Nordea

Press release

Copenhagen, Helsinki, Oslo, Stockholm, 19 July 2011

Second Quarter Report 2011

Half-year operating profit up 21% to EUR 1,952m

CEO Christian Clausen's comment to the report:
"The solid business momentum is maintained. Income from customer areas increased by 5% in the quarter and both operating and risk-adjusted profit are higher than last year. Loan losses are at the lowest level since 2008 and credit quality continues to improve.

At the same time, the trading result decreased from last quarter's high levels due to volatility in the financial markets and interest income was affected by increased and prolonged funding.

Nordea's relationship strategy has laid a solid foundation for our New Normal ambition to reach an ROE in the top league of European banks of around 15%. In the autumn, we will continue to improve capital efficiency and implement plans to contain cost growth in the later part of 2011, and thereafter keep costs largely unchanged for a prolonged period of time."

(For further viewpoints, see CEO comments, page 2)

First half year 2011 vs first half year 2010 (second quarter 2011 vs first quarter 2011):

- Total income up 9% (down 7%)
- Number of Gold and Private Banking customers up 183,000 or 6%
(up 40,000 in the second quarter, a 5% growth rate)
- Net loan losses 17 basis points excluding the Danish deposit guarantee fund provision, down from 36 bps last year (12 bps in second quarter down from 22 bps in first quarter)
- Operating profit up 21% (down 5%)
- Core tier 1 capital ratio 11.0% excluding transition rules, up from 10.0% one year ago
(up from 10.7% in the first quarter 2011)
- Return on equity 11.7%, up from 10.4% in first half year 2010
(11.5% in the second quarter 2011, down from 12.0% in the first quarter 2011)

Summary key figures, EURm	Q2 2011	Q1 2011	Ch.%	Q2 2010	Ch.%	H1 2011	H1 2010	Ch.%
Net interest income	1,326	1,324	0	1,249	6	2,650	2,484	7
Total operating income	2,342	2,510	-7	2,161	8	4,852	4,464	9
Profit before loan losses	1,067	1,245	-14	975	9	2,312	2,114	9
Net loan losses	-118	-242	-51	-245	-52	-360	-506	-29
Loan loss ratio (ann.), bps	15	31		35		23	36	
Operating profit	949	1,003	-5	730	30	1,952	1,608	21
Risk-adjusted profit	643	771	-17	516	25	1,414	1,194	18
Diluted EPS, EUR	0.18	0.18		0.13		0.36	0.29	
Return on equity, %	11.5	12.0		9.5		11.7	10.4	

Currency rates used for DKK, NOK and SEK for 2011 are for income statement items 7.46, 7.83 and 8.94 respectively.

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CEO comment

Nordea's solid business momentum continued in the second quarter. The positive development in customer areas is encouraging and the operating result is in line with plans. Cost and capital efficiency will be the key focus to ensure a top-league ROE in the New Normal. We are finalising plans to gradually contain cost growth in the later part of 2011 and thereafter we foresee costs to be largely unchanged for a prolonged period of time.

The global economic environment has been turbulent in the spring. The fiscal crisis in Greece, uncertain development in other PIIGS countries and continued imbalances in the global economy have increased economic uncertainty.

Despite the turbulence, Nordea has its lowest loan losses since before the financial crisis in 2008. Our credit quality has continued to improve, the bank has no sovereign debt exposure to PIIGS countries and the EBA stress test of last week showed virtually no impact on our capital ratios.

The relationship strategy

The relationship strategy applied by Nordea since 2007 continues to deliver solid business momentum. Relations are deepened across business segments, with more activity per customer and higher income.

The number of household customers has continued to increase in the relationship segments. We have in the quarter welcomed 40,000 Gold and Private Banking customers, of whom 28,000 are new to the bank. New and appreciated products have resulted in a 3% increase in total deposit volumes, which reduces the need of wholesale funding.

The continued high business volumes per corporate customer and our growth plan for Corporate Merchant Banking have resulted in increasing income by 6%. Good relations, quality and competence increase satisfaction and drive ancillary business, which is of strategic interest in the New Normal.

We have also expanded the relationship channels with new applications for smart phones and tablets. We have today 250,000 active mobile bank customers, and a presence in the most widely used social media. Facebook pages in all the Nordic countries were launched in May and have received a rapidly increasing number of followers among our customers. The instant customer reactions speed up our development and create new business potential.

Earlier investments in the operational platform show results. Since 2009, the business volume per full-time equivalent employee (FTE) has increased by 25%, the number of netbank transactions is up by 10% and manual transactions in the branch network are down by 25%. As a result, income per FTE grew by 10%.

At the same time, the trading result decreased from last quarter's high levels due to volatility in the financial markets and interest income was affected by increased and prolonged funding.

Mitigating actions in relation to the New Normal

Profitability will be a key to maintaining high rating, low funding costs and flexibility in our capital position. A sound profitability is therefore a prerequisite for sustainable great customer experiences. It is the only way to enable stability, long term perspectives and competitive product offerings.

We anticipate that the best banks will reach ROE levels around 15%. To stay in that group, we need to increase ROE by taking actions on both cost and capital efficiency, and at the same time continue to deliver income growth. The New Normal targets and plans to get there will be presented in the autumn.

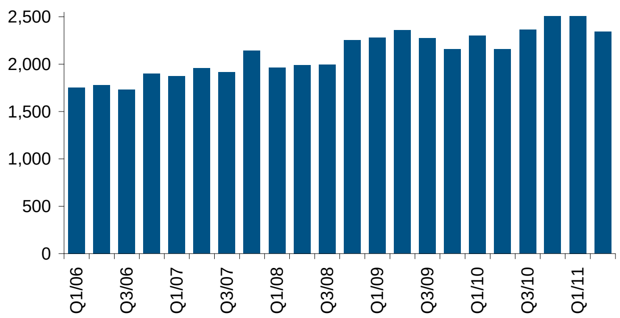
Considerable uncertainty still remains as to the details and impact of future regulation on capital and liquidity. However, we have started to optimise our product solutions, processes and methods as well as the tactical management of the risk-weighted assets (RWA). In the second quarter alone, RWA was reduced by EUR 1.9bn, core tier 1 capital ratio increased by 0.3 %-points and both the liquidity buffer and maturity length of our funding have doubled since 2008.

In parallel, we plan for higher cost efficiency. The new organisation is now in place, and will in the third quarter also be reflected in the financial reporting. It will ensure accountability and a focused implementation of identified cost efficiency measures in the autumn. The plan is to contain cost growth in 2011 and thereafter maintain costs at an approximately unchanged level for a prolonged period of time. We are also taking actions to achieve moderate growth in RWAs despite income growth.

