,803
Market risk	**358**	**4,474**	**236**	**2,946**
- of which trading book, VaR	119	1,482	103	1,287
- of which trading book, non-VaR	239	2,992	133	1,659
- of which FX, non-VaR	-	-	-	-
Operational risk	**421**	**5,258**	**368**	**4,606**
Standardised	421	5,258	368	4,606
Sub total	**6,016**	**75,203**	**5,767**	**72,092**
Adjustment for transition rules				
Additional capital requirement according to transition rules	-	-	-	-
Total	**6,016**	**75,203**	**5,767**	**72,092**

Capital ratio

	31 Dec 2010	31 Dec 2009
Tier 1 ratio, incl. profit, %	13.6	14.0
Capital ratio, incl. profit, %	14.3	14.6

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).

Capital requirement and RWA

Parent company	31 Dec 2010	31 Dec 2010	31 Dec 2009	31 Dec 2009
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**4,907**	**61,334**	**4,828**	**60,355**
IRB	2,429	30,359	2,474	30,926
- of which corporate	1,612	20,149	1,597	19,964
- of which institutions	445	5,566	516	6,454
- of which retail	356	4,456	344	4,301
- of which residential real estate	179	2,237	174	2,176
- of which other	178	2,219	170	2,125
- of which other	15	189	17	207
Standardised	2,478	30,975	2,354	29,429
- of which sovereign	28	348	43	540
- of which retail	168	2,105	202	2,522
- of which residential real estate	46	581	11	144
- of which qualifying revolving	-	-	-	-
- of which other	122	1,524	191	2,378
- of which other	2,282	28,522	2,109	26,367
Market risk	**358**	**4,474**	**236**	**2,946**
- of which trading book, VaR	119	1,482	103	1,287
- of which trading book, non-VaR	239	2,992	133	1,659
- of which FX, non-VaR	-	-	-	-
Operational risk	**397**	**4,964**	**343**	**4,284**
Standardised	397	4,964	343	4,284
Subtotal	**5,662**	**70,772**	**5,407**	**67,585**
Adjustment for transition rules				
Additional capital requirement according to transition rules	-	-	-	-
Total	**5,662**	**70,772**	**5,407**	**67,585**

Capital ratio

	31 Dec 2010	31 Dec 2009
Tier 1 ratio, incl. profit, %	14.0	14.5
Capital ratio, incl. profit, %	14.7	15.2

Pillar 1
Risk Weighted Assets (RWA) are calculated based on pillar 1 requirements. Nordea Bank Finland Group had 49% of the exposure covered by Internal Rating Based (IRB) approaches by the end of 2010. Nordea will implement the IRB approach for some remaining portfolios.

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

Pillar 2
Nordea's internal capital requirement under the Internal Capital Adequacy Assessment Process (ICAAP) is based on "pillar 1 plus pillar 2", which in practice means a combination of the 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 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 credit concentration risk.

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

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.

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 comprises perpetual loans and dated loans. The total tier 2 amount may not exceed tier 1.

Dated tier 2 loans may not exceed half the amount of tier 1. The limits are set after deductions, i.e. investment in insurance and other financial companies.

Pillar 3 disclosure
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

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
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	7,448	7,047	7,142	6,751
Non-controlling interests	6	6	-	-
Income (positive/negative) from current year	852	1,001	798	987
Eligible reserves	**8,306**	**8,054**	**7,940**	**7,738**
Tier 1 capital (before hybrid capital and deductions)	**11,224**	**10,972**	**10,858**	**10,656**
Proposed/actual dividend	-700	-600	-700	-600
Deferred tax assets	-17	-17	-12	-13
Intangible assets	-85	-69	-82	-64
Deductions for investments in credit institutions	-23	-22	-4	-4
IRB provisions excess (+) / shortfall (-)[1]	-50	-72	-37	-62
Other items, net	-107	-93	-107	-93
Deductions from original own funds	**-982**	**-873**	**-942**	**-836**
Tier 1 capital (net after deduction)	**10,242**	**10,099**	**9,916**	**9,820**
Additional own funds				
Securities of indeterminate duration and other instruments	561	543	561	543
Subordinate loan capital	-	-	-	-
Other additional own funds	-	-	-	-
Tier 2 capital (before deductions)	**561**	**543**	**561**	**543**
Deductions for investments in credit institutions	-23	-22	-4	-4
IRB provisions excess (+) / shortfall (-)[1]	-50	-72	-37	-62
Deductions from original additional own funds	**-73**	**-94**	**-41**	**-66**
Tier 2 capital (net after deductions)	**488**	**449**	**520**	**477**
Total own funds for solvency purposes	**10,730**	**10,548**	**10,436**	**10,297**

[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 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Economic capital, EURm	5,124	3,885	4,773	3,614
Core tier 1 ratio excl. transition rules, %	13.6	14.0	14.0	14.5
Core tier 1 ratio incl. transition rules, %	13.6	14.0	14.0	14.5
Tier 1 ratio excl. transition rules, %	13.6	14.0	14.0	14.5
Tier 1 ratio incl. transition rules, %	13.6	14.0	14.0	14.5
Capital ratio excl. transition rules, %	14.3	14.6	14.7	15.2
Capital ratio incl. transition rules, %	14.3	14.6	14.7	15.2
Capital base / Regulatory Capital requirement incl. transition rules, %	178.4	182.9	184.3	190.4

Specification over group undertakings consolidated in the Nordea Bank Finland Group

31 Dec 2010	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
SIA Promano Lat	14,056	20	100	Riga	purchase method
Promano Est OÜ	1	10	100	Tallinn	purchase method
Promano Lit UAB	34,528	10	100	Vilnius	purchase method
SIA Realm	2	5	100	Riga	purchase method
Other companies		2			purchase method
Total		**353**			
Over 10 % investments in credit institutions deducted from the capital base					
Luottokunta		45	24	Helsinki	
NF Fleet Oy		1	20	Espoo	
Other		0			
Total investments in credit institutions deducted from the capital base		**46**			

Human resources

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

People strategy

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

There are two main annual tools for follow up. The Employee Satisfaction Survey (ESI) is designed to give an overview of how our employees evaluate Nordea, and as a result identify and prioritise actions how to make Nordea Great.

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

Focus on values and leadership

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

Opportunities to develop and grow

Nordea aims at being a company with many possibilities for employees to develop within the Group. Development is a joint responsibility of the manager and the employee.

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

Profit-sharing scheme

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

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

Corporate Social Responsibility

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

As a business we need to be aware of customers' changing demands, which of course are affected by the world at large. It is clear that concern for the environment is growing in the public debate and in many people's minds.

We strive to be in step with the changing needs of the societies in which we operate.

Corporate credits and project finance

CSR ensures that relevant environmental, social and political aspects are taken into account before a credit decision is reached.

Project Finance has addressed CSR risks in project finance for many years.

Responsible investments within Nordea Investment Funds

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

In February 2010, we went a step further by adopting a new strategy on responsible investments.

Reducing own emissions

Nordea has Renewable Energy Certificates (RECS) for its energy consumption in the Nordic countries. In 2009 Nordea received LEED Green Building certificates for 14 office buildings in Copenhagen, Helsinki, Oslo and Stockholm. Last year we set four targets to reduce our CO2 emissions by the year 2016. We have eight teams working on these issues and good progress was made in 2010.

Further information on CSR in the Nordea Group is presented at www.nordea.com/csr.

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 2010 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

NBF has subscribed on 10 February 2011 a subordinated loan issued by Nordea Bank Denmark. This transaction amounting to EUR 1,450m has only a minor effect on the capital adequacy ratio of NBF.

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

Outlook 2011

The economic upturn in the Nordic countries is increasingly robust. NBF expects the Nordic and Baltic macroeconomic recovery to continue in 2011. The level of activity in NBF will follow the development in 2010 through a prudent growth strategy balancing opportunities, risks and costs.

Nordea Bank Finland Group and Nordea Bank Finland Plc

Income statement

EURm	Note	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Operating income					
Interest income	3	1,958	2,708	1,736	2,498
Interest expense	3	-776	-1,490	-775	-1,488
Net interest income	3	**1,182**	**1,218**	**961**	**1,010**
Fee and commission income	4	649	595	606	557
Fee and commission expense	4	-360	-370	-336	-355
Net fee and commission income	4	289	225	270	202
Net result from items at fair value	5	979	1,325	979	1,321
Profit from companies accounted for under the equity method	21	6	4	-	-
Dividends	6	-	-	42	52
Other operating income	7	43	53	49	60
Total operating income		**2,499**	**2,825**	**2,301**	**2,645**
Operating expenses					
General administrative expenses:					
Staff costs	8	-553	-599	-508	-550
Other expenses	9	-479	-432	-478	-427
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 22, 23	-41	-37	-24	-22
Total operating expenses		**-1,073**	**-1,068**	**-1,010**	**-999**
Profit before loan losses		**1,426**	**1,757**	**1,291**	**1,646**
Net loan losses	11	-272	-381	-227	-313
Impairment of securities held as financial non-current assets		2	-	2	-
Operating profit		**1,156**	**1,376**	**1,066**	**1,333**
Income tax expense	12	-302	-373	-268	-346
Net profit for the year		**854**	**1,003**	**798**	**987**
Attributable to:					
Shareholders of Nordea Bank Finland Plc		852	1,001	798	987
Non-controlling interests		2	2	-	-
Total		**854**	**1,003**	**798**	**987**

Statement of comprehensive income

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Net profit for the year	**854**	**1,003**	**798**	**987**
Currency translation differences during the year	2	0	-	-
Available-for-sale investments:				
- Valuation gains/losses during the year	1	0	1	0
- Tax on valuation gains/losses during the year	0	0	0	0
- Transferred to profit or loss on sale for the year	-	0	-	0
- Tax on transfers to profit or loss on sale for the year	-	0	-	0
Other comprehensive income, net of tax	**3**	**0**	**1**	**0**
Total comprehensive income	**857**	**1,003**	**799**	**987**
Attributable to:				
Shareholders of Nordea Bank Finland Plc	855	1,001	799	987
Non-controlling interests	2	2	-	-
Total	**857**	**1,003**	**799**	**987**

Balance sheet

EURm	Note	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Assets					
Cash and balances with central banks		7,485	8,004	7,485	8,004
Treasury bills	13	2,359	1,033	2,359	1,033
Loans to credit institutions	14	67,751	59,037	72,772	64,054
Loans to the public	14	73,607	65,723	67,886	60,053
Interest-bearing securities	15	21,578	7,873	21,578	7,873
Financial instruments pledged as collateral	16	5,304	1	5,304	1
Shares	17	1,079	1,052	1,080	1,048
Derivatives	18	97,251	74,520	97,247	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	96	141	96	141
Investments in group undertakings	20	-	-	353	338
Investments in associated undertakings	21	61	56	19	16
Intangible assets	22	85	69	82	64
Property and equipment	23, 24	124	143	55	54
Investment property	25	32	7	4	4
Deferred tax assets	12	17	17	12	13
Current tax assets	12	84	0	83	-
Retirement benefit assets	34	104	91	98	85
Other assets	26	8,562	3,029	8,540	3,014
Prepaid expenses and accrued income	27	507	369	356	235
Total assets		**286,086**	**221,165**	**285,409**	**220,550**
Liabilities					
Deposits by credit institutions	28	60,549	44,344	60,493	44,285
Deposits and borrowings from the public	29	55,459	44,256	55,552	44,354
Debt securities in issue	30	39,846	39,276	39,846	39,276
Derivatives	18	95,676	73,237	95,676	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-58	7	-58	7
Current tax liabilities	12	1	129	0	128
Other liabilities	31	22,105	7,813	21,975	7,666
Accrued expenses and prepaid income	32	652	571	486	428
Deferred tax liabilities	12	47	44	-	-
Provisions	33	80	49	76	46
Retirement benefit obligations	34	28	30	28	30
Subordinated liabilities	35	477	437	477	437
Total liabilities		**274,862**	**210,193**	**274,551**	**209,894**
Equity					
Non-controlling interests		6	6	-	-
Share capital		2,319	2,319	2,319	2,319
Share premium reserve		599	599	599	599
Other reserves		2,849	2,848	2,849	2,848
Retained earnings		5,451	5,200	5,091	4,890
Total equity		**11,224**	**10,972**	**10,858**	**10,656**
Total liabilities and equity		**286,086**	**221,165**	**285,409**	**220,550**
Assets pledged as security for own liabilities	36	25,654	12,674	25,653	12,674
Other assets pledged	37	-	-	-	-
Contingent liabilities	38	18,111	17,084	18,392	17,350
Commitments	39	19,250	18,462	16,140	15,480

Other notes

Note 1 Accounting policies
Note 2 Segment reporting
Note 40 Classification of financial instruments
Note 41 Assets and liabilities at fair value
Note 42 Assets and liabilities in foreign currencies
Note 43 Obtained collaterals which are permitted to be sold or repledged
Note 44 Maturity analysis for assets and liabilities
Note 45 Related-party transactions
Note 46 Mergers, acquisitions, disposals and dissolutions
Note 47 Credit risk disclosures
Note 48 Nordea shares

Statement of changes in equity

Group

EURm	Share capital[1]	Share premium reserve	Available-for-sale investments	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc							
			Other reserves					
Balance at 1 Jan 2010	**2,319**	**599**	**0**	**2,848**	**5,200**	**10,966**	**6**	**10,972**
Net profit for the year	-	-	-	-	852	**852**	2	**854**
Currency translation differences during the year	-	-	-	0	2	**2**	-	**2**
Available-for-sale investments:								
- Valuation gains/losses during the year	-	-	1	-	0	**1**	-	**1**
- Tax on valuation gains/losses during the year	-	-	0	-	0	**0**	-	**0**
Other comprehensive income, net of tax	-	-	1	0	2	**3**	-	**3**
Total comprehensive income	-	-	1	0	854	**855**	2	**857**
Share-based payments[2]	-	-	-	-	3	**3**	-	**3**
Dividend for 2009	-	-	-	-	-600	**-600**	-	**-600**
Other changes	-	-	-	0	-6	**-6**	-2	**-8**
Balance at 31 Dec 2010	**2,319**	**599**	**1**	**2,848**	**5,451**	**11,218**	**6**	**11,224**
Balance at 1 Jan 2009	**2,319**	**599**	**0**	**2,941**	**5,409**	**11,268**	**7**	**11,275**
Net profit for the year	-	-	-	-	1,001	**1,001**	2	**1,003**
Currency translation differences during the year	-	-	-	0	0	**0**	-	**0**
Available-for-sale investments:								
- Valuation gains/losses during the year	-	-	0	-	-	**0**	-	**0**
- Tax on valuation gains/losses during the year	-	-	0	-	-	**0**	-	**0**
- Transferred to profit or loss on sale for the year	-	-	0	-	-	**0**	-	**0**
- Tax on transfers to profit or loss on sale for the year	-	-	0	-	-	**0**	-	**0**
Other comprehensive income, net of tax	-	-	0	0	0	**0**	-	**0**
Total comprehensive income	-	-	0	0	1,001	**1,001**	2	**1,003**
Share-based payments[3]	-	-	-	-	1	**1**	-	**1**
Dividend for 2008	-	-	-	-	-1,301	**-1,301**	-	**-1,301**
Other changes[4]	-	-	-	-93	90	**-3**	-3	**-6**
Balance at 31 Dec 2009	**2,319**	**599**	**0**	**2,848**	**5,200**	**10,966**	**6**	**10,972**

Statement of changes in equity *cont.*

Parent company

EURm	Attributable to the shareholders of Nordea Bank Finland Plc		Other reserves			
	Share capital[1]	Share premium reserve	Available-for-sale investments	Other reserves	Retained earnings	**Total equity**
Balance at 1 Jan 2010	**2,319**	**599**	**0**	**2,848**	**4,890**	**10,656**
Net profit for the year	-	-	-	-	798	**798**
Available-for-sale investments:						
- Valuation gains/losses during the year	-	-	1	-	-	**1**
- Tax on valuation gains/losses during the year	-	-	0	-	-	**0**
Other comprehensive income, net of tax	-	-	1	-	0	**1**
Total comprehensive income	-	-	1	-	798	**799**
Share-based payments[2]	-	-	-	-	3	**3**
Dividend for 2009	-	-	-	-	-600	**-600**
Balance at 31 Dec 2010	**2,319**	**599**	**1**	**2,848**	**5,091**	**10,858**
Balance at 1 Jan 2009	**2,319**	**599**	**0**	**2,848**	**5,202**	**10,968**
Net profit for the year	-	-	-	-	987	**987**
Available-for-sale investments:						
- Valuation gains/losses during the year	-	-	0	-	-	**0**
- Tax on valuation gains/losses during the year	-	-	0	-	-	**0**
- Transferred to profit or loss on sale for the year	-	-	0	-	-	**0**
- Tax on transfers to profit or loss on sale for the year	-	-	0	-	-	**0**
Other comprehensive income, net of tax	-	-	0	-	-	**0**
Total comprehensive income	-	-	0	-	987	**987**
Share-based payments[3]	-	-	-	-	2	**2**
Dividend for 2008	-	-	-	-	-1,301	**-1,301**
Balance at 31 Dec 2009	**2,319**	**599**	**0**	**2,848**	**4,890**	**10,656**

[1] Total shares registered were 1,030.8 million (31 Dec 2009: 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, LTIP 2009 and LTIP 2010), see also note 8.
[3] Refers to the Long-Term Incentive Programmes (LTIP 2007, LTIP 2008 and LTIP 2009), see also note 8.
[4] Transfer of equity share of untaxed reserves from Other reserves to Retained earnings EUR 93m.