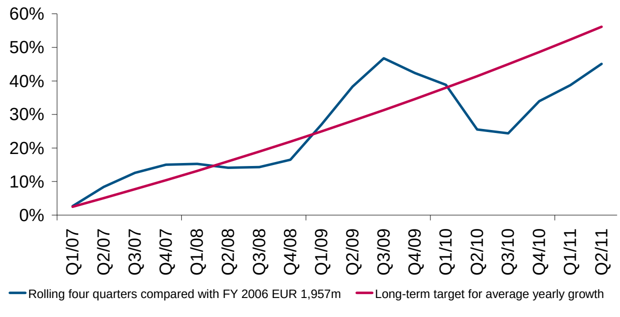
We will continue to focus on efficiency across value chains and on helping customers to find efficient solutions in the New Normal. Cost and capital efficiency will be guiding us on the next leg of the journey towards Great Nordea.

Christian Clausen
President and Group CEO

Total income, EURm



Risk-adjusted profit growth
Growth from 2006 compared to target to double in seven years



Income statement[1]

EURm	**Q2 2011**	Q1 2011	Change %	Q2 2010	Change %	**Jan-Jun 2011**	Jan-Jun 2010	Change %
Net interest income	**1,326**	1,324	0	1,249	6	**2,650**	2,484	7
Net fee and commission income	**623**	602	3	538	16	**1,225**	1,013	21
Net result from items at fair value	**356**	544	-35	339	5	**900**	887	1
Equity method	**13**	18	-28	7	86	**31**	32	-3
Other operating income	**24**	22	9	28	-14	**46**	48	-4
Total operating income	**2,342**	**2,510**	**-7**	**2,161**	**8**	**4,852**	**4,464**	**9**
Staff costs	**-744**	-768	-3	-701	6	**-1,512**	-1,388	9
Other expenses	**-485**	-453	7	-445	9	**-938**	-883	6
Depreciation of tangible and intangible assets	**-46**	-44	5	-40	15	**-90**	-79	14
Total operating expenses	**-1,275**	**-1,265**	**1**	**-1,186**	**8**	**-2,540**	**-2,350**	**8**
Profit before loan losses	**1,067**	**1,245**	**-14**	**975**	**9**	**2,312**	**2,114**	**9**
Net loan losses	**-118**	-242	-51	-245	-52	**-360**	-506	-29
Operating profit	**949**	**1,003**	**-5**	**730**	**30**	**1,952**	**1,608**	**21**
Income tax expense	**-249**	-261	-5	-191	30	**-510**	-426	20
Net profit for the period	**700**	**742**	**-6**	**539**	**30**	**1,442**	**1,182**	**22**

Business volumes, key items[1]

EURbn	**30 Jun 2011**	31 Mar 2011	Change %	30 Jun 2010	Change %
Loans to the public	**332.2**	330.5	1	302.6	10
Deposits and borrowings from the public	**187.9**	182.3	3	160.9	17
of which savings deposits	**54.2**	52.8	3	49.7	9
Assets under management	**191.1**	192.0	0	170.0	12
Technical provisions, Life	**37.2**	36.7	1	34.7	7
Equity	**24.8**	24.1	3	22.9	8
Total assets	**593.2**	586.6	1	571.1	4

Ratios and key figures

	Q2 2011	Q1 2011	Q2 2010	**Jan-Jun 2011**	Jan-Jun 2010
Diluted earnings per share, EUR	**0.18**	0.18	0.13	**0.36**	0.29
EPS, rolling 12 months up to period end, EUR	**0.73**	0.68	0.55	**0.73**	0.55
Share price[2], EUR	**7.41**	7.74	6.81	**7.41**	6.81
Total shareholders' return, %	**-1.6**	-1.9	-8.9	**-3.5**	-8.0
Equity per share[2], EUR	**6.13**	6.01	5.68	**6.13**	5.68
Potential shares outstanding[2], million	**4,047**	4,043	4,043	**4,047**	4,043
Weighted average number of diluted shares, million	**4,027**	4,026	4,022	**4,027**	4,019
Return on equity, %	**11.5**	12.0	9.5	**11.7**	10.4
Cost/income ratio, %	**54**	50	55	**52**	53
Core Tier 1 capital ratio, excl transition rules[2] %	**11.0**	10.7	10.0	**11.0**	10.0
Tier 1 capital ratio, excl transition rules[2] %	**12.1**	11.7	11.1	**12.1**	11.1
Total capital ratio, excl transition rules[2] %	**13.8**	13.5	13.2	**13.8**	13.2
Core Tier 1 capital ratio[2] %	**9.3**	9.1	9.0	**9.3**	9.0
Tier 1 capital ratio[2] %	**10.2**	10.0	10.0	**10.2**	10.0
Total capital ratio[2] %	**11.7**	11.4	11.8	**11.7**	11.8
Tier 1 capital[2] EURm	**21,745**	21,335	20,491	**21,745**	20,491
Risk-weighted assets incl transition rules[2], EURbn	**213**	214	206	**213**	206
Loan loss ratio, basis points	**15**	31	35	**23**	36
Number of employees (full-time equivalents)[2]	**34,169**	34,138	33,511	**34,169**	33,511
Risk-adjusted profit, EURm	**643**	771	516	**1,414**	1,194
Economic profit, EURm	**253**	378	90	**631**	355
Economic capital[2], EURbn	**17.3**	17.4	17.9	**17.3**	17.7
EPS, risk-adjusted, EUR	**0.16**	0.19	0.13	**0.35**	0.30
RAROCAR, %	**14.9**	17.6	12.3	**16.3**	14.2

[1] For exchange rates used in the consolidation of Nordea Group see Note 1.

[2] End of period.

The Group

Result summary, second quarter 2011

Total income decreased 7% from the record level in the previous quarter, mainly due to lower trading result and lower net interest income in Group Treasury. Total income increased 8% compared to the second quarter last year.

Customer business continued to develop strongly with an increase in income of 5%. Net interest income and net fee and commission income increased from already strong levels.

Total expenses increased 1% in local currencies compared to the previous quarter and staff costs decreased 3%.

Net loan loss provisions decreased to EUR 98m, corresponding to a loan loss ratio of 12 basis points (22 basis points in the previous quarter). In addition to this, a provision of net EUR 20m related to the Danish deposit guarantee fund was made, corresponding to a loan loss ratio of 3 basis points (9 basis points in the first quarter). Net loan losses decreased in all Nordic markets and net reversals were reported for Sweden.

Operating profit was down 5% from the previous quarter, mainly due to lower income, to a large extent offset by lower net loan losses. Risk-adjusted profit decreased 17% compared to the previous quarter and increased 25% compared to the second quarter last year.