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 NBF. At the end of 2010, the NBF 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	2010	2009	2010	2009
Operating activities				
Operating profit	1,156	1,376	1,066	1,333
Adjustments for items not included in cash flow	-967	-834	-1,070	-873
Income taxes paid	-510	-450	-478	-433
Cash flow from operating activities before changes in operating assets and liabilities	**-321**	**92**	**-482**	**27**
Changes in operating assets				
Change in treasury bills	-2,250	736	-2,250	736
Change in loans to credit institutions	-17,703	-10,530	-17,805	-10,382
Change in loans to the public	-8,099	2,158	-8,067	2,092
Change in interest-bearing securities	-13,187	210	-13,187	210
Change in financial assets pledged as collateral	-5,303	0	-5,304	0
Change in shares	81	41	78	41
Change in derivatives, net	603	-1,950	606	-1,950
Change in investment properties	-25	-3	0	0
Change in other assets	-5,533	6,501	-5,528	6,493
Changes in operating liabilities				
Change in deposits by credit institutions	16,044	6,631	16,208	6,621
Change in deposits and borrowings from the public	11,179	-1,023	11,199	-1,013
Change in debt securities in issue	570	8,013	570	8,010
Change in other liabilities	14,292	3,408	14,310	3,366
Cash flow from operating activities	**-9,652**	**14,284**	**-9,652**	**14,252**
Investing activities				
Acquisition of group undertakings	0	-	-15	-30
Sale of group undertakings	-	0	-	1
Dividends from associated companies	2	1	-	-
Acquisition of investments in associated undertakings	-5	-3	-5	-
Sale of investments in associated undertakings	6	1	4	0
Acquisition of property and equipment	-62	-58	-22	-11
Sale of property and equipment	24	9	1	0
Acquisition of intangible assets	-28	-18	-28	-19
Sale of intangible assets	0	0	-	-
Investments in debt securities, held to maturity	679	-3,960	679	-3,960
Purchase/sale of other financial fixed assets	0	-6	0	-6
Cash flow from investing activities	**616**	**-4,034**	**614**	**-4,025**
Financing activities				
Issued subordinated liabilities	28	-	28	-
Amortised subordinated liabilities	-	-786	-	-786
Dividend paid	-600	-1,300	-600	-1,300
Other changes	-3	-6	4	1
Cash flow from financing activities	**-575**	**-2,092**	**-568**	**-2,085**
Cash flow for the year	**-9,611**	**8,158**	**-9,606**	**8,142**
Cash and cash equivalents at the beginning of year	24,558	16,400	24,538	16,397
Translation difference	0	0	-	-
Cash and cash equivalents at the end of year	14,947	24,558	14,932	24,539
Change	**-9,611**	**8,158**	**-9,606**	**8,142**

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 depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

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

	Group		Parent company	
EURm	2010	2009	2010	2009
Depreciation	41	37	24	22
Impairment charges	-2	-	-2	-
Loan losses	299	413	234	335
Unrealised gains/losses	-1,276	-1,340	-1,276	-1,337
Capital gains/losses (net)	-2	-1	-1	0
Change in accruals and provisions	-27	79	-32	125
Translation differences	1	0	1	0
Other	-1	-22	-18	-18
Total	**-967**	**-834**	**-1,070**	**-873**

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

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

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest payments received	1,828	2,972	1,607	2,782
Interest expenses paid	-745	-1,900	-743	-1,898

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	2010	2009	2010	2009
Cash and balances with central banks	7,485	8,004	7,485	8,004
Loans to credit institutions, payable on demand	7,462	16,554	7,447	16,535
	14,947	**24,558**	**14,932**	**24,539**

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

Table of contents

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 28 February 2011 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 8 March 2011.

2. Comparative figures

The comparative figures for 2009 include, unless otherwise stated, effects of changes in the presentation described in section 3 "Changed accounting policies and presentation" below.

3. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2009 Annual Report, except for the classification of lending commissions in the income statement further described below.

Below follows also a section covering other changes in IFRSs implemented in 2010, which have not had any significant impact, as well as a section covering forthcoming changes in IFRSs not yet implemented by Nordea.

Classification of lending commissions

The accounting treatment, including the classification in the income statement, of lending commissions depends on for which purpose the commission is received. Commissions that are considered to be an integral part of the effective interest rate of a loan is included in the calculation of effective interest and classified as "Net interest income" in the income statement, while commissions considered to be compensation for performed services are classified as "Net fee and commission income".

Judgement has to be exercised when deciding on whether or not a commission shall be included, and to what extent, in the calculation of the effective interest of a loan. Nordea has reassessed this judgement, which has lead to a reclassification of commissions from "Net fee and commission income" to "Net interest income".

Group	2010		2009	
EURm	Re-stated	Pre policy change	Re-stated	Re-ported
Net interest income	1,182	1,154	1,218	1,202
Net commission income	289	317	225	241

Parent company	2010		2009	
EURm	Re-stated	Pre policy change	Re-stated	Re-ported
Net interest income	961	933	1,010	994
Net commission income	270	298	202	218

The comparable figures have been restated accordingly and the impact is, together with the impact on 2010, disclosed in the table on the previous page.

Other changes in IFRSs implemented 2010

The IASB has revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements". The revised and amended standards are applied prospectively for business combinations effected as from 1 January 2010, meaning that there has been no restatement of business combinations with acquisition dates prior to the implementation of this IFRS. The transition rules furthermore state that changes in recognised deferred tax assets, originating from business combinations effected before the application of this IFRS, shall be recognised in the income statement without any equivalent adjustments made to goodwill through the income statement, unless there is an impairment of goodwill. The impact on Nordea from the revised IFRS 3 and amended IAS 27 includes a broader definition of business combinations, the need to expense acquisition costs and continuous fair value adjustments of contingent considerations recognised in the income statement. The revised and amended standards have not had any impact on 2010 but can potentially have on subsequent periods.

The IASB has furthermore revised IFRS 1 "First-time Adoption of International Financial Reporting Standards", amended IFRS 2 "Share-based payment" (Group Cash-settled Share-based Payment Transactions), IAS 39 "Financial Instruments: Recognition and Measurement" (Eligible hedged items) as well as published "Improvements to IFRSs 2009" as well as IFRIC 12 "Service Concession Arrangements", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", IFRIC 17 "Distributions of Non-cash Assets to Owners" and IFRIC 18 "Transfers of Assets from Customers". These revised and amended standards and improvements are effective for Nordea as from 1 January 2010, but have not had any significant impact on 2010 and are not expected to have a significant impact on subsequent periods.

Forthcoming changes in IFRSs

IFRS 9 "Financial instrument" (Phase 1)

In 2009 IASB published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers classification and measurement of financial assets. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2010.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission, not finalised the investigation of the impact on the period of initial application or on subsequent periods and can therefore neither express an opinion on the impact on the capital adequacy.

Other forthcoming changes in IFRSs

The IASB has amended IAS 32 "Financial instruments: Presentation", with respect to classification of rights issues, IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", revised IAS 24 "Related Party Disclosures" and published IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". Nordea has chosen not to implement these changes early. The amended, revised and published standards and interpretations will be applied retroactively as from 1 January 2011. There is currently no identified significant impact on the period of initial application. The amendment of IAS 32 may affect future rights issues involving different currencies, whilst the revised IAS 24, amended IFRIC 14 and the published IFRIC 19 are not expected to have a significant impact on subsequent periods.

The IASB has published "Improvements to IFRSs" (2010). These improvements are effective for Nordea as from 1 January 2011, but early application is allowed. These improvements are not expected to have a significant impact on the period of initial application or on subsequent periods.

IFRS 7 "Financial instruments: Disclosures" has in addition been amended by the IASB in order to increase the transparency in the reporting of transferred assets ("Disclosures – Transfers of Financial Assets"). Nordea has chosen not to implement these changes early in 2010. The amended standard is effective for Nordea as from 1 January 2012. The amended standard will, on the period of initial application and on subsequent periods, lead to an increased level of disclosures.

The abovementioned revised and amended standards, improvements and interpretations not yet adopted, within the section "Other forthcoming changes in IFRSs", are not, on the period of initial application or on subsequent periods, expected to have any significant impact on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

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

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

- the fair value measurement of certain financial instruments
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions
- the actuarial calculations of pension liabilities and plan assets related to employees
- 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 impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other, affects the forecasted cash flows. Under current market conditions such changes are not expected to lead to any significant impairment charges of goodwill, but may do so in subsequent periods.

See also the separate section 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 pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions as to salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 34 “Retirement benefit obligations”.

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 34 “Retirement benefit obligations”.

See also the separate section 19 “Employee benefits” 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 disputes, most of which involve relatively limited amounts. Presently none of these disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note 33 “Provisions” and 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 the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the purchase method. 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. Costs directly attributable to the business combination are expensed. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is immediately recognised in the income statement.

The Group undertakings are included in the consolidated accounts as from the date on which control is transferred to 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, income statement and statement of comprehensive income.

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

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where 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. Further information on the equity method is disclosed in section 6 “Recognition of operating income and impairment”.

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

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

When assessing whether 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.

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bond (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea.

Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 20 "Investments in Group undertakings" lists the major subsidiaries in the NBF, including consolidated SPEs.

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

Currency translation of foreign entities
The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank 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 statements and statements of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

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

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 is recognised in the income statement on the line "Net result from items at fair value". Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense.

Net fee and commission income
Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

Commission expenses are transaction based and recognised in the period when the services are received.

Income from issued financial guarantees and expenses from bought financial guarantees are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense" respectively.

Net result from items at fair value
Realised and unrealised gains and losses, including net interest in Markets on financial instruments measured at fair value, are recognised in the item "Net result from items at fair value".

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

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale financial assets. Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-sections "Net loan losses" and "Impairment of securities held as financial non-current assets" below).

Dividends

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

Profit from companies accounted for under the equity method

The profit from companies accounted for under the equity method is defined as the post-acquisition change in NBF’s share of net assets in the associated companies. NBF’s share of items accounted for in other comprehensive income in the associated companies is accounted for in other comprehensive income in NBF. 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.

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

The change in Nordea’s share of the net assets is based on monthly reporting from the associated companies. For some associated companies not individually significant the change in Nordea’s share of the net assets is based on the external reporting of the associated companies and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated companies is, if applicable, adjusted to comply with Nordea’s accounting policies.

Other operating income

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

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 12 “Financial instruments”), in the items “Loans to credit institutions” and “Loans to the public” in the balance sheet, are reported as ”Net loan losses”, together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea’s accounting policies for the calculation of impairment losses on loans can be found in section 13 “Loans to the public/credit institutions”.

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

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearings securities, classified into the category Held to maturity, and on investments in associated companies are classified as “Impairment of securities held as financial non-current assets” in the income statement. The policies covering impairment of financial assets classified into the category Held to maturity are disclosed in section 12 “Financial instruments”. Investments in associated companies are assessed for impairment annually. If observable indicators (loss events) indicate that an associated company is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required. No such impairment has been incurred during 2010.

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

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

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 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 on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net result from items at fair value".

9. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. All derivatives are measured at fair value. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

The hedge accounting policy within Nordea has been developed to fulfil the requirements set out in IAS 39. Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments and in order to hedge the exposure to variability in cash flows and net investments in foreign operations. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are three forms of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments

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

The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in accordance with IAS 39.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net result from items at fair value".

Hedging instruments
The hedging instruments used in Nordea are predominantly interest rate swaps and currency interest rate swaps. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Hedged items
According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness
The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

10. Determination of fair value of financial instruments

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

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters.

Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

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

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

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

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

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

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

A breakdown of fair values of financial instruments measured on the basis of quoted prices in active market for the same instrument (level 1), valuation techniques using observable data (level 2), and valuation techniques using non-observable data (level 3) is provided in Note 41 "Assets and liabilities at fair value".

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments and incorporate the factors that market participants consider when setting a price.

New valuation models are subject to approval by Group 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 into the category "Loans and receivables", see section 12 "Financial instruments".

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

12. Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets:

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

Financial liabilities:

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

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note 40 “Classification of financial instruments” the classification of the financial instruments in Nordea’s balance sheet, into the different categories in IAS 39, is presented.

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

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

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

The major parts of the financial assets/liabilities classified into the category Designated at fair value through profit or loss are certain other assets/liabilities, interest bearing securities and shares.

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

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

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as “Impairment of securities held as financial non-current assets” in the income statement. See section 13 “Loans to the public/credit institutions” for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category “Held to maturity”.

If more than an insignificant amount of the Held to maturity portfolio is sold or transferred the Held to maturity category is tainted, except for if the sale or transfer either occur close to maturity or call exercise date, after substantially all of the original principal is already collected, or due to an isolated non-recurring event beyond the control of Nordea.

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 the statement of comprehensive income. Interest is recognised in the item “Interest income” and foreign exchange effects and impairment losses in the item “Net result from items at fair value”.

When an available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in other comprehensive income are removed from equity and recognised in the income statement in the item “Net result from items at fair value”.

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

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is recognised in the item "Interest expense" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net result from items at fair value".

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

Securities in securities lending transactions are recognised off balance sheet in the item "Assets pledged as security for own liabilities".

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

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

Securities delivered under repurchase agreements are recognised off-balance sheet in the item "Assets pledged as security for own liabilities".

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

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

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

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

13. Loans to the public/credit institutions

Financial instruments classified as "Loans to the public/credit institutions" in the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 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 tests indicate objective evidence of impairment.

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

Impairment test of individually assessed loans

Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment (loss event) and whether these represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital Management section.

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the carrying amount of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

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

Impairment test of collectively assessed loans

All loans not impaired on an individual basis are collectively assessed for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc. Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups with similar risk characteristics where Nordea assesses that the customers' future cash flows are insufficient to serve the loans in full.

Impairment loss

If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses will be recorded as changes in the allowance account and as "Net loan losses" in the income statement (see also section 6 "Recognition of operating income and 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 ”Net loan losses” in the income statement. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans.

Restructured loans
In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investment properties. At initial recognition, all assets taken over for protection of claims are recognised at fair value. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value.

Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 12 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line "Net result from items at fair value".

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

14. Leasing

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

Operating leases
Assets subject to operating leases in the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term. The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as depreciation on property and equipment in the income statement.

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 original lease terms range between 3 to 25 years.

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

The central district properties in Finland 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 Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

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

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

Computer software
Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditure directly attributable to preparing the asset for use. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of 3 to 10 years.

Customer related intangible assets
In business combinations a portion of the purchase price is normally allocated to a customer related intangible asset, if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights, or is separable. The asset is amortised over it's useful life.

Other intangible assets
Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the 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 the Group's defined post tax average cost of equity. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See note 22 "Intangible assets" for more information on the impairment testing.

16. Property and equipment

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

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

- Buildings: 30-75 years
- Equipment: 3-5 years
- Leasehold improvements: Changes within buildings the shorter of 10 years and the remaining leasing term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

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

17. Investment property

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

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

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. Employee benefits

All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions.

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

More information can be found in Note 8 “Staff costs”.

Post-employment benefits
Pension plans
The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where 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. Nordea also contributes to public pension systems.

Pension costs
The pension calculations are carried out by country and by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea’s net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 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.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

Discount rate in Defined Benefit Plans
The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Finland the discount rate is determined with reference to corporate bonds.

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.

Share premium reserve
The share premium reserve consists of the difference between the subscription price and the nominal value of the shares in NBF’s rights issue. Transaction costs in connection to the rights issue have been deducted.

Other reserves
Other reserves comprise income and expenses, net after tax effects, that are reported in equity in accordance with IFRS. These reserves include reserves for financial assets classified into the category Available for sale, in accordance with IAS 39, as well as translation differences in accordance with IAS 21.

Retained earnings
Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves.

Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in respective country.

In addition, 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 Treasury shares.

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 "Net 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 has annually issued Long Term Incentive Programmes from 2007 through 2010. Employees participating in these programmes are granted share-based and equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount to the share price at grant date. According to IFRS 2, the value of such rights is to be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

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 NBF 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 NBF 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. Nordea’s total business relations with customers are reported in the customer responsible unit’s income statement and balance sheet. The operating segments have been identified based on Nordea’s operating model and internal reporting structure.

Financial results are presented for the four operating segments Nordic Banking, New European Markets, Financial Institutions and Shipping, Oil Services & International.

The customer operations not included in these segments are included in Other operating segments (International Private Banking & Funds, Group Corporate Centre 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 2010	Nordic Banking 2009	New European Markets 2010	New European Markets 2009	Financial Institutions 2010	Financial Institutions 2009	Shipping, Oil Services & International 2010	Shipping, Oil Services & International 2009
Net interest income	781	789	166	103	14	7	88	66
Net fee and commission income	534	466	51	35	40	34	18	11
Net result from items at fair value	145	148	2	19	39	44	3	16
Profit from companies accounted for under the equity method	1	4	0	-	-	-	-	-
Other income	2	3	3	1	11	24	0	1
Total operating income	**1,463**	**1,410**	**222**	**158**	**104**	**109**	**109**	**94**
Staff costs	-292	-317	-36	-29	-9	-9	-26	-24
Other expenses	-548	-495	-53	-40	-27	-27	10	7
Depreciation, amortisation and impairment charges of tangible and intangible assets	-2	-3	-3	-3	0	0	-1	-1
Total operating expenses	**-842**	**-815**	**-92**	**-72**	**-36**	**-36**	**-17**	**-18**
Net loan losses	-192	-185	-99	-138	-	-10	-2	-7
Operating profit	**429**	**410**	**31**	**-52**	**68**	**63**	**90**	**69**
Income tax expense	-	-	-	-	-	-	-	-
Net profit for the year	**429**	**410**	**31**	**-52**	**68**	**63**	**90**	**69**
Balance sheet, EURm								
Loans to the public	54,703	46,365	7,826	7,046	313	2	6,774	6,124
Deposits and borrowings from the public	39,397	35,668	2,026	2,041	926	1,046	6,141	4,278

Group

Operating segments

Income statement, EURm	Other operating segments 2010	Other operating segments 2009	Total operating segments 2010	Total operating segments 2009	Reconciliation 2010	Reconciliation 2009	Total Group 2010	Total Group 2009
Net interest income	3	14	1,052	979	130	224	1,182	1,202
Net fee and commission income	-58	-109	585	437	-296	-196	289	241
Net result from items at fair value	767	1,076	956	1,303	23	22	979	1,325
Profit from companies accounted for under the equity method	-	-	1	4	5	0	6	4
Other income	0	0	16	29	27	24	43	53
Total operating income	**712**	**981**	**2,610**	**2,752**	**-111**	**74**	**2,499**	**2,825**
Staff costs	-57	-68	-420	-447	-133	-152	-553	-599
Other expenses	-211	-200	-829	-755	350	323	-479	-432
Depreciation of tangible and intangible assets	0	0	-6	-7	-33	-31	-39	-37
Total operating expenses	**-268**	**-268**	**-1,255**	**-1,209**	**184**	**140**	**-1,071**	**-1,068**
Net loan losses	-	0	-293	-340	21	-41	-272	-381
Operating profit	**444**	**713**	**1,062**	**1,203**	**94**	**173**	**1,156**	**1,376**
Income tax expense	-	-	-	-	-302	-373	-302	-373
Net profit for the year	**444**	**713**	**1,062**	**1,203**	**-208**	**-200**	**854**	**1,003**
Balance sheet, EURm								
Loans to the public	4,390	-	74,006	59,537	-400	6,185	73,607	65,723
Deposits and borrowings from the public	6,501	-	54,991	43,033	467	1,224	55,459	44,256

Reconciliation between total operating segments and financial statements

EURm	Total operating income 2010	Total operating income 2009	Operating profit 2010	Operating profit 2009	Loans to the public 2010	Loans to the public 2009	Deposits and borrowings from the public 2010	Deposits and borrowings from the public 2009
Total Operating segments	2,610	2,752	1,062	1,203	74,006	59,537	54,991	43,033
Group functions[1]	-98	85	94	173	-247	6,306	570	1,246
Unallocated items		-		-		-		-
Eliminations	-13	-12	0	0	-152	-120	-102	-23
Total	**2,499**	**2,825**	**1,156**	**1,376**	**73,607**	**65,723**	**55,459**	**44,256**

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

Reportable Operating segments

Nordea's operating model defines four areas in the organisation reflecting different responsibilities; Customer areas, Product areas, Group operations and Support areas. The Operating segments have been identified based on the Customer areas in the operating model and on the internal reporting structure. The Customer areas are responsible for the overall business relation with a customer or customer group.

Nordic Banking conducts a full service banking operation. It is Nordea Bank Finland'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 etcetera as well as consulting services within asset allocation and fund sales. The segment Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries. Nordea provides tailormade solutions and syndicated loan transactions within this area.

Group

Total operating income split on product groups

EURm	2010	2009
Banking products	1,831	1,858
Capital Markets products	675	990
Savings Products & Asset Management	24	18
Life & Pensions	14	7
Other	-45	-48
Total	**2,499**	**2,825**

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 Advise 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	2010	2009	2010	2009
Sweden	82	26	11,851	3,288
Finland	1,489	1,587	99,737	95,347
Norway	103	178	7,205	5,097
Denmark	395	628	107,654	63,329
Baltic countries	193	157	8,861	8,146
Poland	1	1	57	60
Other	236	248	50,721	45,898
Total	**2,499**	**2,825**	**286,086**	**221,165**

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. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Note 3 Net interest income

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest income				
Loans to credit institutions	377	610	450	731
Loans to the public	1,445	1,970	1,150	1,639
Interest-bearing securities	131	140	131	140
Other interest income	5	-12	5	-12
Interest income	**1,958**	**2,708**	**1,736**	**2,498**
Interest expense				
Deposits by credit institutions	-293	-453	-292	-451
Deposits and borrowings from the public	-299	-496	-299	-496
Debt securities in issue	-157	-376	-157	-376
Subordinated liabilities	-26	-37	-26	-37
Other interest expense[1]	-1	-128	-1	-128
Interest expense	**-776**	**-1,490**	**-775**	**-1,488**
Net interest income	**1,182**	**1,218**	**961**	**1,010**

[1] The net interest income from derivatives, measured at fair value and related to Nordea's funding can have both a positive and negative impact on other interest expense, for further information see Note 1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 1,920m (2,655) for the Group and EUR 1,698m (2,445) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR -777m (-1,364) for the Group and EUR -775m (-1,361) for the parent company.

Net interest income

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest income	1,863	2,598	1,736	2,498
Leasing income, net	95	110	-	-
Interest expenses	-776	-1,490	-775	-1,488
Total	**1,182**	**1,218**	**961**	**1,010**

Comparative figures have been restated. For further information see note 1.

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2010	2009	2010	2009
Asset Management commissions	50	31	50	31
Life insurance	7	10	7	10
Brokerage	27	25	27	25
Custody	20	35	20	35
Deposits	5	5	5	5
Total savings related commissions	109	106	109	106
Payments	175	165	176	166
Cards	78	61	50	38
Total payment commissions	253	226	226	204
Lending	72	74	56	58
Guarantees and documentary payments	143	117	144	119
Total lending related to commissions	215	191	200	177
Other commission income	72	72	71	70
Fee and commission income	**649**	**595**	**606**	**557**
Payment expenses	-74	-72	-52	-49
Other commission expenses	-286	-298	-284	-306
Fee and commission expenses	**-360**	**-370**	**-336**	**-355**
Net fee and commission income	**289**	**225**	**270**	**202**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 77m (87) for the Group and EUR 61m (72) 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 amounted to EUR 84m (66) for the Group and EUR 84m (66) for the parent company.

Comparative figures have been restated. For further information see note 1.

Note 5 Net result from items at fair value

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Shares/participations and other share-related instruments	35	22	35	18
Interest-bearing securities and other interest-related instruments	644	929	644	929
Other financial instruments	109	131	109	131
Foreign exchange gains/losses	193	244	193	244
Investment properties	-2	-1	-2	-1
Total	**979**	**1,325**	**979**	**1,321**

Net result from categories of financial instruments

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Available for sale assets, realised	1	0	1	0
Financial instruments designated at fair value through profit or loss	223	253	223	250
Financial instruments held for trading[1]	757	1,077	757	1,076
Financial instruments under hedge accounting	-1	-4	-1	-4
- of which net gains/losses on hedging instruments	-9	-27	-9	-27
- of which net gains/losses on hedged items	8	23	8	23
Other	-1	-1	-1	-1
Total	**979**	**1,325**	**979**	**1,321**

[1] Of which deferred day one profits amounted to EUR 2m (51) for the Group and EUR 2m for (51) for the parent company.

Note 6 Dividends

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Investments in group undertakings	-	-	40	51
Investments in associated undertakings	-	-	2	1
Total	**-**	**-**	**42**	**52**

Note 7 Other operating income

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Divestment of shares	-	-	-	-
Income from real estate	3	4	7	7
Disposals of tangible and intangible assets	1	0	1	0
Other	39	49	41	53
Total	**43**	**53**	**49**	**60**

Note 8 Staff costs

	Group		Parent company	
EURm	2010	2009	2010	2009
Salaries and remuneration	-433	-442	-399	-405
Pension costs (specification below)	-58	-66	-53	-60
Social insurance contributions	-29	-35	-27	-32
Allocation to profit-sharing foundation	-6	-31	-6	-30
Other staff costs	-27	-25	-23	-23
Total	**-553**	**-599**	**-508**	**-550**

	Group		Parent company	
	2010	2009	2010	2009
Pension costs:				
Defined benefit plans (Note 34)	4	-5	4	-5
Defined contribution plans	-62	-61	-57	-55
Total	**-58**	**-66**	**-53**	**-60**

Additional disclosures on remuneration under the FIN-FSA release 62/501/2010

The remuneration principles in Nordea for 2010 are published in the Board of Directors´ report of Nordea Bank AB (publ). The figures for Nordea Bank Finland Plc will be published separately on nordea.com in due time before the Annual General Meeting of Nordea Bank AB (publ).

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

The members of the Board of Directors of Nordea Bank Finland Plc and the President are all members of the Nordea Bank AB (publ) Group Executive Management. In 2010 Nordea Bank AB (publ) has paid all salaries, fees, pension- and other staff-related expenses to the above mentioned members 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 of the above mentioned persons is presented in the Annual Report of Nordea Bank AB (publ).

Salaries paid to the deputy of the President of Nordea Bank Finland Plc amounted to EUR 0m in 2010. Pension obligation for the deputy of the President amounted to EUR 1m.

EURm	2010	2009
Loans granted by Nordea Bank Finland Plc		
To members and deputy members of the Board of Directors	-	0
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 amounts to EUR 2m (1) in the Group and EUR 2m (0) in the parent company. Interest income on these loans amounts 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 to family members of key management personnel are granted on normal market terms, as well as loans 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 to contingent liabilities on behalf of any key management personnel.

Share-based payment

Group	2010		
Conditional Rights LTIP 2010	Matching Share	Performance Share I	Performance Share II
Granted	176,233	352,466	176,233
Forfeited	-3,038	-6,076	-3,038
Outstanding at end of year	**173,195**	**346,390**	**173,195**
- of which currently exercisable	-	-	-

Parent company	2010		
Conditional Rights LTIP 2010	Matching Share	Performance Share I	Performance Share II
Granted	173,813	347,626	173,813
Forfeited	-3,038	-6,076	-3,038
Outstanding at end of year	**170,775**	**341,550**	**170,775**
- of which currently exercisable	-	-	-

Group	2010			2009		
Conditional Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	275,121	556,970	275,121	-	-	-
Granted	-	-	-	281,849	563,698	281,849
Forfeited	-	-290,775	-168,643	-6,728	-6,728	-6,728
Outstanding at end of year	**275,121**	**266,195**	**106,478**	**275,121**	**556,970**	**275,121**
- of which currently exercisable	-	-	-	-	-	-

Parent company	2010			2009		
Conditional Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	270,792	548,312	270,792	-	-	-
Granted	-	-	-	277,520	555,040	277,520
Forfeited	-8,926	-286,446	-166,046	-6,728	-6,728	-6,728
Outstanding at end of year	**261,866**	**261,866**	**104,746**	**270,792**	**548,312**	**270,792**
- of which currently exercisable	-	-	-	-	-	-

Group	2010			2009		
Conditional Rights LTIP 2008	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	87,691	87,691	70,153	89,496	89,496	89,496
Forfeited	-2,897	-2,897	-2,318	-1,805	-1,805	-19,343
Exercised	-72,029	-71,298	-59,001	-	-	-
Outstanding at end of year	**12,765**	**13,496**	**8,834**	**87,691**	**87,691**	**70,153**
- of which currently exercisable	12,765	13,496	8,834	-	-	-

Parent company	2010			2009		
Conditional Rights LTIP 2008	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	86,315	86,315	69,052	88,120	88,120	88,120
Forfeited	-2,897	-2,897	-2,318	-1,805	-1,805	-19,068
Exercised	-72,029	-71,298	-57,900	-	-	-
Outstanding at end of year	**11,389**	**12,120**	**8,834**	**86,315**	**86,315**	**69,052**
- of which currently exercisable	11,389	12,120	8,834	-	-	-

Group

Conditional Rights LTIP 2007	2010 A Rights	2010 B-C Rights	2010 D Rights	2009 A Rights	2009 B-C Rights	2009 D Rights
Outstanding at the beginning of year	14,619	13,013	24,172	78,732	76,993	78,732
Forfeited	-	-	-	-	-	-
Exercised	-5,468	-8,514	-13,595	-64,113	-63,980	-54,560
Outstanding at end of year	**9,151**	**4,499**	**10,577**	**14,619**	**13,013**	**24,172**
- of which currently exercisable	9,151	4,499	10,577	14,619	13,013	24,172

Parent company

Conditional Rights LTIP 2007	2010 A Rights	2010 B-C Rights	2010 D Rights	2009 A Rights	2009 B-C Rights	2009 D Rights
Outstanding at the beginning of year	14,619	13,013	24,172	77,495	75,783	77,495
Forfeited	-	-	-	-	-	-
Exercised	-5,468	-8,514	-13,595	-62,876	-62,770	-53,323
Outstanding at end of year	**9,151**	**4,499**	**10,577**	**14,619**	**13,013**	**24,172**
- of which currently exercisable	9,151	4,499	10,577	14,619	13,013	24,172

Long-Term Incentive Programmes

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

	LTIP 2010			LTIP 2009		
	Matching Share	Performance Share I	Performance Share II	A Rights	B-C Rights	D Rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	-	-	-	0.77	0.38	0.38
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period, months	36	36	36	24	24	24
Contractual life, months	36	36	36	48	48	48
First day of exercise	May 2013	May 2013	May 2013	April 2011	April 2011	April 2011
Fair value at grant date, EUR	6.75	6.75	2.45	4.66	5.01	1.75

	LTIP 2008			LTIP 2007		
	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	1.53	1.53	2.53	1.00	1.00
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period, months	24	24	24	24	24	24
Contractual life, months	48	48	48	48	48	48
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	8.45	4.14	8.76	10.49	7.76

Conditions and requirements

For each ordinary share the participants locked in to the LTIPs, they were granted a conditional A-right/Matching Share to acquire or receive ordinary shares based on continued employment and the conditional B-D-rights/Performance Share I and II to acquire or receive additional ordinary shares based on fulfilment of certain performance conditions. The performance conditions for B- and C-rights and for Performance Share I comprise a target growth in risk adjusted profit per share (RAPPS). Should the reported earnings per share (EPS) be lower then a predetermined level the participants are not entitled to exercise any B- or C-rights or Performance Share I. The performance condition for D-rights and for Performance Share II is market related and comprises growth in total shareholder return (TSR) in comparison with a peer group's TSR.