The inflow of new Gold and Private Banking customers remained strong, with an increase of more than 40,000 in the second quarter. Around 70% of the new Gold and Private Banking customers were new customers to Nordea.

Nordea’s portion of long-term funding was 67%, down from 69% at the end of the first quarter.

Assets under Management fell slightly to EUR 191bn, but with a particularly strong net inflow from institutional clients.

The core tier 1 capital ratio, ie excluding hybrid loans, was 11.0% excluding transition rules according to Basel II (10.7% in the first quarter). Including transition rules, the core tier 1 capital ratio was 9.3% (9.1%).

Currency fluctuations had an insignificant impact for the second quarter 2011 compared to the first quarter.

Income

Total income decreased 7% from the previous quarter to EUR 2,342m.

Net interest income

Net interest income was largely unchanged compared to the previous quarter at EUR 1,326m. Net interest income increased in customer areas, mainly due to the positive trend in deposits as well as one more banking day than in the previous quarter. This was however offset by lower net interest income in Group Treasury, mainly due to reduced interest rate risk in the funding area, lower net return on the liquidity buffer and increased funding costs due to increased volume of long-term debt.

Corporate lending

An increase in corporate lending volumes was seen in the second quarter, especially for the largest corporates. Volumes, excluding reverse repurchase agreements, increased 2% in local currencies, whereas margins on average were stable in the lending book.

Household lending

Household mortgage lending volumes increased 2% in local currencies compared to the previous quarter. Total household mortgage lending margins were on average largely unchanged during the quarter, excluding the so-called lag effect in Norway, which contributed negatively.

Corporate and household deposits

Total deposits from the public increased to EUR 188bn, up 4% in local currencies compared to the previous quarter and 18% compared to one year ago, due to higher volume of repurchase agreements and higher deposits from household and financial institutions. Household deposits were up 4% in local currencies, despite fierce competition for savings deposits. Average household and corporate deposit margins increased in the quarter due to higher market interest rates, which contributed approx. EUR 30m to higher net interest income.

Group Corporate Centre

Net interest income in Group Corporate Centre decreased to EUR -18m compared to EUR 30m in the previous quarter, mainly due to reduced interest rate risk in Group Treasury, increased funding cost due to increased volume of long-term debt and lower net return after funding cost on the liquidity buffer.

Net fee and commission income

Net fee and commission income increased 3% to a record-high level of EUR 623m. Increases were mainly seen in payment commissions and other commission income.

Commission expenses related to stability funds were EUR 13m, related only to Sweden, unchanged from the previous quarter.

Savings and asset management commissions

Savings-related commissions decreased 3% in the second quarter to EUR 359m, mainly due to lower transaction-related asset management commissions as well as brokerage fees. Assets under Management (AuM) fell slightly to EUR 191bn, with a net inflow in the quarter of EUR 1.5bn.

Payment and lending-related commissions
Payment commissions increased 6% to EUR 215m, due to higher income from cards. Lending-related commissions decreased 3% to EUR 160m.

Net result from items at fair value
Net result from items at fair value decreased 35% from the very strong level in the previous quarter to EUR 356m.

Capital Markets income in customer areas
The customer-driven capital markets activities continued to perform well, with a net fair value result from these areas of EUR 251m, up 7% compared to the previous quarter.

Capital Markets unallocated income
The net fair value result in Capital Markets unallocated income, ie income from managing the risk inherent in customer transactions, decreased to EUR 58m from the high level of EUR 191m in the previous quarter.

Group Corporate Centre
The net result from items at fair value in Group Treasury decreased to EUR 3m compared to the very strong EUR 67m in the previous quarter.

Life insurance operations
Net result from items at fair value in Life decreased 16% to EUR 52m. The financial buffers were 7.8% of technical provisions, or EUR 1,933m, at the end of the second quarter, a decrease of 0.2 %-point compared to the first quarter.

Equity method
Income from companies accounted for under the Equity method was EUR 13m, compared to EUR 18m in the previous quarter.

Other operating income
Other operating income was EUR 24m compared to EUR 22m in the previous quarter.

Expenses
Total expenses increased 1% compared to the previous quarter to EUR 1,275m. Staff costs decreased 3% to EUR 744m. Other expenses increased compared to the previous quarter, mainly due to high IT costs in the second quarter.

The number of employees (FTEs) at the end of the second quarter increased somewhat compared to the end of the previous quarter. Compared to the second quarter last year, the number of employees (FTEs) increased by 2%.

The cost/income ratio was 54%, up from the previous quarter and down compared to one year ago.

Provisions for performance-related salaries in the second quarter were EUR 45m, compared to EUR 75m in the previous quarter.

Net loan losses
Net loan loss provisions were EUR 98m, corresponding to a loan loss ratio of 12 basis points (22 basis points in the previous quarter), excluding the one-off provision of net EUR 20m related to the Danish deposit guarantee fund following the Fjordbank Mors' collapse and a reduction of the provision for Amagerbanken. In the Baltic countries, net loan losses were 5 basis points (net reversals of 26 basis points in the previous quarter). Collective net loan losses were positive EUR 60m in the second quarter (positive by EUR 53m in the first quarter), as rating migration was positive.

Taxes
The effective tax rate was 26.2%, compared to 26.0% in the previous quarter and 26.2% in the second quarter last year.

Net profit
Net profit decreased 6% compared to the previous quarter to EUR 700m, corresponding to a return on equity of 11.5%. Diluted earnings per share were EUR 0.18 (EUR 0.18 in the previous quarter).

Risk-adjusted profit
Risk-adjusted profit decreased to EUR 643m, down 17% compared to the previous quarter and increased 25% compared to the second quarter last year.

Result summary January – June 2011
The first half year 2011 showed continued high total income, up 9% compared to the first half year 2010. Operating profit increased 21%, due to higher income, mainly net interest income and net fee and commission income, and lower net loan losses. Risk-adjusted profit increased by 18% compared to the same period last year.

The effect from currency fluctuations contributed to an increase in income of 2 %-points and expenses of 3 %-points for the first half year 2011 compared to the first half year 2010.

Income
Net interest income increased 7% compared to the first half year last year. Lending volumes increased 10% and corporate lending margins were higher, while deposit margins have decreased from last year.

Net fee and commission income continued to increase strongly, up 21% compared to the first half year 2010. Net result from items at fair value increased by 1% compared to the same period last year. The customer-driven capital markets operations continued to be strong with increasing volumes and also the results from Group Treasury increased.

Income under the equity method was EUR 31m and other income was EUR 46m.

Expenses

Total expenses increased 8% compared to the same period last year. Staff costs increased 9%. In local currencies, total expenses increased 5% and staff costs increased 6%.