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

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

	LTIP 2010	LTIP 2009[1]	LTIP 2008[1]	LTIP 2007
Service condition, A-D-rights/ Matching Share/Performance Share I and II	Employed within the Nordea Group during the three year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.
Performance condition, B-rights/Performance Share I	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amount to or exceed 9%.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2007 compared to 2006. Full right to exercise was obtained if RAPPS increased by 15% or more.
EPS knock out, B-rights/Performance Share I	Average reported EPS for 2010-2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.26	Reported EPS for 2008 lower than EUR 0.80.	Reported EPS for 2007 lower than EUR 0.80.
Performance condition, C-rights	-	Increase in RAPPS 2010 compared to 2009. Full right to exercise 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/Performance Share II	TSR during 2010-2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2009-2010 in comparison 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 market value of the allotted shares is capped to the participant's annual salary for year-end 2009.	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 2010	LTIP 2009	LTIP 2008	LTIP 2007
Weighted average share price, EUR	6.93	5.79	11.08	12.33
Right life, years	3.0	2.5	2.5	3.0
Deduction of expected dividends	No	Yes	Yes	Yes
Risk free rate, %	1.99	1.84	3.83	4.20
Expected volatility, %	40.00	29.00	21.00	20.00

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

The value of the D-rights/Performance Share II is based on market related conditions and fulfilment of the TSR targets has been taken into consideration when calculating the right's fair value at grant. When calculating the impact from the TSR target it has been assumed that all possible outcomes have equal possibilities.

Expenses[1]

	Group				Parent company			
EURm	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	3.5	3.1	1.3	2.1	3.4	3.0	1.2	2.1
Maximum expense	3.9	3.1	1.3	2.1	3.8	3.0	1.2	2.1
Total expense 2010	0.6	1.7	0.9	-	0.6	1.7	0.8	-
Total expense 2009	-	0.5	0.8	2.1	-	0.5	0.8	2.1

[1] All amounts excluding social charges

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010. The expected expense is recognised over the vesting period of 36 months (LTIP 2010) and 24 months (LTIP 2009, 2008 and 2007).

Average number of employees

	Group		Parent company	
	2010	2009	2010	2009
Full-time employees	9,426	9,566	8,664	8,734
Part-time employees	612	586	569	516
Total	**10,038**	**10,152**	**9,233**	**9,250**
Total number of employees (FTEs), end of period	9,097	9,218	8,357	8,454

Note 9 Other expenses

	Group		Parent company	
EURm	2010	2009	2010	2009
Information technology[1]	-168	-146	-188	-165
Marketing and entertainment[2]	-40	-32	-37	-29
Postage, transportation, telephone and office expenses[2]	-48	-46	-41	-39
Rents, premises and real estate	-86	-86	-85	-85
Other[3]	-137	-122	-127	-109
Total	**-479**	**-432**	**-478**	**-427**

[1] Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc., were EUR -217m EUR (-199) in the Group and EUR -205m (-185) in the parent company.
[2] Comparative figures have been restated to reflect the new categories used 2010
[3] Including fees and remuneration to auditors distributed as follows

Auditors' fees

	Group		Parent company	
EURm	2010	2009	2010	2009
KPMG				
Auditing assignments	-1	-1	-1	-1
Audit-related services	0	-	-	-
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Ernst & Young				
Auditing assignments	-	-	-	-
Audit-related services	0	-	0	-
Tax advisory services	0	0	0	0
Other assignments	-	0	-	0
Deloitte				
Auditing assignments	-	-	-	-
Audit-related services	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments	-	0	-	0
PriceWaterhouseCoopers				
Auditing assignments	0	0	-	-
Audit-related services	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments	0	-2	0	-2
Other				
Auditing assignments	0	-	0	-
Audit-related services	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Total	**-2**	**-3**	**-2**	**-3**

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

Depreciation/amortisation

	Group		Parent company	
EURm	2010	2009	2010	2009
Property and equipment (Note 23)				
Equipment	-30	-28	-14	-14
Buildings	0	0	0	0
Intangible assets (Note 22)				
Goodwill	0	0	-	-
Internally developed software	-8	-7	-8	-7
Other intangible assets	-3	-2	-2	-1
Total	**-41**	**-37**	**-24**	**-22**

Impairment charges / Reversed impairment charges

	Group		Parent company	
EURm	2010	2009	2010	2009
Property and equipment (Note 23)				
Equipment	0	-	0	-
Total	**0**	**-**	**0**	**-**
Total	**-41**	**-37**	**-24**	**-22**

Note 11 Net loan losses

	Group		Parent company	
EURm	2010	2009	2010	2009
Net loan losses divided by class				
Loans to credit institutions	**0**	**-9**	**0**	**-9**
- of which provisions	0	-10	0	-10
- of which reversals	0	1	0	1
Loans to the public	**-247**	**-399**	**-202**	**-331**
- of which provisions	-342	-417	-302	-361
- of which write-offs	-153	-104	-106	-73
- of which allowances used for covering write-offs	96	39	86	34
- of which reversals	130	52	113	47
- of which recoveries	22	31	7	22
Off-balance sheet items[1]	**-25**	**27**	**-25**	**27**
- of which provisions	-30	-1	-30	-1
- of which reversals	5	28	5	28
Total	**-272**	**-381**	**-227**	**-313**
Specification of Net loan losses				
Changes of allowance accounts in the balance sheet	**-237**	**-347**	**-214**	**-296**
- of which Loans, individually assessed[2]	-212	-232	-192	-189
- of which Loans, collectively assessed[2]	0	-142	3	-134
- of which Off-balance sheet items, individually assessed[1]	-26	0	-26	0
- of which Off-balance sheet items, collectively assessed[1]	1	27	1	27
Changes directly recognised in the income statement	**-35**	**-34**	**-13**	**-17**
- of which realised loan losses, individually assessed	-57	-65	-19	-39
- of which realised recoveries, individually assessed	22	31	6	22
Total	**-272**	**-381**	**-227**	**-313**

[1] Included in Note 33 Provisions as "Transfer risk, off-balance" and "Individually assessed, off-balance sheet".
[2] Included in Note 14 Loans and their impairment

Key ratios	Group		Parent company	
	2010	2009	2010	2009
Loan loss ratio, basis points[3]	41	56	38	50
- of which individual	42	39	39	33
- of which collective	0	17	-1	17

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

Note 12 Taxes

Income tax expense

	Group		Parent company	
EURm	2010	2009	2010	2009
Current tax	-298	-370	-267	-346
Deferred tax	-4	-3	-1	0
Total	**-302**	**-373**	**-268**	**-346**

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

	Group		Parent company	
EURm	2010	2009	2010	2009
Profit before tax	1,156	1,376	1,065	1,333
Tax calculated at a tax rate of 26%	-301	-358	-277	-347
Tax not related to profit	0	0	-	-
Income from associated undertakings	3	1	-	-
Other direct taxes	0	0	0	0
Tax-exempt income	2	2	11	14
Non-deductible expenses	-6	-12	-2	-6
Adjustments relating to prior years	0	3	0	3
Income tax due to tax assets previously not recognised	0	1	-	-
Change of tax rate	-	-	-	-
Not creditable foreign taxes	-	-10	-	-10
Tax charge	**-302**	**-373**	**-268**	**-346**
Average effective tax rate	26 %	27 %	25 %	26 %

Deferred tax

Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences, including tax losses carry-forward	-4	-2	-1	0
Deferred tax due to change of tax rate	-	-	-	-
Deferred tax due to tax assets previously not recognised	0	0	-	-
Income tax expense, net	**-4**	**-2**	**-1**	**0**
Deferred tax assets				
Deferred tax asset due to tax losses carry-forward	0	0	-	-
Deferred tax assets due to temporary differences	17	17	12	13
Offset against tax liabilities	-	-	-	-
Total	**17**	**17**	**12**	**13**
- of which expected to be settled after more than 1 year	17	17	12	13
Deferred tax liabilities				
Deferred tax liabilities due to untaxed reserves	37	35	-	-
Deferred tax liabilities due to temporary differences	10	9	-	-
Offset against tax assets	-	-	-	-
Total	**47**	**44**	**-**	**-**
- of which expected to be settled after more than 1 year	47	44	-	-

Note 12 *Taxes, cont.*

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Deferred tax assets (+)/liabilities (-), net				
Deferred tax assets due to tax losses carry-forward	0	0	-	-
Deferred tax liabilities due to untaxed reserves	-37	-35	-	-
Deferred tax assets/liabilities in loans to the public	8	9	16	15
Deferred tax assets/liabilities in financial instruments	0	-	0	-
Deferred tax assets/liabilities in property and equipment	6	7	4	6
Deferred tax assets/liabilities in investment property	-	-	-	-
Deferred tax assets/liabilities in retirement benefit obligations	-12	-12	-12	-12
Deferred tax assets/liabilities in provisions	5	5	4	4
Deferred tax assets/liabilities, net	**-30**	**-26**	**12**	**13**

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

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Acquisitions and others	0	-	0	-
Deferred tax in the income statement	-4	-3	-1	0
At the end of the year	**-4**	**-3**	**-1**	**0**

There were no unrecognised deferred tax assets in the Group nor in the parent company in 2010 or 2009.

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

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
State and sovereigns	2,359	1,033	2,359	1,033
Municipalities and other public bodies	1,533	0	1,533	0
Total	**3,892**	**1,033**	**3,892**	**1,033**

All bills are subject to variable interest rate risk.

- of which Financial instruments pledged as collateral (Note 16)	1,533	-	1,533	-
Total	**2,359**	**1,033**	**2,359**	**1,033**

Note 14 Loans and their impairment

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Loans, not impaired	140,368	123,723	139,754	123,212
Impaired loans	1,871	1,801	1,684	1,570
- of which performing	1,038	937	969	878
- of which non-performing	833	864	715	692
Loans before allowances	**142,239**	**125,524**	**141,438**	**124,782**
Allowances for individually assessed impaired loans	-565	-447	-484	-375
- of which performing	-359	-223	-293	-164
- of which non-performing	-206	-224	-191	-211
Allowances for collectively assessed impaired loans	-316	-316	-296	-300
Allowances	**-881**	**-763**	**-780**	**-675**
Loans, carrying amount	**141,358**	**124,761**	**140,658**	**124,107**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Loans, not impaired	67,752	59,038	72,773	64,055
Impaired loans	24	24	24	24
- of which performing	-	-	-	-
- of which non-performing	24	24	24	24
Loans before allowances	**67,776**	**59,062**	**72,797**	**64,079**
Allowances for individually assessed impaired loans	-25	-25	-25	-25
- of which performing	-	-	0	-
- of which non-performing	-25	-25	-25	-25
Allowances for collectively assessed impaired loans	0	0	0	0
Allowances	**-25**	**-25**	**-25**	**-25**
Loans, carrying amount	**67,751**	**59,037**	**72,772**	**64,054**

	The public[1]			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Loans, not impaired	72,616	64,685	66,981	59,157
Impaired loans	1,847	1,776	1,660	1,546
- of which performing	1,038	937	969	878
- of which non-performing	809	839	691	668
Loans before allowances	**74,463**	**66,461**	**68,641**	**60,703**
Allowances for individually assessed impaired loans	-540	-422	-459	-350
- of which performing	-359	-223	-293	-164
- of which non-performing	-181	-199	-166	-186
Allowances for collectively assessed impaired loans	-316	-316	-296	-300
Allowances	**-856**	**-738**	**-755**	**-650**
Loans, carrying amount	**73,607**	**65,723**	**67,886**	**60,053**

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

Reconciliation of allowance accounts for impaired loans[2]

Total

EURm	Group Individually assessed	Group Collectively assessed	Group Total	Parent company Individually assessed	Parent company Collectively assessed	Parent company Total
Opening balance at 1 Jan 2010	**-447**	**-316**	**-763**	**-375**	**-300**	**-675**
Provisions	-273	-69	-342	-239	-63	-302
Reversals	61	69	130	47	66	113
Changes through the income statement	**-212**	**0**	**-212**	**-192**	**3**	**-189**
Allowances used to cover write-offs	96	-	96	86	-	86
Translation differences	-2	0	-2	-3	1	-2
Closing balance at 31 Dec 2010	**-565**	**-316**	**-881**	**-484**	**-296**	**-780**
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**

Credit institutions

EURm	Group Individually assessed	Group Collectively assessed	Group Total	Parent company Individually assessed	Parent company Collectively assessed	Parent company Total
Opening balance at 1 Jan 2010	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	-	**0**	**0**	**-**	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2010	**-25**	**0**	**-25**	**-25**	**0**	**-25**
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**

The public

EURm	Group Individually assessed	Group Collectively assessed	Group Total	Parent company Individually assessed	Parent company Collectively assessed	Parent company Total
Opening balance at 1 Jan 2010	**-422**	**-316**	**-738**	**-350**	**-300**	**-650**
Provisions	-273	-69	-342	-239	-63	-302
Reversals	61	69	130	47	66	113
Changes through the income statement	**-212**	**0**	**-212**	**-192**	**3**	**-189**
Allowances used to cover write-offs	96	-	96	86	-	86
Translation differences	-2	0	-2	-3	1	-2
Closing balance at 31 Dec 2010	**-540**	**-316**	**-856**	**-459**	**-296**	**-755**
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**

[2] See Note 11 Net loan losses

Allowances and provisions

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Allowances for items in the balance sheet	-881	-763	-780	-675
Provisions for off balance sheet items	-47	-22	-47	-22
Total allowances and provisions	**-928**	**-785**	**-827**	**-697**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Allowances for items in the balance sheet	-25	-25	-25	-25
Provisions for off balance sheet items	-13	-15	-13	-15
Total allowances and provisions	**-38**	**-40**	**-38**	**-40**

	The public			
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Allowances for items in the balance sheet	-856	-738	-755	-650
Provisions for off balance sheet items	-34	-7	-34	-7
Total allowances and provisions	**-890**	**-745**	**-789**	**-657**

Key ratios

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2010	2009	2010	2009
Impairment rate, gross[3], basis points	132	143	119	126
Impairment rate, net[4], basis points	92	108	85	96
Total allowance rate[5], basis points	62	61	55	54
Allowances in relation to impaired loans[6], %	30	25	29	24
Total allowances in relation to impaired loans[7], %	47	42	46	43
Non-performing loans, not impaired[8], EURm	57	89	51	89

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

Note 15 Interest-bearing securities

EURm	Group[1] 31 Dec 2010	31 Dec 2009	Parent company[1] 31 Dec 2010	31 Dec 2009
Issued by public bodies	774	33	774	33
Issued by other borrowers	24,575	7,840	24,575	7,840
Total	**25,349**	**7,873**	**25,349**	**7,873**
Listed securities	11,913	6,097	11,913	6,097
Unlisted securities	13,436	1,776	13,436	1,776
Total	**25,349**	**7,873**	**25,349**	**7,873**

[1]Of which EUR 6,039m (6,717) held at amortised cost with a nominal amount of EUR 6,061m (6,717).