Net loan losses

Net loan losses decreased 46% to EUR 273m, compared to the same period last year, corresponding to a loan loss ratio of 17 basis points (36 basis points). In addition to this, provisions of EUR 87m corresponding to 6 basis points related to the Danish deposit guarantee fund were made.

Taxes

The effective tax rate in the first half year was 26.1%, compared to 26.5% last year.

Net profit

Net profit increased 22% to EUR 1,442m, due to higher income and lower net loan losses.

Risk-adjusted profit

Risk-adjusted profit increased 18% compared to the same period last year to EUR 1,414m.

Other information

Credit portfolio

Total lending was EUR 332bn, up 1% compared to the previous quarter. Total lending in customer areas also increased 1% in the second quarter.

The credit quality in the loan portfolio improved further in the second quarter, mainly due to positive rating migration in the corporate loan portfolio, and resulted in a reduction of risk-weighted assets (RWA) of approx. EUR 1.3bn or 0.7%.

The impaired loans ratio decreased to 136 basis points of total loans, due to lower impaired loans and higher total loan volumes. Total impaired loans decreased by 4% from the previous quarter. 59% of impaired loans gross are performing loans and 41% are non-performing loans. Impaired loans net, after allowances for individually assessed impaired loans amounted to EUR 3,095m, corresponding to 87 basis points of total loans. The provisioning ratio decreased somewhat to 50%, compared to 51% at the end of the first quarter.

Loan loss ratios and impaired loans

Basis points of loans	Q2 2011	Q1 11	Q4 2010	Q3 10	Q2 10
Loan loss ratio					
Group annualised	12[1]	22[1]	23	29	35
of which individual	20	28	38	35	34
of which collective	-8	-6	-15	-6	1
Loan loss ratio Nordic Banking	11[1]	26[1]	27	33	35
Impaired loans ratio gross, Group (bps)	136	141	146	139	135
- performing	59%	58%	59%	55%	52%
- non-performing	41%	42%	41%	45%	48%
Total allowance ratio, Group (bps)	69	72	76	75	76
Provisioning ratio, Group[2]	50%	51%	52%	54%	56%

[1] Loan loss ratio excluding the provisions related to the Danish deposit guarantee fund. Including these: 15 and 31 bps respectively in the Group, 14 and 37 bps respectively in Nordic Banking.
[2] Total allowances in relation to gross impaired loans.

Market risk

Interest-bearing securities and treasury bills were EUR 95bn at the end of the second quarter, of which EUR 26bn in the life insurance operations and the remaining part in the liquidity buffer and trading portfolios. 29% of the portfolio comprises government or municipality bonds and 31% mortgage bonds, when excluding EUR 13bn of pledged securities.

Total Value at Risk (VaR) market risk decreased to EUR 77m in the second quarter compared to EUR 94m in the previous quarter, mainly due to lower interest rate risk.

Market risk

EURm	Q2 2011	Q1 11	Q4 2010	Q2 10
Total risk, VaR	77	94	81	72
Interest rate risk, VaR	97	107	91	56
Equity risk, VaR	15	10	13	21
Foreign exchange risk, VaR	13	8	14	24
Credit spread risk, VaR	18	26	33	31
Diversification effect	46%	38%	47%	45%

Balance sheet

Total assets in the balance sheet increased 1% compared to at the end of the previous quarter to EUR 593bn. The increase relates mainly to higher interest-bearing securities and loans to the public.

Capital position and risk-weighted assets

At the end of the second quarter, Nordea's risk-weighted assets (RWA) were EUR 179.9bn excluding transition rules, down EUR 1.9bn or 1.0% compared to the previous quarter and down 2.8% compared to one year ago, when RWA were EUR 184.9bn.

During the second quarter, RWA decreased mainly due to improved credit quality in the corporate portfolio and the intensified focus on efficient use of RWA within the business areas. This includes a number of targeted RWA efficiency initiatives covering the processes, data and methodologies across the different exposures classes and affected RWA positively by EUR 1.7bn in the second quarter. Going forward, it is expected to further affect the key components within the RWA calculation and contribute to a reduction of RWA.

The core tier 1 ratio excluding transition rules under Basel II was 11.0%. The tier 1 capital ratio and the total capital ratio are well above the targets in Nordea's capital policy. The capital base of EUR 24.9bn exceeds the capital requirements including transition rules by EUR 7.9bn and excluding transition rules by EUR 10.5bn. The tier 1 capital of EUR 21.7bn exceeds the Pillar 1 capital requirements (excluding transitions rules) by EUR 7.4bn.

Capital ratios

%	Q2 2011	Q1 11	Q4 2010	Q2 10
Excluding transition rules:				
Core tier 1 capital ratio	11.0	10.7	10.3	10.0
Tier 1 capital ratio	12.1	11.7	11.4	11.1
Total capital ratio	13.8	13.5	13.4	13.2
Including transition rules:				
Core tier 1 capital ratio	9.3	9.1	8.9	9.0
Tier 1 capital ratio	10.2	10.0	9.8	10.0
Total capital ratio	11.7	11.4	11.5	11.8

Economic Capital (EC) was at the end of the second quarter EUR 17.3bn, slightly down from the end of the previous quarter.

The EBA stress test results were published on 15 July. Nordea managed well in the stress test. The core tier 1 ratio including transition rules, which was the official ratio presented in the stress test, increased in the adverse scenario from 8.9% in the fourth quarter 2010 to 9.5% in the fourth quarter 2012, after dividends in accordance with the dividend policy during this period.

Nordea's funding and liquidity operations

The average funding cost for long-term funding has been largely unchanged in the second quarter.

Nordea issued EUR 10bn of long-term funding in the second quarter of which approx. EUR 7bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

The portion of long-term funding of total funding was at the end of the second quarter approx. 67% (69% at the end of the previous quarter).

Refinancing risk is managed by a measure of economic funding gap and matching between behavioural duration of assets and liabilities. For short-term liquidity risks, Nordea maintains a measure close to the liquidity coverage ratio (LCR). The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III liquid assets and amounted to EUR 58bn at the end of the second quarter (EUR 56bn at the end of the first quarter).

Global macroeconomic uncertainty – however Nordic economies maintain good development

The global macroeconomic development has been turbulent in the spring. The fiscal crisis in Greece, uncertain development in other PIIGS countries and continued imbalances in the global economy have increased economic uncertainty also in Northern Europe.

However, Nordic economies have on the whole maintained good development. Economic growth in Sweden and Norway continues to be strong this year, supported by good public and external balances. The Swedish and Norwegian central banks have continued to hike interest rates to prevent overheating. Growth in Finland is also strong while growth in Denmark is fragile as GDP decreased at the end of 2010 and in the beginning of 2011. Both these countries are facing slight fiscal policy tightening, but their public finances are in significantly better shape than for example the average for the euro area.

Unemployment is falling in all Nordic countries, in Denmark it is maintained at a relatively low level of 4%. Private consumption is increasing, in Sweden and Norway supported by the fiscal strength. Fixed investments are also on the rise in the wake of the strong economic growth. Exports benefit from several of the main export markets being strong.

The recovery continues in the Baltic countries, not only in Estonia, but also in Latvia and Lithuania. Growth continues to be strong in Poland. In Russia, recovery is gaining momentum and investments are rebounding.

Nordea share

During the second quarter, the share price of Nordea on the NASDAQ OMX Nordic Exchange depreciated from SEK 69.10 to SEK 68.00.

New organisation established June 2011

As of June 2011, a new organisation has been established, which builds on the value-chain thinking that has been central in the Nordea operating model since 2007. The reorganisation is developed around the three main business areas: Retail Banking, Wholesale Banking and Wealth Management. All parts of the value chains – customer responsibility, support, products, staff and IT-development – are being incorporated into these business areas with the clear objective to improve efficiency, increase return on equity (ROE) and deepen the customer relationships.

In addition, a business unit called Group Operations and Other Lines of Business has been established. Group Corporate Centre and Group Risk Management remain as central parts of the organisation.

The financial reporting will be adapted to the new organisation from the third quarter of 2011.

More information has been published in a separate press release.

Quarterly development, Group

EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Jan-Jun 2011	Jan-Jun 2010
Net interest income	1,326	1,324	1,365	1,310	1,249	2,650	2,484
Net fee and commission income	623	602	618	525	538	1,225	1,013
Net result from items at fair value	356	544	504	446	339	900	887
Equity method	13	18	5	29	7	31	32
Other operating income	24	22	15	53	28	46	48
Total operating income	**2,342**	**2,510**	**2,507**	**2,363**	**2,161**	**4,852**	**4,464**
General administrative expenses:							
Staff costs	-744	-768	-675	-721	-701	-1,512	-1,388
Other expenses	-485	-453	-543	-436	-445	-938	-883
Depreciation of tangible and intangible assets	-46	-44	-52	-39	-40	-90	-79
Total operating expenses	**-1,275**	**-1,265**	**-1,270**	**-1,196**	**-1,186**	**-2,540**	**-2,350**
Profit before loan losses	**1,067**	**1,245**	**1,237**	**1,167**	**975**	**2,312**	**2,114**
Net loan losses	-118	-242	-166	-207	-245	-360	-506
Operating profit	**949**	**1,003**	**1,071**	**960**	**730**	**1,952**	**1,608**
Income tax expense	-249	-261	-301	-249	-191	-510	-426
Net profit for the period	**700**	**742**	**770**	**711**	**539**	**1,442**	**1,182**
Diluted earnings per share (DEPS), EUR	0.18	0.18	0.19	0.18	0.13	0.36	0.29
DEPS, rolling 12 months up to period end, EUR	0.73	0.68	0.66	0.58	0.55	0.73	0.55

Customer areas

Nordic Banking

The number of Gold and Private Banking customers increased by 34,000 during the second quarter, equivalent to an annualised growth rate of 5%. Approx. 26,000 Gold and Private Banking customers were new customers to Nordea.

In the last 12 months, the number of relationship customers has increased by 153,000 or 5.5%, and the number of proactive customer meetings was 10% up from the second quarter last year. In the same period, the number of FTEs has decreased by 400.

The Future Distribution initiative is progressing according to plan. 250 branches are operating in the new focused branch format set-up, an increase of 100 since the last quarter. The all-time-high customer activity level in the first quarter was followed by another strong quarter in terms of activity. In online facilities, new improvements to the Private Netbank have been released and Nordea now interacts with customers on Facebook in all four Nordic markets. Numerous mobile features have been released during the second quarter, including an improved SMS bank in Norway and a tablet application in Sweden. Customer mobile activity continued to increase steeply during the quarter.

Result

Total income increased 4% compared to the previous quarter, supported by higher net interest income. The household lending growth rate has in the last quarters dropped from the high levels seen during several years and household lending increased by 1% compared to the previous quarter. The demand for bank lending from large corporate customers continued to be somewhat subdued although volumes started to increase in the quarter. Total deposits increased by 1% driven mainly by household savings. Lending margins were largely stable while deposit margins continued to increase.

Expenses were unchanged compared to the previous quarter and increased by 3.5% in local currencies compared to the same period last year.

Net loan losses decreased substantially compared to the first quarter. The previous quarter included provisions to the Danish Deposit Guarantee Fund related to the collapse of Amagerbanken while the second quarter included provisions of net EUR 20m related to Fjordbank Mors and a reversal of the provision for Amagerbanken. The loan loss ratio was 11 basis points excluding this provision (26 basis points in the first quarter). Net loan losses were down in all countries and in Sweden reversals and recoveries exceeded new provisions.

Nordic Banking

EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Ch. Q211/ Q111	Q211/ Q210
Net interest income	1,081	1,025	1,007	965	920	5%	18%
Net fee and commission income	541	533	548	450	492	2%	10%
Net result from items at fair value	178	166	233	175	175	7%	2%
Equity method & other income	8	9	3	8	22	-11%	-64%
Total income incl. allocations	**1,808**	**1,733**	**1,791**	**1,598**	**1,609**	**4%**	**12%**
Staff costs	-315	-315	-305	-307	-303	0%	4%
Total expenses incl. allocations	**-911**	**-915**	**-922**	**-878**	**-862**	**0%**	**6%**
Profit before loan losses	**897**	**818**	**869**	**720**	**747**	**10%**	**20%**
Net loan losses	-89	-232	-155	-188	-200	-62%	-56%
Operating profit	**808**	**586**	**714**	**532**	**547**	**38%**	**48%**
Cost/income ratio, %	50	53	52	55	54		
RAROCAR, %	18	16	17	13	14		
Economic capital (EC)	11,936	12,019	12,300	12,428	12,506		
Risk-weighted assets (RWA)	121,977	123,554	126,263				
Number of employees (FTEs)	15,840	15,888	15,968	16,134	16,244	0%	-2%
Volumes, EURbn:							
Lending to corporates	118.8	117.6	116.2	116.1	115.5	1%	3%
Household mortgage lending	112.8	111.2	109.8	106.1	102.6	1%	10%
Consumer lending	26.5	26.5	26.9	26.2	25.8	0%	3%
Total lending	**258.1**	**255.3**	**252.9**	**248.4**	**243.9**	**1%**	**6%**
Corporate deposits	58.1	59.1	62.0	57.6	55.5	-2%	5%
Household deposits	77.2	75.0	74.5	72.6	72.1	3%	7%
Total deposits	**135.3**	**134.1**	**136.5**	**130.2**	**127.6**	**1%**	**6%**
Margins, %:							
Corporate lending	1.34	1.35	1.35	1.33	1.32		
Household mortgage lending	0.71	0.73	0.70	0.70	0.72		
Consumer lending	3.82	3.77	3.73	3.80	3.79		
Total lending margins	**1.28**	**1.30**	**1.28**	**1.28**	**1.29**		
Corporate deposits	0.49	0.44	0.42	0.36	0.29		
Household deposits	0.63	0.48	0.43	0.29	0.22		
Total deposits margins	**0.56**	**0.46**	**0.42**	**0.32**	**0.25**		