- of which Financial instruments pledged as collateral (Note 16)	3,771	-	3,771	-
Total	**21,578**	**7,873**	**21,578**	**7,873**

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.

EURm	Group 31 Dec 2010	31 Dec 2009	Parent company 31 Dec 2010	31 Dec 2009
Repurchase agreements	5,304	-	5,304	-
Securities lending agreements	-	1	-	1
Total	**5,304**	**1**	**5,304**	**1**

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.

EURm	Group 31 Dec 2010	31 Dec 2009	Parent company 31 Dec 2010	31 Dec 2009
Repurchase agreements	**5,304**	-	**5,304**	-
Treasury bills	1,533	-	1,533	-
Interest bearing securities	3,771	-	3,771	-
Securities lending agreements				
Shares	-	1	-	1
Securitisations	-	-	-	-
Total	**5,304**	**1**	**5,304**	**1**

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	2010	2009	2010	2009
Repurchase agreements	-	-	-	-
Securities lending agreements	-	-	-	-
Securitisations	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 17 Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Shares held for trading	1,055	1,029	1,059	1,029
Shares designated at fair value through profit or loss	24	24	21	20
- of which shares taken over for protection of claims	0	0	0	0
Shares available for sale	-	-	-	-
Total	**1,079**	**1,053**	**1,080**	**1,049**
Listed shares	90	64	91	61
Unlisted shares	989	989	989	988
Total	**1,079**	**1,053**	**1,080**	**1,049**
- of which Financial instruments pledged as collateral (Note 16)	-	1	-	1
Total	**1,079**	**1,052**	**1,080**	**1,048**
- of which expected to be settled after more than 1 year	24	24	21	20

Note 18 Derivatives and hedge accounting

31 Dec 2010, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	71,191	69,799	2,975,152	71,187	69,799	2,975,152
FRAs	532	560	1,201,184	532	560	1,201,184
Futures and forwards	6	7	47,672	6	7	47,672
Options	8,302	8,036	663,688	8,302	8,036	663,688
Total	**80,031**	**78,402**	**4,887,696**	**80,027**	**78,402**	**4,887,696**
Equity derivatives						
Equity swaps	43	59	695	43	59	695
Futures and forwards	17	17	472	17	17	472
Options	659	728	17,767	659	728	17,767
Total	**719**	**804**	**18,934**	**719**	**804**	**18,934**
Foreign exchange derivatives						
Currency and interest rate swaps	5,905	5,852	328,516	5,905	5,852	328,516
Currency forwards	7,251	7,175	524,219	7,251	7,175	524,219
Options	627	648	41,502	627	648	41,502
Total	**13,783**	**13,675**	**894,237**	**13,783**	**13,675**	**894,237**
Credit derivatives						
Credit default swaps	1,013	940	52,267	1,013	940	52,267
Total rate of return swaps	102	21	450	102	21	450
Total	**1,115**	**961**	**52,717**	**1,115**	**961**	**52,717**
Commodity derivatives						
Swaps	1,385	1,395	13,725	1,385	1,395	13,725
Futures and forwards	82	67	706	82	67	706
Other	67	63	1,392	67	63	1,392
Total	**1,534**	**1,525**	**15,823**	**1,534**	**1,525**	**15,823**
Other derivatives						
Options	2	2	87	2	2	87
Total	**2**	**2**	**87**	**2**	**2**	**87**
Total derivatives held for trading	**97,184**	**95,369**	**5,869,494**	**97,180**	**95,369**	**5,869,494**

31 Dec 2010, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	60	183	15,569	60	183	15,569
Total	**60**	**183**	**15,569**	**60**	**183**	**15,569**
Foreign exchange derivatives						
Currency and interest rate swaps	7	124	633	7	124	633
Total	**7**	**124**	**633**	**7**	**124**	**633**
Total derivatives used for hedge accounting	**67**	**307**	**16,202**	**67**	**307**	**16,202**
- of which fair value hedges	67	307	16,202	67	307	16,202
Total derivatives	**97,251**	**95,676**	**5,885,696**	**97,247**	**95,676**	**5,885,696**

Note 18 *Derivatives and hedge accounting, cont.*

31 Dec 2009, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	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**
Commodity derivatives						
Swaps	719	631	8,991	719	631	8,991
Futures and forwards	50	64	549	50	64	549
Options	46	45	1,585	46	45	1,585
Total	**815**	**740**	**11,125**	**815**	**740**	**11,125**
Other derivatives						
Options	16	17	69	16	17	69
Total	**16**	**17**	**69**	**16**	**17**	**69**
Total derivatives held for trading	**74,463**	**72,865**	**4,512,037**	**74,463**	**72,865**	**4,512,057**

31 Dec 2009, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives 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 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	2010	2009	2010	2009
Carrying amount at beginning of year	141	157	141	157
Changes during the year				
- Revaluation of hedged items	-45	-16	-45	-16
Carrying amount at end of year	**96**	**141**	**96**	**141**

Liabilities	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Carrying amount at beginning of year	7	15	7	15
Changes during the year				
- Revaluation of hedged items	-65	-8	-65	-8
Carrying amount at end of year	**-58**	**7**	**-58**	**7**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

Note 20 Investments in group undertakings

Parent company	31 Dec	31 Dec
EURm	2010	2009
Acquisition value at beginning of year	338	310
Acquisitions during the year	15	30
Sales during the year	-	-2
Translation differences	0	0
Acquisition value at end of year	**353**	**338**
Accumulated impairment charges at beginning of year	-	-1
Reversed impairment charges during the year	-	1
Impairment charges during the year	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**0**
Total	**353**	**338**
- of which listed shares	-	-

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

Specification

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

Group

31 Dec 2010	Number of shares	Carrying amount 2010 EURm	Carrying amount 2009 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	20	22	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	4	100.0	Riga	LV40003348054
Nordea Finance Lithuania Ltd[1]	6,540	4	4	100.0	Vilnius	LT116672716
Nordea Securities Holding (U.K.) Ltd	49,010,000	2	2	100.0	London	01803666
Real estate companies						
Promano Est OÛ	1	10	10	100.0	Tallinn	11681888
Promano Lit UAB	34,528	10	10	100.0	Vilnius	302423219
SIA Promano Lat	14,056	20	10	100.0	Riga	40103235197
SIA Realm	2	5	-	100.0	Riga	50103278681

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	8	13	16
Other companies[2]	6	4	68

[1] Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.
[2] Of which the carrying amount of EUR 4m registered as trading shares

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2010 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 2010 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	5,014	5,014
Total			**5,014**	**5,014**

[1] Includes all assets towards the SPEs (bonds and subordinated loans). Additionally 8 SPEs have been setup in the Baltics to acquire assets from commercial customers. The total consolidated value of these assets is EUR 15m.
[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 5,014m at year end 2010, 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 derecognized 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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Acquisition value at beginning of year	57	53	25	25
Acquisitions during the year	5	3	5	-
Sales during the year	-6	-1	-4	0
Share in earnings	6	3	-	-
Dividend received	-2	-1	-	-
Reclassifications	2	-	2	-
Translation differences	-	-	-	-
Acquisition value at end of year	**62**	**57**	**28**	**25**
Accumulated impairment charges at beginning of year	-1	-1	-9	-9
Reversed impairment charges during the year	2	-	2	-
Impairment charges during the year	0	0	-	-
Impairment charges reclassifications during the year	-2	-	-2	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-1**	**-1**	**-9**	**-9**
Total	**61**	**56**	**19**	**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:

	31 Dec	31 Dec
EURm	2010	2009
Total assets	509	394
Total liabilities	301	303
Operating income	94	74
Operating profit	8	0

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 281m (266) and on behalf of associated undertakings EUR 20m (20).

Group

31 Dec 2010	Business ID	Domicile	Carrying amount EURm	Voting power of holding %
Credit institutions				
Luottokunta	0201646-0	Helsinki	42	26.3
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	Vilna	0	25.0
ALD Automotive Eesti AS, Estonia	11094435	Tallin	0	25.0
ALD Automotive SIA, Latvia	50003825931	Riga	0	25.0
Oy Realinvest Ab	0680035-9	Helsinki	5	49.3
Realia Holding Oy	2106796-8	Helsinki	5	40.7
Securus Oy	0742429-5	Helsinki	0	35.2
Total			**19**	
Total			**61**	

[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 2010	Business ID	Domicile	Carrying amount EURm	Voting power of holding %
Credit institutions				
Luottokunta	0201646-0	Helsinki	9	26.3
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	5	40.7
Oy Realinvest Ab	0680035-9	Helsinki	0	49.3
Securus Oy	0742429-5	Helsinki	0	35.2
Total			**10**	
Total			**19**	

[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

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent Company 31 Dec 2010	Parent Company 31 Dec 2009
Goodwill				
Other goodwill	-	0	-	-
Goodwill, total	**-**	**0**	**-**	**-**
Internally developed software	72	57	77	62
Other intangible assets	13	12	5	2
Total	**85**	**69**	**82**	**64**

[1)] Excluding goodwill in associated undertakings.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent Company 31 Dec 2010	Parent Company 31 Dec 2009
Goodwill				
Acquisition value at beginning of year	0	0	-	-
Acquisitions during the year	-	-	-	-
Reclassifications	-	0	-	-
Acquisition value at end of year	**0**	**0**	**-**	**-**
Accumulated amortisation at beginning of year	-	-	-	-
Amortisation according to plan for the year	0	-	-	-
Accumulated amortisation at end of year	**0**	**-**	**-**	**-**
Accumulated impairment charges at end of year	-	-	-	-
Total	**0**	**0**	**-**	**-**

Note 22 *Intangible assets, cont.*

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Internally developed software				
Acquisition value at beginning of year	75	61	81	65
Acquisitions during the year	23	14	24	16
Sales/disposals during the year	-1	0	-1	-
Reclassifications	0	-	0	-
Translation differences	0	0	-	-
Acquisition value at end of year	**97**	**75**	**104**	**81**
Accumulated amortisation at beginning of year	-18	-12	-19	-12
Amortisation according to plan for the year	-8	-7	-8	-7
Accumulated amortisation on sales/disposals during the year	1	0	-	-
Reclassifications	0	1	0	-
Translation differences	0	-	-	-
Accumulated amortisation at end of year	**-25**	**-18**	**-27**	**-19**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**72**	**57**	**77**	**62**

	Group 31 Dec 2010	Group 31 Dec 2009	Parent Company 31 Dec 2010	Parent Company 31 Dec 2009
Other intangible assets				
Acquisition value at beginning of year	16	15	7	4
Acquisitions during the year	4	5	4	3
Sales/disposals during the year	0	-	-	-
Reclassifications	-	-4	-	-
Translation differences	-	0	-	-
Acquisition value at end of year	**20**	**16**	**11**	**7**
Accumulated amortisation at beginning of year	-4	-5	-5	-4
Amortisation according to plan for the year	-3	-2	-2	-1
Accumulated amortisation on sales/disposals during the year	0	-	-	-
Reclassifications	0	3	1	-
Translation differences	0	0	-	-
Accumulated amortisation at end of year	**-7**	**-4**	**-6**	**-5**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	0	-	-
Accumulated impairment charges at end of year	**-**	**0**	**-**	**-**
Total	**13**	**12**	**5**	**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	2010	2009	2010	2009
Property and equipment	124	143	55	54
- of which buildings for own use	3	25	2	2
Total	**124**	**143**	**55**	**54**

Equipment				
Acquisition value at beginning of year	239	227	141	140
Acquisitions during the year	62	36	22	14
Sales/disposals during the year	-34	-14	0	-
Reclassifications	-12	-10	-12	-13
Translation differences	0	0	0	-
Acquisition value at end of year	**255**	**239**	**151**	**141**
Accumulated depreciation at beginning of year	-121	-113	-89	-88
Accumulated depreciation on sales/disposals during the year	11	7	-	-
Reclassifications	6	13	5	13
Depreciation according to plan for the year	-30	-28	-14	-14
Translation differences	0	0	0	0
Accumulated depreciation at end of year	**-134**	**-121**	**-98**	**-89**
Accumulated impairment charges at beginning of year	0	0	-	-
Impairment charges during the year	0	0	-	-
Accumulated impairment charges at end of year	**0**	**0**	**-**	**-**
Total	**121**	**118**	**53**	**52**

Land and buildings				
Acquisition value at beginning of year	27	4	3	3
Acquisitions during the year	-	23	-	0
Sales/disposals during the year	0	0	0	0
Reclassifications	-23	0	1	-
Acquisition value at end of year	**4**	**27**	**4**	**3**
Accumulated depreciation at beginning of year	-2	-1	-1	-1
Accumulated depreciation on sales/disposals during the year	-	-	-	-
Reclassifications	1	-1	-1	-
Depreciation according to plan for the year	0	0	0	0
Accumulated depreciation at end of year	**-1**	**-2**	**-2**	**-1**
Total	**3**	**25**	**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	2010	2009
Gross investments	2,041	2,031
Less unearned finance income	-123	-126
Net investments in finance leases	**1,918**	**1,905**
Less unguaranteed residual values accruing to the benefit of the lessor	-60	-64
Present value of future minimum lease payments receivable	**1,858**	**1,841**
Accumulated allowance for uncollectible minimum lease payments receivable	8	-

As of 31 December 2010 the gross investment and the net investment by remaining maturity was distributed as follows:

	Group	
	31 Dec	31 Dec
	2010	2010
EURm	Gross investment	Net investment
2011	674	618
2012	504	471
2013	480	461
2014	195	186
2015	107	103
Later years	81	79
Total	**2,041**	**1,918**

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	2010	2009
Acquisition value	93	89
Accumulated depreciations	-31	-27
Carrying amount at end of year	**62**	**62**
- of which repossessed leased property, carrying amount	-	0

	Group	
	31 Dec	31 Dec
Carrying amount distributed on groups of assets, EURm	2010	2009
Equipment	62	62
Carrying amount at end of year	**62**	**62**

Depreciation for 2010 amounted to EUR 15m (13).

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

EURm	Group 31 Dec 2010
2011	13
2012	7
2013	1
2014	0
2015	0
Later years	-
Total	**21**

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 0m).