Banking Denmark

Business development

Banking Denmark continues to grow business volumes and increase business activity despite a moderate macroeconomic outlook and fierce competition, not least in the upper part of the corporate segment. The inflow of externally acquired Gold and Private Banking customers continued at a high level in the second quarter. The number of Gold and Private Banking customers in total increased by 3,600 in the quarter.

For the household segment, the business development is affected by the moderate economic outlook and political uncertainty that may continue during the autumn. Thus, a lower lending growth is observed.

A step-up deposit account for household customers - Plus3 - was successfully launched, attracting new customers as well as deposits from existing customers.

The corporate lending market is still characterised by cash richness among large corporates and low activity generally, but also seeing fierce price competition, especially in the upper segments.

The Future Distribution implementation, covering corporate and household related activities, is progressing according to plan resulting in a continued high meeting activity with customers.

Result

Net interest income increased 2% from the first quarter, due to higher business volumes and higher margins on deposits. Total income decreased 2% as a consequence of lower net fair value result and lower lending activity on the housing market.

The number of employees continued to decrease and staff costs were close to unchanged from the first quarter. Total expenses increased due to increased investments in the branch network as part of the Future Distribution initiative and the high level of customer acquisition.

Net loan losses were lower than in the first quarter, even excluding the provision of EUR 67m in the first quarter related to the collapse of Amagerbanken and the provisions of net EUR 20m in the second quarter related to EUR 33m for the collapse of Fjordbank Mors and a reversal of EUR 13m for Amagerbanken. Excluding these, the loan loss ratio in the second quarter was 29 basis points (40 basis points in the first quarter).

EURm	Q211	Q111	Q410	Q310	Q210	Ch. Q211/Q111	Q211/Q210
Net interest income	333	328	339	327	318	2%	5%
Net fee and commission income	146	154	152	96	105	-5%	39%
Net result from items at fair value	42	44	107	64	63	-5%	-33%
Equity method & other income	3	7	3	5	20	-57%	-85%
Total income incl. allocations	**524**	**533**	**601**	**492**	**506**	**-2%**	**4%**
Staff costs	-108	-107	-105	-107	-103	1%	5%
Total expenses incl. allocations	**-280**	**-275**	**-283**	**-264**	**-260**	**2%**	**8%**
Profit before loan losses	**244**	**258**	**318**	**228**	**246**	**-5%**	**-1%**
Net loan losses	-74	-142	-79	-129	-137	-48%	-46%
Operating profit	**170**	**116**	**239**	**99**	**109**	**47%**	**56%**
Cost/income ratio, %	53	52	47	54	51		
RAROCAR, %	17	17	22	15	17		
Economic capital (EC)	3,388	3,381	3,486	3,422	3,443		
Risk-weighted assets (RWA)	35,786	36,345	37,367				
Number of employees (FTEs)	4,992	5,007	5,064	5,108	5,100	0%	-2%
Volumes, EURbn:							
Lending to corporates	32.8	31.6	32.0	30.9	31.2	4%	5%
Household mortgage lending	30.4	30.1	29.9	29.3	28.9	1%	5%
Consumer lending	13.5	13.4	13.5	13.4	12.8	1%	5%
Total lending	**76.7**	**75.1**	**75.4**	**73.6**	**72.9**	**2%**	**5%**
Corporate deposits	11.9	12.5	13.2	13.6	13.2	-5%	-10%
Household deposits	24.1	23.4	23.7	23.2	23.5	3%	3%
Total deposits	**36.0**	**35.9**	**36.9**	**36.8**	**36.7**	**0%**	**-2%**
Margins, %:							
Corporate lending	1.53	1.57	1.56	1.59	1.61		
Household mortgage lending	0.54	0.55	0.54	0.49	0.50		
Consumer lending	4.45	4.37	4.36	4.48	4.50		
Total lending margins	**1.52**	**1.54**	**1.53**	**1.54**	**1.55**		
Corporate deposits	0.35	0.33	0.30	0.28	0.29		
Household deposits	0.46	0.37	0.32	0.19	0.21		
Total deposits margins	**0.41**	**0.35**	**0.31**	**0.23**	**0.25**		

Banking Finland

Business development

The activity level in new customer acquisition remained high in the second quarter, supported by a high level of proactive customer meetings. Gold and Private Banking customers increased by 11,100 during the quarter, of which 7,800 were new customers in the bank. High-quality investment advising to the mass-affluent customers was a prioritised area. Nordea has targeted to serve the mass-affluent customers as premium-segment customers.

Several new deposit products were launched, which helped keeping the market position on the intensely competitive Finnish market for household deposits. Deposit margins increased as a result of changes in product mix and increases in interest rate levels. A new mortgage product that combines mortgage with an interest-rate cap was also brought to the market and was well appreciated by the customers.

The corporate branch network, consisting of 38 corporate branches and 7 service units, was reorganised according to the Future Distribution strategy during the quarter. The reorganisation had a positive impact on the results, not least visible in payment fees and hedging activities.

Increase in corporate lending volumes occurred mainly in the upper segments. At the same time, a positive development could also be seen for debt capital markets products. Competition in short-term corporate deposits was still fierce - Nordea focused on offering alternative structured solutions to remain competitive in the market.

Implementation of the future distribution network continued with 118 branches now operating according to the new branch format.

Result

Increased interest rate levels combined with higher volumes on both lending and deposits kept pushing up the net interest income. Net fee and commission income saw an increase mainly due to increased debt capital markets and payments fees. Expenses increased from the first quarter but were lower than during the second quarter in 2010. Staff costs increased following the general increase in salaries and the efforts in marketing activities were also visible in the expense development when comparing with the first quarter.

Net loan losses were EUR 19m, arising mainly from the corporate sector. The loan loss ratio was 14 basis points (18 basis points in the first quarter).

EURm	Q211	Q111	Q410	Q310	Q210	Ch. Q211/Q111	Q211/Q210
Net interest income	218	195	194	188	180	12%	21%
Net fee and commission income	147	142	140	131	131	4%	12%
Net result from items at fair value	38	40	36	39	35	-5%	9%
Equity method & other income	4	0	-1	2	1		
Total income incl. allocations	**407**	**377**	**369**	**360**	**347**	**8%**	**17%**
Staff costs	-72	-70	-69	-73	-71	3%	1%
Total expenses incl. allocations	**-206**	**-202**	**-216**	**-200**	**-212**	**2%**	**-3%**
Profit before loan losses	**201**	**175**	**153**	**160**	**135**	**15%**	**49%**
Net loan losses	-19	-24	-28	-53	-55	-21%	-65%
Operating profit	**182**	**151**	**125**	**107**	**80**	**21%**	**128%**
Cost/income ratio, %	51	54	59	56	61		
RAROCAR, %	18	15	12	13	10		
Economic capital (EC)	2,790	2,740	2,819	2,886	2,941		
Risk-weighted assets (RWA)	26,256	25,677	26,218				
Number of employees (FTEs)	4,921	4,948	4,935	4,984	5,109	-1%	-4%
Volumes, EURbn:							
Lending to corporates	24.2	23.5	23.3	23.8	23.9	3%	1%
Household mortgage lending	24.6	24.1	23.8	23.4	22.9	2%	7%
Consumer lending	5.7	5.6	5.6	5.5	6.0	2%	-5%
Total lending	**54.5**	**53.2**	**52.7**	**52.7**	**52.8**	**2%**	**3%**
Corporate deposits	14.1	14.2	15.8	13.5	14.1	-1%	0%
Household deposits	24.4	23.9	23.7	23.2	23.2	2%	5%
Total deposits	**38.5**	**38.1**	**39.5**	**36.7**	**37.3**	**1%**	**3%**
Margins, %:							
Corporate lending	1.27	1.27	1.27	1.25	1.24		
Household mortgage lending	0.50	0.55	0.55	0.57	0.61		
Consumer lending	2.79	2.93	2.96	3.06	3.13		
Total lending margins	**1.09**	**1.13**	**1.13**	**1.15**	**1.17**		
Corporate deposits	0.50	0.38	0.36	0.27	0.19		
Household deposits	0.57	0.30	0.26	0.12	0.03		
Total deposits margins	**0.54**	**0.33**	**0.30**	**0.18**	**0.09**		

Banking Norway

Business development

Business activity was very strong in the household segment in the second quarter and the number of Gold and Private Banking customers increased by 8,700, showing a 14% annualised growth rate. The number of externally acquired Gold and Private Banking customers was close to 4,400.

Competition for household deposits remained fierce. New deposit products were successfully launched in the quarter and several new services within netbank and mobile banking were introduced during the quarter.

Business activity in the corporate segment was at a high level, shown mainly through sales of capital market products and commission income. Capital efficiency, especially within the corporate segment, has been highly in focus.

Efficiency measured by the number of customers per full-time employee improved during the quarter and the number of manual transactions was decreased by 32% compared to the same quarter last year.

Result

Total income increased by 9% from the previous quarter, mainly due to strong increase in income from capital markets products, net fair value result and net fee and commission income. The growth in household mortgage lending remains at a high level, capturing market shares. Household lending margins decreased, mainly due to technical internal factors and the six-week notice for household customer interest rate increases. Deposit margins showed as expected the opposite development. Corporate competition has remained tough around large single deposit volumes and corporate lending.

The decrease in total expenses was 4%, due to a planned reduction in staff expenses and other expenses.

The loan loss ratio was 11 basis points (51 basis points in the first quarter).

EURm	Q211	Q111	Q410	Q310	Q210	Ch. Q211/Q111	Q211/Q210
Net interest income	182	185	181	177	174	-2%	5%
Net fee and commission income	72	65	70	62	68	11%	6%
Net result from items at fair value	39	20	29	25	30	95%	30%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**293**	**270**	**280**	**264**	**272**	**9%**	**8%**
Staff costs	-45	-47	-46	-45	-44	-4%	2%
Total expenses incl. allocations	**-140**	**-146**	**-140**	**-143**	**-131**	**-4%**	**7%**
Profit before loan losses	**153**	**124**	**140**	**121**	**141**	**23%**	**9%**
Net loan losses	-13	-61	-26	-6	-7	-79%	86%
Operating profit	**140**	**63**	**114**	**115**	**134**	**122%**	**4%**
Cost/income ratio, %	48	54	50	54	48		
RAROCAR, %	14	10	12	9	12		
Economic capital (EC)	2,517	2,541	2,588	2,672	2,690		
Risk-weighted assets (RWA)	26,876	26,862	27,452				
Number of employees (FTEs)	1,777	1,732	1,736	1,762	1,743	3%	2%
Volumes, EURbn:							
Lending to corporates	23.8	23.7	23.1	24.0	24.2	0%	-2%
Household mortgage lending	24.7	23.7	23.4	22.2	21.6	4%	14%
Consumer lending	1.0	1.1	1.4	1.0	1.0	-9%	0%
Total lending	**49.5**	**48.5**	**47.9**	**47.2**	**46.8**	**2%**	**6%**
Corporate deposits	15.4	15.6	15.9	14.7	13.7	-1%	12%
Household deposits	9.3	8.6	8.3	8.3	8.5	8%	9%
Total deposits	**24.7**	**24.2**	**24.2**	**23.0**	**22.2**	**2%**	**11%**
Margins, %:							
Corporate lending	1.42	1.43	1.45	1.42	1.41		
Household mortgage lending	0.73	0.87	0.71	0.73	0.88		
Consumer lending	6.68	6.96	6.76	6.87	6.94		
Total lending margins	**1.20**	**1.28**	**1.22**	**1.22**	**1.29**		
Corporate deposits	0.32	0.34	0.43	0.44	0.37		
Household deposits	0.48	0.37	0.52	0.54	0.37		
Total deposits margins	**0.38**	**0.35**	**0.46**	**0.48**	**0.37**		

FX fluctuation impacted income and expenses items by 0% Q2/Q1 (1% Q2/Q2). FX fluctuations impacted balance sheet items by 1% Q2/Q1 (2% Q2/Q2).

Banking Sweden

Business development

Income and operating profit reached record levels in the second quarter, driven by continued high business activity. The number of Gold and Private Banking customers grew by 10,000. The strong development of Nordea's mobile and online offering continues, with 210,000 users of the mobile offering and 7,000 downloads of Nordea's iPad application since the launch in early June.