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 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Leasing expenses during the year	-69	67	-70	66
- of which minimum lease payments	-69	67	-70	66
- of which contingent rents	0	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 2010	Parent company 31 Dec 2010
2011	51	51
2012	33	33
2013	22	22
2014	18	17
2015	16	15
Later years	133	132
Total	**273**	**270**

Note 25 Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2010	31 Dec 2009
Carrying amount at beginning of year	7	3
Acquisitions during the year	26	4
Sales/disposals during the year	-1	-
Net gains or losses from fair value adjustments	0	-
Carrying amount at end of year	**32**	**7**

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

Amounts recognised in the income statement[1]

EURm	2010	2009
Rental income	0	0
Direct operating expenses that generate rental income	-1	-
Direct operating expenses that did not generate rental income	0	0
Total	**-1**	**0**

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

Market value	32	7

Parent company

Movement in the balance sheet

EURm	31 Dec 2010	31 Dec 2009
Carrying amount at beginning of year	4	3
Acquisitions during the year	1	1
Sales/disposals during the year	-1	-
Carrying amount at end of year	**4**	**4**

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

Amounts recognised in the income statement[1]

EURm	2010	2009
Rental income	0	0
Direct operating expenses that generated rental income	0	-
Direct operating expenses that did not generate rental income	0	0
Total	**0**	**0**

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

Market value	4	4

Note 26 Other assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Claims on securities settlement proceeds	4,958	297	4,957	297
Cash/ margin receivables	3,129	2,435	3,129	2,435
Other	475	297	454	282
Total	**8,562**	**3,029**	**8,540**	**3,014**
- of which expected to be settled after more than 1 year	65	-	-	-

Note 27 Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Accrued interest income	312	193	314	195
Other accrued income	183	165	36	32
Prepaid expenses	12	11	6	8
Total	**507**	**369**	**356**	**235**
- of which expected to be settled after more than 1 year	65	-	-	-

Note 28 Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Central banks	965	3,266	965	3,266
Other banks	46,337	27,295	46,281	27,236
Other credit institutions	13,247	13,783	13,247	13,783
Total	**60,549**	**44,344**	**60,493**	**44,285**

Note 29 Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Deposits from the public	48,917	44,194	49,012	44,289
Borrowings from the public	6,542	62	6,540	65
Total	**55,459**	**44,256**	**55,552**	**44,354**

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	2010	2009	2010	2009
Certificates of deposit	31,757	33,040	31,757	33,040
Bond loans[1]	8,089	6,236	8,089	6,236
Total	**39,846**	**39,276**	**39,846**	**39,276**

[1] of which Finnish covered bonds EUR 1,987m issued in 2010.

Note 31 Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Liabilities on securities settlement proceeds	9,195	4,116	9,195	4,116
Sold, not held, securities	8,406	15	8,406	15
Accounts payable	39	45	5	4
Cash/margin payables	2,895	2,122	2,895	2,122
Other	1,570	1,515	1,474	1,409
Total	**22,105**	**7,813**	**21,975**	**7,666**
- of which expected to be settled after more than 1 year	24	-	-	-

Note 32 Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Accrued interest	201	172	201	171
Other accrued expenses	411	377	248	237
Prepaid income	40	22	37	20
Total	**652**	**571**	**486**	**428**
- of which expected to be settled after more than 1 year	55	-	-	-

Note 33 Provisions

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Reserve for restructuring costs	5	10	5	10
Transfer risk, off-balance	15	16	14	16
Individually assessed, off-balance sheet	32	6	32	6
Other	28	17	25	14
Total	**80**	**49**	**76**	**46**

Movement in the balance sheet:

Group	Transfer risks	Off-balance sheet	Restructuring	Other	Total
At the beginning of year	16	6	10	17	49
New provisions made	-	27	0	14	41
Provisions utilised	-	0	0	-1	-1
Reversals	-1	-1	-5	-2	-9
Reclassifications	-	-	-	-	-
Translation differences	-	-	-	-	-
At the end of year	**15**	**32**	**5**	**28**	**80**
- of which expected to be settled within 1 year	-	-	1	1	2

Restructuring activities mainly related to group initiatives that have been initiated. This has resulted in restructuring provisions of EUR 5m.

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 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 32m.

Other provision refers to the following provisions: Rental liabilities EUR 3m (of which EUR 1m expected to be settled during 2011), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2011) and other provisions amounting to EUR 22m (not expected to be settled during 2011).

Parent company	Transfer risks	Off-balance sheet	Restructuring	Other	Total
At beginning of year	16	6	10	14	46
New provisions made	-	27	0	14	41
Provisions utilised	-	-	0	-1	-1
Reversals	-2	-1	-5	-2	-10
Translation differences	-	-	-	-	-
At the end of year	**14**	**32**	**5**	**25**	**76**
- of which expected to be settled within 1 year	-	-	1	1	2

Restructuring activities mainly related to group initiatives that have been initiated. This has resulted in restructuring provisions of EUR 5m.

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 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 32m.

Other provision refers to the following provisions: Rental liabilities EUR 3m (of which EUR 1m expected to be settled during 2011), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2011) and other provisions amounting to EUR 19m (not expected to be settled during 2011).

Note 34 Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Defined benefit plans, net	-77	-62	-70	-55
Total	**-77**	**-62**	**-70**	**-55**

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 and New York are 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
2010		
Members	19,035	18,394
Average member age	61	61
2009		
Members	19,307	18,647
Average member age	60	60

[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
2010	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.5%
2009	
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 11% and in service cost of 17%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 14% and in service cost of 22%.

Asset composition
The combined return on assets in 2010 was 8% (11) mainly reflecting the general development in the market. At the end of the year, the equity exposure in pension funds/foundations represented 24% (19) of total assets.

Asset composition in funded schemes	2010	2009
Equity	24%	19%
Bonds	70%	75%
Real Estate	6%	6%
- of which Nordea real estate	3%	3%
Other plan assets	0%	0%

Note 34 *Retirement benefit obligations, cont.*

Amounts recognised in the balance sheet

	Group		Parent company	
EURm	2010	2009	2010	2009
PBO	764	774	746	757
Plan assets	854	816	834	798
Total surplus/deficit (-)	**90**	**42**	**88**	**41**
- of which unrecognised actuarial gains/losses(-)	13	-20	18	-14
Of which recognised in the balance sheet	**77**	**62**	**70**	**55**
- of which retirement benefit assets	104	91	98	85
- of which retirement benefit obligations	28	30	28	30
- of which related to unfunded plans (PBO)	16	16	16	16

Overview of surplus or deficit in the plans

EURm	Total 2010	Total 2009	Total 2008	Total 2007	Total 2006
PBO	764	774	774	759	874
Plan Assets	854	816	775	857	851
Surplus/deficit(-)	**90**	**42**	**1**	**98**	**-23**

Changes in the PBO

	Group		Parent company	
EURm	2010	2009	2010	2009
PBO at 1 Jan	774	774	757	744
Service cost	3	3	1	2
Interest cost	34	33	33	33
Pensions paid	-39	-41	-39	-41
Curtailments and settlements	0	-1	0	-1
Past service cost	1	7	1	7
Actuarial gains(-)/losses	-8	-7	-6	7
Effect of exchange rate changes	-1	6	-1	6
PBO at 31 Dec	**764**	**774**	**746**	**757**

Changes in the fair value of plan assets

	Group		Parent company	
EURm	2010	2009	2010	2009
Assets at 1 Jan	816	775	798	747
Expected return on assets	42	39	41	38
Pensions paid	-39	-41	-39	-41
Contributions	8	14	8	14
Actuarial gains/losses(-)	25	25	25	36
Effect of exchange rate changes	2	4	1	4
Plan assets at 31 Dec	**854**	**816**	**834**	**798**
Actual return on plan assets	**68**	**82**	**66**	**76**

Overview of actuarial gains/losses

EURm	Total 2010	Total 2009	Total 2008	Total 2007	Total 2006
Effects of changes in actuarial assumptions	0	-1	-41	87	-16
Experience adjustments	33	33	-92	8	28
- of which on plan assets	25	25	-102	-12	11
- of which on plan liabilities	8	8	10	20	17
Actuarial gains/losses	**33**	**32**	**-133**	**95**	**12**

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 4m positive (-5). In the parent company's income statement the respective cost was EUR 4m positive (-5) in 2010.

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	2010	2009	2010	2009
Service cost	2	3	2	2
Interest cost	34	33	33	33
Expected return on assets	-42	-39	-41	-38
Curtailments and settlements	0	-1	0	-1
Recognised past service cost	1	7	1	7
Recognised actuarial gains(-) / losses	1	2	1	2
Pension cost on defined benefit plans	**-4**	**5**	**-4**	**5**

The pension cost is in line with what was expected at the start of the year. The net pension cost on defined benefit plans is expected to be 7m positive both in the Group and in the parent company in 2011 mainly as a consequence of higher expected return on assets as well as lower recognised actuarial losses and past service costs.

The Group and parent company expect to contribute EUR 8m to its defined benefit plans in 2011.

Key management personnel

The members of the Board of Directors of Nordea Bank Finland Plc and the Chief Executive Officer are all members of the Nordea Bank AB (publ) Group Executive Management. In 2010 Nordea Bank AB (publ) has paid all salaries, fees, pensions- and other staff-related expenses to the above mentioned members 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 regarding the above mentioned persons is presented in the Annual Report of Nordea Bank AB (publ).

Pension obligation for the deputy of the President of Nordea Bank Finland Plc amounted to EUR 1m at end 2010.

Note 35 Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	477	437	477	437
Total	**477**	**437**	**477**	**437**

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 2010 loans - with terms specified below - exceeded 10% of the total outstanding volume.

Issued by	Year of issue / maturity	Nominal value	Carrying amount EURm	Interest rate (coupon)
Nordea Bank Finland Plc[1]	2002/undated	MGBP 300	348	6.25%
Nordea Bank Finland Plc[2]	1999/undated	MJPY 10,000	92	3.22%

[1] Call date 18 July 2014
[2] Call date 26 February 2029

Note 36 Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Assets pledged for own liabilities				
Securities etc[1]	31,784	8,656	31,784	8,656
Loans to the public	13,380	3,754	13,379	3,754
Other pledged assets	352	264	352	264
Total	**45,516**	**12,674**	**45,515**	**12,674**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	13,410	35	13,410	35
Other liabilities and commitments	21,933	11,365	21,932	11,364
Total	**35,343**	**11,400**	**35,342**	**11,399**

[1] of which EUR 14,559m relates to securities not recognised in the balance sheet.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities borrowing. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Loans to the public amounting to EUR 9,636m have been registered as collateral for issued Finnish covered bonds amounting to EUR 1,987m. In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. The rest of the loans to the public have been registered as collateral for bonds issued by Kirkas.

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	2010	2009	2010	2009
Guarantees				
Loan guarantees	3,571	3,083	3,573	3,084
Other guarantees	12,360	11,273	12,639	11,538
Documentary credits	2,159	2,715	2,159	2,715
Other contingent liabilities	21	13	21	13
Total	**18,111**	**17,084**	**18,392**	**17,350**

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	2010	2009	2010	2009
Future payment obligations	14	15	14	15
Credit commitments[1]	18,212	17,836	15,343	15,053
Other commitments	1,024	611	783	412
Total	**19,250**	**18,462**	**16,140**	**15,480**

[1] Including unutilised portion of approved overdraft facilities.

Note 40 Classification of financial instruments

Group

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	7,485	-	-	-	-	-	-	7,485
Treasury bills	-	-	2,359	-	-	-	-	2,359
Loans to credit institutions	50,252	-	17,499	-	-	-	-	67,751
Loans to the public	69,217	-	4,390	-	-	-	-	73,607
Interest-bearing securities	-	6,039	11,754	214	-	3,571	-	21,578
Financial instruments pledged as collateral	-	-	5,304	-	-	-	-	5,304
Shares	-	-	1,055	24	-	-	-	1,079
Derivatives	-	-	97,184	-	67	-	-	97,251
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	-	-	-	-	-	-	96
Investments in associated undertakings	-	-	-	-	-	-	61	61
Intangible assets	-	-	-	-	-	-	85	85
Property and equipment	-	-	-	-	-	-	124	124
Investment property	-	-	-	-	-	-	32	32
Deferred tax assets	-	-	-	-	-	-	17	17
Current tax assets	-	-	-	-	-	-	84	84
Retirement benefit assets	-	-	-	-	-	-	104	104
Other assets	5,419	-	-	3,129	-	-	14	8,562
Prepaid expenses and accrued income	317	-	-	7	-	-	183	507
Total	**132,786**	**6,039**	**139,545**	**3,374**	**67**	**3,571**	**704**	**286,086**

Group

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,360	6,346	-	40,843	-	60,549
Deposits and borrowings from the public	6,503	-	-	48,956	-	55,459
Debt securities in issue	6,027	-	-	33,819	-	39,846
Derivatives	95,369	-	307	-	-	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-58	-	-58
Current tax liabilities	-	-	-	-	1	1
Other liabilities	8,406	2,895	-	10,795	9	22,105
Accrued expenses and prepaid income	-	59	-	182	411	652
Deferred tax liabilities	-	-	-	-	47	47
Provisions	-	-	-	-	80	80
Retirement benefit obligations	-	-	-	-	28	28
Subordinated liabilities	-	-	-	477	-	477
Total	**129,665**	**9,300**	**307**	**135,014**	**576**	**274,862**

Group

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	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**

Group

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	-	-	-	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**

Parent company

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	7,485	-	-	-	-	-	-	7,485
Treasury bills	-	-	2,359	-	-	-	-	2,359
Loans to credit institutions	55,273	-	17,499	-	-	-	-	72,772
Loans to the public	63,496	-	4,390	-	-	-	-	67,886
Interest-bearing securities	-	6,039	11,754	214	-	3,571	-	21,578
Financial instruments pledged as collateral	-	-	5,304	-	-	-	-	5,304
Shares	-	-	1,059	21	-	-	-	1,080
Derivatives	-	-	97,180	-	67	-	-	97,247
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	-	-	-	-	-	-	96
Investments in group undertakings	-	-	-	-	-	-	353	353
Investments in associated undertakings	-	-	-	-	-	-	19	19
Intangible assets	-	-	-	-	-	-	82	82
Property and equipment	-	-	-	-	-	-	55	55
Investment property	-	-	-	-	-	-	4	4
Deferred tax assets	-	-	-	-	-	-	12	12
Current tax assets	-	-	-	-	-	-	83	83
Retirement benefit assets	-	-	-	-	-	-	98	98
Other assets	5,402	-	-	3,129	-	-	9	8,540
Prepaid expenses and accrued income	313	-	-	7	-	-	36	356
Total	**132,065**	**6,039**	**139,545**	**3,371**	**67**	**3,571**	**751**	**285,409**

Parent company

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,360	6,346	-	40,787	-	60,493
Deposits and borrowings from the public	6,503	-	-	49,049	-	55,552
Debt securities in issue	6,027	-	-	33,819	-	39,846
Derivatives	95,369	-	307	-	-	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-58	-	-58
Current tax liabilities	-	-	-	-	0	0
Other liabilities	8,406	2,895	-	10,666	8	21,975
Accrued expenses and prepaid income	-	59	-	179	248	486
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	76	76
Retirement benefit obligations	-	-	-	-	28	28
Subordinated liabilities	-	-	-	477	0	477
Total	**129,665**	**9,300**	**307**	**134,919**	**360**	**274,551**

Note 40 *Classification of financial instruments, cont.*

Parent company

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	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	-	-	-	-	-	-	338	338
Investments in associated undertakings	-	-	-	-	-	-	16	16
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**

Parent company

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	-	-	-	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**

Note 40 *Classification of financial instruments, cont..*

Financial liabilities designated at fair value through profit or loss

Deposits made by Markets as well as funding of Markets operations are measured at fair value and classified in the category "Fair value through profit and loss". The deposits are short term so therefore there are no changes in fair value attributable to credit risk.

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

	Group		Parent company	
2010, EURm	Carrying amount	Amount to be paid at maturity	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	6 346	6 346	6 346	6 346

	Group		Parent company	
2009, EURm	Carrying amount	Amount to be paid at maturity	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	-	-	-	-

Note 41 Assets and liabilities at fair value

Group

	31 Dec 2010		31 Dec 2009	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	7,485	7,485	8,004	8,004
Treasury bills	2,359	2,359	1,033	1,033
Loans to credit institutions	67,751	67,780	59,037	59,076
Loans to the public	73,607	73,671	65,723	65,789
Interest-bearing securities	21,578	21,598	7,873	7,899
Financial instruments pledged as collateral	5,304	5,304	1	1
Shares	1,079	1,079	1,052	1,052
Derivatives	97,251	97,251	74,520	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	96	141	141
Investments in associated undertakings	61	61	56	56
Intangible assets	85	85	69	69
Property and equipment	124	124	143	143
Investment property	32	31	7	7
Deferred tax assets	17	17	17	17
Current tax assets	84	84	0	0
Retirement benefit assets	104	104	91	91
Other assets	8,562	8,562	3,029	3,029
Prepaid expenses and accrued income	507	507	369	369
Total assets	**286,086**	**286,198**	**221,165**	**221,296**
Liabilities				
Deposits by credit institutions	60,549	60,589	44,344	44,376
Deposits and borrowings from the public	55,459	55,477	44,256	44,274
Debt securities in issue	39,846	39,798	39,276	39,280
Derivatives	95,676	95,676	73,237	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-58	-58	7	7
Current tax liabilities	1	1	129	129
Other liabilities	22,105	22,105	7,813	7,813
Accrued expenses and prepaid income	652	652	571	571
Deferred tax liabilities	47	47	44	44
Provisions	80	80	49	49
Retirement benefit obligation	28	28	30	30
Subordinated liabilities	477	477	437	437
Total liabilities	**274,862**	**274,872**	**210,193**	**210,247**

Parent company

	31 Dec 2010		31 Dec 2009	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	7,485	7,485	8,004	8,004
Treasury bills	2,359	2,359	1,033	1,033
Loans to credit institutions	72,772	72,812	64,054	64,117
Loans to the public	67,886	67,939	60,053	60,095
Interest-bearing instruments	21,578	21,598	7,873	7,899
Financial instruments pledged as collateral	5,304	5,304	1	1
Shares	1,080	1,080	1,048	1,048
Derivatives	97,247	97,247	74,520	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	96	141	141
Investments in group undertakings	353	353	338	338
Investments in associated undertakings	19	19	16	16
Intangible assets	82	82	64	64
Property and equipment	55	55	54	54
Investment property	4	4	4	4
Deferred tax assets	12	12	13	13
Current tax assets	83	83	-	-
Retirement benefit assets	98	98	85	85
Other assets	8,540	8,540	3,014	3,014
Prepaid expenses and accrued income	356	356	235	235
Total assets	**285,409**	**285,522**	**220,550**	**220,681**
Liabilities				
Deposits by credit institutions	60,493	60,532	44,285	44,316
Deposits and borrowings from the public	55,552	55,571	44,354	44,372
Debt securities in issue	39,846	39,798	39,276	39,280
Derivatives	95,676	95,676	73,237	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-58	-58	7	7
Current tax liabilities	0	0	128	128
Other liabilities	21,975	21,975	7,666	7,666
Accrued expenses and prepaid income	486	486	428	428
Provisions	76	76	46	46
Retirement benefit obligations	28	28	30	30
Subordinated liabilities	477	477	437	437
Total liabilities	**274,551**	**274,561**	**209,894**	**209,947**

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans, deposits and borrowings and issued securities.

The carrying amounts on loans, deposits and borrowing 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	2010	2009	2010	2009
Amount at beginning of year	-44	-95	-44	-95
Deferred profit/loss on new transactions	-14	-53	-14	-53
Recognised in the income statement during the year	16	104	16	104
Amount at end of year	**-42**	**-44**	**-42**	**-44**

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are categorised using a fair value hierarchy.

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

For bonds the categorisation into the three levels are based on the internal pricing methodology. The bonds can either be directly quoted in active markets (level 1) or measured using a methodology giving a quote based on observable inputs (level 2). Level 3 bonds are characterised by illiquidity.

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

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

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair value. This is the case for the majority of NBF's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned and other instruments where an active markets supply the input to the valuation technique or model.

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

Note 41 *Assets and liabilities at fair value, cont.*

Group

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	17,499	-	17,499
Loans to the public	-	4,390	-	4,390
Debt securities[1]	8,725	9,173	-	17,898
Financial instruments pledged as collateral[2]	3,132	2,172	-	5,304
Shares	156	-	923	1,079
Derivatives	109	94,822	2,320	97,251
Other assets	-	3,129	-	3,129
Prepaid expenses and accrued income	-	7	-	7
Liabilities				
Deposits by credit institutions	-	19,706	-	19,706
Deposits and borrowings from the public	-	6,503	-	6,503
Debt securities in issue	-	6,027	-	6,027
Derivatives	47	93,320	2,309	95,676
Other liabilities	7,501	3,800	-	11,301
Accrued expenses and prepaid income	-	59	-	59

1 Of which EUR 2,359m Treasury bills and EUR 15,539m Interest-bearing securities. (The portion held at fair value in Note 40)
2 Of which EUR 1,533m Treasury bills and EUR 3,771m Interest-bearing securities. (The portion held at fair value in Note 40)

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.

Parent company

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	17,499	-	17,499
Loans to the public	-	4,390	-	4,390
Debt securities[1]	8,725	9,173	-	17,898
Financial instruments pledged as collateral[2]	3,132	2,172	-	5,304
Shares	157	-	923	1,080
Derivatives	105	94,822	2,320	97,247
Other assets	-	3,129	-	3,129
Prepaid expenses and accrued income	-	7	-	7
Liabilities				
Deposits by credit institutions	-	19,706	-	19,706
Deposits and borrowings from the public	-	6,503	-	6,503
Debt securities in issue	-	6,027	-	6,027
Derivatives	46	93,321	2,309	95,676
Other liabilities	7,501	3,800	-	11,301
Accrued expenses and prepaid income	-	59	-	59

[1] Of which EUR 2,359m Treasury bills and EUR 15,539m Interest-bearing securities. (The portion held at fair value in Note 40)
[2] Of which EUR 1,533m Treasury bills and EUR 3,771m Interest-bearing securities. (The portion held at fair value in Note 40)

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]	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.

Movements in level 3

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

Group

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Debt securities	-	-	-	-	-
Shares	842	-121	128	661	-586
Derivatives (net assets and liabilities)	115	15	-104	4	0

31 Dec 2010, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2010
Assets				
Debt securities	-	-	-	-
Shares	-	-	0	923
Derivatives (net assets and liabilities)	-15	0	0	15

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

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 2009, 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 recognised in the income statement during the year are included in "Net result form items at fair value" (see note 5).

Parent company

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Debt securities	-	-	-	-	-
Shares	842	-121	128	661	-586
Derivatives (net assets and liabilities)	115	15	-104	-	-

31 Dec 2010, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2010
Assets				
Debt securities	-	-	-	-
Shares	-	-	0	923
Derivatives (net assets and liabilities)	-15	-	-	11

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

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.

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		
		Effect of reasonably possible alternative assumption			Effect of reasonably possible alternative assumption	
31 Dec 2010, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Assets						
Debt securities	-	-	-	-	-	-
Shares	923	56	-56	923	56	-56
Derivatives (net assets and liabilities)	2,320	22	-29	2,320	22	-29

	Group			Parent company		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
31 Dec 2009, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Assets						
Shares	842	48	-48	842	48	-48
Derivatives (net assets and liabilities)	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 are related to various types of correlations or correlation related inputs in credit derivatives, interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased 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

31 Dec 2010, EURm	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	2,359	-	-	-	-	-	2,359
Loans to the credit institutions	11,781	10,279	17,546	2,038	21,768	4,339	67,751
Loans to the public	62,962	3,054	629	125	4,918	1,919	73,607
Interest-bearing securities	9,629	5,862	3,936	48	2,029	74	21,578
Other assets	83,800	10,247	7,629	4,272	10,589	4,254	120,791
Total assets	**170,531**	**29,442**	**29,740**	**6,483**	**39,304**	**10,586**	**286,086**
Liabilities and equity							
Deposits by credit institutions	25,068	4,472	2,819	648	21,335	6,207	60,549
Deposits and borrowings from the public	44,248	1,891	446	258	5,034	3,582	55,459
Debt securities in issue	8,544	2,041	786	184	22,245	6,046	39,846
Provisions	80	-	-	-	-	0	80
Subordinated liabilities	-	-	-	-	-	477	477
Other liabilities and equity	93,804	13,019	4,662	5,986	6,156	6,048	129,675
Total liabilities and equity	**171,744**	**21,423**	**8,713**	**7,076**	**54,770**	**22,360**	**286,086**

Group

31 Dec 2009, EURm	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	-	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	0	-	-	-	0	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**

Parent company

31 Dec 2010, EURm	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	2,359	-	-	-	-	-	2,359
Loans to credit institutions	16,723	10,296	17,546	2,040	21,821	4,346	72,772
Loans to the public	57,264	3,032	629	123	4,863	1,975	67,886
Interest-bearing securities	9,629	5,862	3,936	48	2,029	74	21,578
Other assets	83,876	10,247	7,629	4,272	10,589	4,201	120,814
Total assets	**169,851**	**29,437**	**29,740**	**6,483**	**39,302**	**10,596**	**285,409**
Liabilities and equity							
Deposits by credit institutions	25,043	4,472	2,819	648	21,335	6,176	60,493
Deposits and borrowings from the public	44,341	1,891	446	258	5,034	3,582	55,552
Debt securities in issue	8,544	2,041	786	184	22,245	6,046	39,846
Provisions	76	-	-	-	-	-	76
Subordinated liabilities	-	-	-	-	-	477	477
Other liabilities and equity	93,205	13,017	4,662	5,986	6,155	5,940	128,965
Total liabilities and equity	**171,209**	**21,421**	**8,713**	**7,076**	**54,769**	**22,221**	**285,409**

Parent company

31 Dec 2009, EURm	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	3,421	64,054
Loans to the public	52,870	595	140	104	4,559	1,785	60,053
Interest-bearing securities	5,227	0	878	-	1,735	33	7,873
Other assets	64,165	6,524	2,921	2,995	4,756	6,177	87,537
Total assets	**136,308**	**12,434**	**20,203**	**6,516**	**33,674**	**11,416**	**220,550**
Liabilities and equity							
Deposits by credit institutions	19,530	256	101	125	20,654	3,619	44,285
Deposits and borrowings from the public	37,541	189	10	67	4,450	2,097	44,354
Debt securities in issue	8,102	2,244	558	302	22,046	6,024	39,276
Provisions	46	-	-	-	-	0	46
Subordinated liabilities	0	-	-	-	0	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**	**18,999**	**220,550**

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 are disclosed below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	22,100	1,233	22,100	1,233
- of which repledged or sold	14,559	915	854	915
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
- of which repledged or sold	-	-	-	-
Total	**22,100**	**1,233**	**22,100**	**1,233**

Note 44 Maturity analysis for assets and liabilities

Group

Remaining maturity
31 Dec 2010, EURm

	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		7,485	-	-	-	-	-	**7,485**
Treasury bills	13	-	425	327	1,248	359	-	**2,359**
Loans to credit institutions	14	7,462	48,489	9,161	2,608	31	-	**67,751**
Loans to the public	14	30	13,590	6,748	24,124	29,115	-	**73,607**
Interest bearing securities	15	-	4,931	3,510	11,946	1,191	-	**21,578**
Financial instruments pledged as collateral	16	-	159	708	2,256	2,181	-	**5,304**
Derivatives	18	-	7,206	6,602	28,501	54,942	-	**97,251**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	1	11	60	24	-	**96**
Total assets with fixed maturities		**14,977**	**74,801**	**27,067**	**70,743**	**87,843**	**-**	**275,431**
Other assets	26	-	-	-	-	-	10,655	**10,655**
Total assets		**14,977**	**74,801**	**27,067**	**70,743**	**87,843**	**10,655**	**286,086**
Deposits by credit institutions	28	4,943	47,737	7,704	82	83	-	**60,549**
Deposits and borrowings from the public	29	34,862	16,111	3,965	594	-73	-	**55,459**
- of which Deposits		*34,862*	*9,571*	*3,964*	*594*	*-73*	-	*48,918*
- of which Borrowings		-	*6,540*	*1*	*0*	*0*	-	*6,541*
Debt securities in issue	30	-	25,262	5,843	8,330	411	-	**39,846**
- of which Debt securities in issue		-	*25,262*	*5,843*	*8,330*	*411*	-	*39,846*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	6,969	6,749	29,640	52,318	-	**95,676**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-	0	-61	3	-	**-58**
Subordinated liabilities	35	-	-	-	385	92	-	**477**
Total liabilities with fixed maturities		**39,805**	**96,079**	**24,261**	**38,970**	**52,834**	**-**	**251,949**
Other liabilties	31	-	-	-	-	-	22,913	**22,913**
Equity		-	-	-	-	-	11,224	**11,224**
Total liabilities and equity		**39,805**	**96,079**	**24,261**	**38,970**	**52,834**	**34,137**	**286,086**

Group

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without 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*	-	-	*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 liabilities	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**

Parent company

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		7,485	-	-	-	-	-	**7,485**
Treasury bills	13	-	425	327	1,248	359	-	**2,359**
Loans to credit institutions	14	7,447	52,928	9,609	2,751	37	-	**72,772**
Loans to the public	14	-	12,194	5,057	21,619	29,016	-	**67,886**
Interest bearing securities	15	-	4,931	3,510	11,946	1,191	-	**21,578**
Financial instruments pledged as collateral	16	-	159	708	2,256	2,181	-	**5,304**
Derivatives	18	-	7,206	6,598	28,501	54,942	-	**97,247**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	1	11	60	24	-	**96**
Total assets with fixed maturities		**14,932**	**77,844**	**25,820**	**68,381**	**87,750**	**-**	**274,727**
Other assets	26	-	-	-	-	-	10,682	**10,682**
Total assets		**14,932**	**77,844**	**25,820**	**68,381**	**87,750**	**10,682**	**285,409**

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

Parent company

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Deposits by credit institutions	28	4,943	47,730	7,686	51	83	-	**60,493**
Deposits and borrowings from the public	29	34,877	16,116	3,964	593	2	-	**55,552**
- of which Deposits		*34,877*	*9,576*	*3,964*	*593*	*2*	-	*49,012*
- of which Borrowings		-	*6,540*	-	-	-	-	*6,540*
Debt securities in issue	30	-	25,262	5,843	8,330	411	-	**39,846**
- of which Debt securities in issue		-	*25,262*	*5,843*	*8,330*	*411*	-	*39,846*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	6,969	6,749	29,640	52,318	-	**95,676**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-	0	-61	3	-	**-58**
Subordinated liabilities	35	-	-	-	385	92	-	**477**
Total liabilities with fixed maturities		**39,820**	**96,077**	**24,242**	**38,938**	**52,909**	**-**	**251,986**
Other liabilities	31	-	-	-	-	-	22,565	**22,565**
Equity		-	-	-	-	-	10,858	**10,858**
Total liabilities and equity		**39,820**	**96,077**	**24,242**	**38,938**	**52,909**	**33,423**	**285,409**

Parent company

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without 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**
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**

Note 45 Related-party transactions

Shareholders with significant influence and companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj, Nokia Oyj, Posten AB, Danisco A/S, IK Investment Partners AB and TrygVesta A/S. Transactions with related companies are made in Nordea's and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing. They did not involve more than normal 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	2010	2009	2010	2009	2010	2009
Assets						
Loans	61,577	52,511	96	111	-	-
Interest-bearing securities	3,638	0	-	-	-	-
Financial instruments pledged as collateral	466	-	-	-	-	-
Derivatives	2,610	976	155	109	-	-
Other assets	1	0	-	-	-	-
Prepaid expenses and accrued income	60	22	-	-	-	-
Total assets	**68,352**	**53,509**	**251**	**220**	**-**	**-**
Liabilities						
Deposits	41,303	29,924	75	115	5	9
Debt securities in issue	562	632	30	-	-	-
Derivatives	1,292	1,427	64	66	-	-
Other liabilities	305	24	-	-	-	-
Accrued expenses and deferred income	133	94	-	-	-	-
Total liabilities	**43,595**	**32,101**	**169**	**181**	**5**	**9**
Off balance	359,662	251,029	7,202	2,983	-	-

Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009	2010	2009
Interest income and interest expense						
Interest income	321	403	2	2	-	-
Interest expense	-233	-316	0	0	0	0
Net interest income and expense	**88**	**87**	**2**	**2**	**0**	**0**

Parent company	Group undertakings		Associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009	2010	2009
Assets						
Loans and receivables	5,185	5,150	96	111	-	-
Interest-bearing securities	-	-	-	-	-	-
Financial instruments pledged as collateral	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Investments in associated undertakings	-	-	19	16	-	-
Investments in group undertakings	353	338	-	-	-	-
Other assets	0	0	-	-	-	-
Prepaid expenses and accrued income	15	16	-	-	-	-
Total assets	**5,553**	**5,504**	**115**	**127**	**-**	**-**

Note 45 *Related-party transactions, cont.*

Parent company	Group undertakings		Associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009	2010	2009
Liabilities						
Deposits	20	23	76	115	5	9
Debt securities in issue	-	-	30	-	-	-
Derivatives	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	2	2	-	-	-	-
Total liabilities	**22**	**25**	**106**	**115**	**5**	**9**
Off balance	556	346	99	54	-	-

Parent companyt	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009	2010	2009
Interest income and interest expense						
Interest income	74	129	2	2	-	-
Interest expense	0	0	0	0	0	0
Net interest income and expense	**74**	**129**	**2**	**2**	**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, derivatives and other assets from other Nordea group undertakings in the amount of EUR 68,351m (59,760), liabilities in the amount of EUR 43,480m (32,019), net interest income in the amount of EUR 90m (218) and off-balance sheet commitments in the amount of EUR 359,662 (251,029), see Group's specification above. Off balance sheet transactions with Nordea group associated undertakings amounted to EUR 7,202m (2,929) and corresponding balance sheet values of derivatives were EUR 155m (109) in assets and EUR 64m (66) 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 2010	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Subsidiaries merged during 2010	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Other subsidiaries dissolved during 2010	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
Other companies	1	1	-

Associated undertakings dissolved during 2010	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

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) 2010, which is available on www.nordea.com.

Restructured loans current year

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Loans before restructuring, carrying amount	46	0	46	0
Loans after restructuring, carrying amount	46	0	46	0

Assets taken over for protection of claims

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Current assets, carrying amount:				
Land and buildings	26	3	26	0
Shares and other participations	0	0	0	-
Other assets	5	4	0	1
Total	**31**	**7**	**26**	**1**

Past due loans, excl. impaired loans

	Group				Parent company			
	31 Dec 2010		31 Dec 2009		31 Dec 2010		31 Dec 2009	
EURm	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	76	218	98	249	27	189	34	211
31-60 days	56	140	75	157	28	93	38	102
61-90 days	22	66	45	69	16	45	31	43
>90 days	39	19	89	0	33	19	89	0
Total	**193**	**443**	**307**	**475**	**104**	**346**	**192**	**356**
Past due not impaired/loans in %	0.51	1.27	0.95	1.45	0.29	1.08	0.65	1.19

Loans to corporate customers, by size of loan

	Group				Parent company			
EURm	31 Dec 2010	%	31 Dec 2009	%	31 Dec 2010	%	31 Dec 2009	%
0-10	20,816	54.5	17,310	53.4	19,116	54.5	15,721	53.4
10-50	9,018	23.6	8,309	25.6	8,281	23.6	7,547	25.6
50-100	3,782	9.9	3,764	11.6	3,473	9.9	3,418	11.6
100-250	2,700	7.1	2,581	8.0	2,479	7.1	2,345	8.0
250-500	1,858	4.9	448	1.4	1,706	4.9	407	1.4
500-	0	0.0	-	-	0	0.0	-	-
Total	**38,174**	**100.0**	**32,412**	**100.0**	**35,055**	**100.0**	**29,438**	**100.0**

Note 47 *Credit risk disclosure, cont.*

Interest-bearing securities and Treasury bills	Group				Parent company			
	31 Dec 2010		31 Dec 2009		31 Dec 2010		31 Dec 2009	
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	2,757	150	1,065	150	2,757	150	1,065	150
Municipalities and other public bodies	69	-	9	-	69	-	9	-
Mortgage institutions	7,214	3,746	17	3,293	7,214	3,746	17	3,293
Other credit institutions	7,422	2,143	1,028	3,274	7,422	2,143	1,028	3,274
Corporates	297	-	70	-	297	-	70	-
Corporates, sub-investment grade	139	-	-	-	139	-	-	-
Other	-	-	-	-	0	-	-	-
Total	**17,898**	**6,039**	**2,189**	**6,717**	**17,898**	**6,039**	**2,189**	**6,717**

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	86,052	5.49	472,090.95
February	22,920	6.83	156,557.72
March	93,706	7.53	705,224.72
April	78,650	7.42	583,507.50
May	512,657	6.45	3,308,911.77
June	124,800	6.97	869,709.00
July	19,485	7.46	145,448.94
August	189,940	7.73	1,469,138.15
September	4,000	7.62	30,460.00
October	1,042,273	7.93	8,262,925.44
November	689,412	7.70	5,307,153.79
December	404,528	8.08	3,269,568.93
	3,268,423		24,580,696.91

Sales

Month	Quantity	Average price	Amount, EUR
January	-26,650	6.92	-184,530.00
February	-40,322	6.74	-271,919.90
March	-63,061	7.60	-479,040.98
April	-27,050	7.54	-203,903.50
May	-284,600	6.22	-1,769,007.00
June	-362,301	6.91	-2,501,835.06
July	-79,384	7.31	-579,999.20
August	-25,740	7.35	-189,135.77
September	-196,083	7.61	-1,492,563.22
October	-1,652,100	7.89	-13,029,549.57
November	-162,841	7.59	-1,235,788.57
December	-304,424	7.93	-2,414,919.76
	-3,224,556		-24,352,192.53

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 2010 NBF owned 21,222 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 2010 were EUR 7,939,237,718.21, of which the profit for the year was EUR 798,190,623.06. The Board of Directors proposes that

1. a dividend of EUR 700,000,000.00 be paid and
2. EUR 200,000.00 be reserved for public good purposes
3. whereafter the distributable funds will be EUR 7,239,037,718.21.

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

Helsinki, 28 February 2011

Fredrik Rystedt

Ari Kaperi

Casper von Koskull

Gunn Wærsted

Our auditors' report has been issued today.

Helsinki, 28 February 2011

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 2010. The financial statements comprise both the consolidated and the parent company's statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Finnish Credit Institutions Act, the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion,

- both the consolidated and the parent company's financial statements give a true and fair view of their financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and 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.

Other opinions
We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, 28 February 2011

KPMG OY AB

Raija-Leena Hankonen
Authorized Public Accountant

Management and auditors

Management

President Carl-Johan Granvik and the President's deputy Ari Kaperi resigned from their positions as of 30 June 2010.

The Board elected Ari Kaperi President and Pekka Nuuttila his deputy as from 1 July 2010.

Christian Clausen, Carl-Johan Granvik and Peter Schütze resigned from their positions as members of the Board as of 30 June 2010 and Michael Rasmussen as of 31 August 2010.

On 8 June 2010 the extraordinary general meeting elected Ari Kaperi and Gunn Wærsted members of the Board as from 1 July 2010 and Casper von Koskull as from 1 September 2010.

On 1 July 2010 the Board elected Fredrik Rystedt the Chairman and Ari Kaperi the Deputy Chairman of the Board.

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 2010

Ari Kaperi

Born 1960. President of Nordea Bank Finland Plc, Head of Group Risk Management, Chief Risk Officer and Country Senior Executive in Finland. Vice Chairman of the Board since 2010. Member since 2010.

Casper von Koskull

Born 1960. Head of Corporate Merchant Banking and Capital Markets. Member since 2010.

Fredrik Rystedt

Born 1963. Chief Financial Officer and Head of Group Corporate Centre. Chairman of the Board since 2010. Member since 2008.

Gunn Wærsted

Born 1955. Managing Director of Nordea Bank Norway ASA, Head of Shipping, Private Banking & Savings Products and Country Senior Executive in Norway. Member since 2010.

Auditors

KPMG Oy Ab

Auditor with main responsibility
Raija-Leena Hankonen
Authorised Public Accountant

Corporate Governance Report 2010

Application by Nordea Bank Finland Plc

Nordea Bank Finland Plc submits this report as an issuer of bonds. This report has been prepared following recommendation 54 in the Finnish Corporate Governance Code and the report is submitted as a separate report from the Annual Report 2010.

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 2010 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 supporting a healthy corporate culture and successful business activities. It gives the company a 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 2010

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 and has dealt with the risk reports on Nordea Bank Finland Plc level. Nordea Bank Finland Plc complies with the Group directives and supporting instructions from applicable parts.

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 COSO[1] framework as follows:

Control Environment

The control environment constitutes the basis for Nordea's internal control and contains the culture and values established by the Board of Directors and Executive Management of Nordea Bank AB (publ).

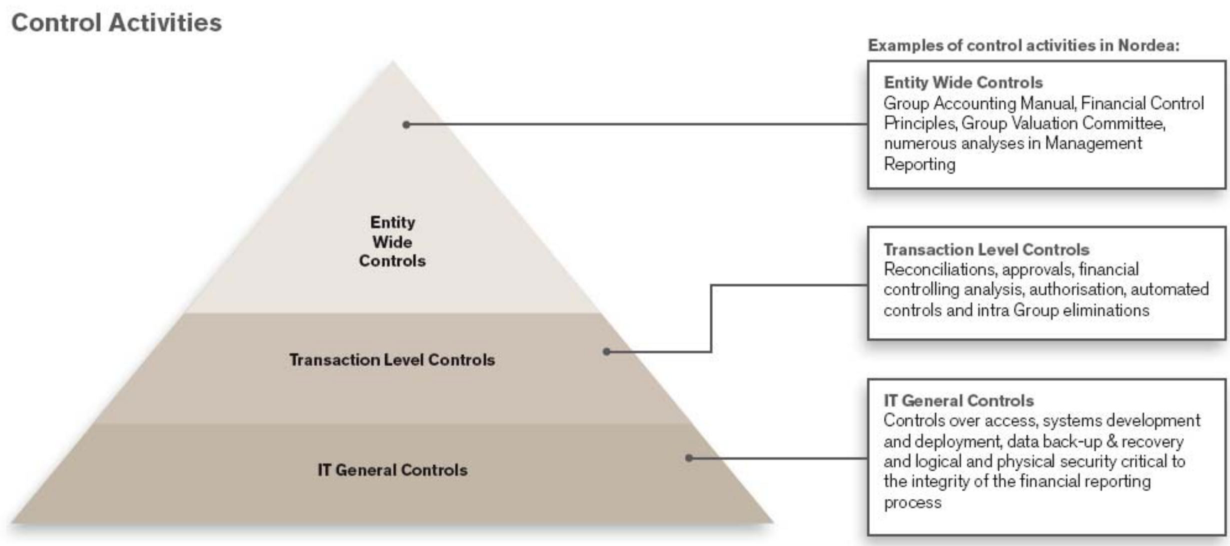
A clear and transparent organisational structure is of importance for the control environment. Nordea's business structure aims to support the overall strategy, with a strong product and customer orientation supporting clear roles and responsibilities. The business as well as the organisation is under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

A new function, Accounting Key Controls (AKC), has been established during the year. The initiative aims at implementing a Nordea Group-wide system of accounting key controls to ensure that controls essential for the financial reporting are continuously identified, monitored and assessed.

1 Committee of Sponsoring Organizations of the Treadway Commission, www.coso.org.

Risk Assessment
Risk management is considered as an integral part of running the business and the main responsibility for performing risk assessments regarding financial reporting risks lies with the line organisation. Having Risk Assessments performed close to the business increases the chance of identifying the most relevant risks. In order to govern the quality, central functions stipulate in governing documents when and how these assessments are to be performed. Examples of Risk Assessments, performed at least annually, are Quality and Risk Analysis for changes and Self Risk Assessments on divisional levels.

Control Activities

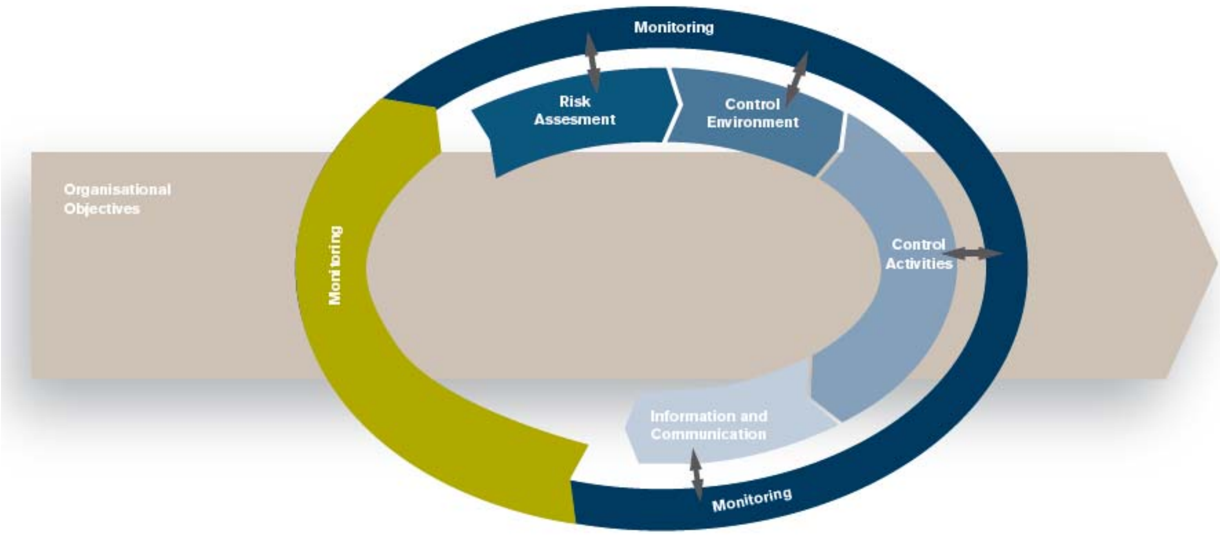


The heads of the respective units are primarily responsible for managing the risks associated with the units' operations and financial reporting processes. This responsibility is primarily supported by the Group Accounting Manual (GAM), the Financial Control Principles and various governing bodies, as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

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

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. This interactive process aims to cover all COSO-components and can be illustrated with the following figure:



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 an internal control process checklist and a hierarchical reporting covering the whole organisation. Internal control and risk assessment regarding financial reporting is included as one of several focus categories in this process.

The Board of Directors, Group Internal Audit (GIA) and the Board Audit Committee have an important role with regards to monitoring the internal control over financial reporting in Nordea Group.

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 purpose of GIA's assurance activity is to add value to the organisation by assuring the quality of the governance, risk management, and control processes as well as promoting continuous improvement.

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 supervisory responsibilities inter alia by monitoring the Nordea Group's financial reporting process, the effectiveness of the internal control and risk management systems and the effectiveness of GIA. The Board audit committee is further accountable for keeping itself informed as to the statutory audit of the annual and consolidated accounts and reviewing and monitoring the impartiality and independence of the external auditors, and in particular the provision of additional services to the 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.

Nordea Bank Finland Plc
Aleksanterinkatu 36 B, Helsinki
FI-00020 NORDEA
Tel +358 9 1651
Fax +358 9 165 54500
www.nordea.fi