Activity towards household customers continued at strong levels in the second quarter, supported by the implementation of new branch formats. Advisers conducted 24% more proactive customer meetings than in the same period last year. This drove a solid business development with increasing volumes in local currency both in lending and deposits, as well as growing savings commissions. On the deposit side, the strong development reflects Nordea's focus on developing the deposit offering, including a successful launch of new products during the quarter. The demand for household mortgages have stabilised on a lower growth rate compared to one year ago. Margins on both deposits and lending increased.

Competition remained intense in the corporate market, reflecting a volatile deposit market and margin pressure on both deposits and lending. The corporate business developed strongly, including a number of larger deals, resulting in increasing lending volumes in local currency, as well as a solid development in lending commissions. Lending and deposit margins increased during the quarter.

The strong focus on developing the efficiency of the banking franchise continued to pay off, with the number of employees down 1% compared with the first quarter and down 3% compared to the same period last year at the same time as business volumes grew significantly.

Result

The increasing business volumes and margins resulted in an increase in total income of 5% compared to the first quarter (7% in local currency). Net interest income increased 8% compared to the first quarter, while net fee and commission income was up 3%. Net result from items at fair value remained high, reflecting strong momentum in capital markets products.

Net reversals and recoveries were EUR 19m (compared to loan loss ratio of 2 basis points in the first quarter).

EURm	Q211	Q111	Q410	Q310	Q210	Ch. Q211/Q111	Q211/Q210
Net interest income	328	304	282	258	235	8%	40%
Net fee and commission income	176	171	186	162	190	3%	-7%
Net result from items at fair value	60	61	61	48	46	-2%	30%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**564**	**536**	**529**	**468**	**471**	**5%**	**20%**
Staff costs	-89	-91	-85	-83	-84	-2%	6%
Total expenses incl. allocations	**-274**	**-281**	**-273**	**-261**	**-249**	**-2%**	**10%**
Profit before loan losses	**290**	**255**	**256**	**207**	**222**	**14%**	**31%**
Net loan losses	19	-4	-19	-1	0		
Operating profit	**309**	**251**	**237**	**206**	**222**	**23%**	**39%**
Cost/income ratio, %	49	52	52	56	53		
RAROCAR, %	23	19	19	15	16		
Economic capital (EC)	3,242	3,357	3,406	3,448	3,432		
Risk-weighted assets (RWA)	32,680	34,258	34,543				
Number of employees (FTEs)	4,147	4,199	4,232	4,277	4,290	-1%	-3%
Volumes, EURbn:							
Lending to corporates	38.0	38.8	37.8	37.4	36.2	-2%	5%
Household mortgage lending	33.1	33.4	32.7	31.2	29.2	-1%	13%
Consumer lending	6.2	6.3	6.4	6.3	6.0	-2%	3%
Total lending	**77.3**	**78.5**	**76.9**	**74.9**	**71.4**	**-2%**	**8%**
Corporate deposits	16.6	16.8	17.0	15.8	14.4	-1%	15%
Household deposits	19.5	19.1	18.9	17.9	17.0	2%	15%
Total deposits	**36.1**	**35.9**	**35.9**	**33.7**	**31.4**	**1%**	**15%**
Margins, %:							
Corporate lending	1.19	1.17	1.16	1.11	1.09		
Household mortgage lending	1.01	0.95	0.95	0.98	0.90		
Consumer lending	3.19	2.93	2.77	2.72	2.57		
Total lending margins	**1.25**	**1.20**	**1.19**	**1.17**	**1.12**		
Corporate deposits	0.76	0.67	0.57	0.42	0.32		
Household deposits	0.91	0.87	0.69	0.49	0.42		
Total deposits margins	**0.85**	**0.78**	**0.63**	**0.46**	**0.37**		

FX fluctuation impacted income and expenses items by -1% Q2/Q1 (9% Q2/Q2).

FX fluctuations impacted balance sheet items by -3% Q2/Q1 (4% Q2/Q2).

Customer segment
Corporate Merchant Banking

The customer segment Corporate Merchant Banking (CMB) is part of the business area Corporate Merchant Banking & Capital Markets, which besides CMB includes Capital Markets Products and Financial Institutions Division. Due to this, the CMB customer segment is presented separately here. In the financial reporting, the segment Corporate Merchant Banking is included in figures for the customer area Nordic Banking.

Business development
The business momentum with large corporate customers remained at a high level with respect to the daily business generation, but with relatively few major deals materialising during the second quarter. Even in the absence of major deals, Corporate Merchant Banking succeeded in generating higher income compared to the same quarter of last year and the first quarter of 2011. Business development remained strong within the capital markets area, where risk management products have been in the focus of corporate customers due to increased market volatility. Most product areas performed well during the quarter.

Competitive pressure from both Nordic and international banks remained very high in the second quarter. This was underpinned by a slight decrease in the average lending margin compared to the first quarter though margins remained at a higher level than in the same quarter 2010.

Lending volumes increased compared to the first quarter. Most new transactions related to refinancing of existing loans and leveraged finance transactions.

Deposit volumes were slightly below the levels of the first quarter 2011 and somewhat lower than the levels of the same quarter 2010. Concerns regarding the solvency of competing banks have subsided and customer focus is moving towards pricing. Competition among Nordic banks is intense, particularly for cash management mandates in connection with working capital account set-ups.

During the second quarter, Corporate Merchant Banking launched initiatives focusing on optimised handling of processes both within the division and towards the major stakeholders. In the light of the new regulations on capital requirements, the division has also launched a number of initiatives focusing on capital efficiency.

Result
Total income was EUR 353m, 4% higher than the previous quarter. Underlying business remained strong and income was 9% above the second quarter of last year.

EURm	Q211	Q111	Q410	Q310	Q210	Ch. Q211/Q111	Q211/Q210
Net interest income	166	163	168	159	154	2%	8%
Net fee and commission income	124	110	122	90	131	13%	-5%
Net result from items at fair value	63	66	121	90	40	-5%	58%
Other income	0	0	0	0	0	0%	0%
Total income incl. allocations	**353**	**339**	**411**	**339**	**325**	**4%**	**9%**
Volumes, EURbn:							
Lending volumes	37.3	35.9	37.4	37.1	37.7	4%	-1%
Deposit volumes	17.3	18.5	20.1	18.8	18.3	-6%	-5%
Margins, %:							
Lending margins	1.36	1.38	1.39	1.36	1.35		
Deposit margins	0.15	0.13	0.13	0.12	0.11		

New European Markets

Business development
Stable business development continued in New European Markets in the second quarter. In the Baltic countries and Poland, lending volumes picked up and margins were fairly stable while in Russia, lending volumes and margins were still under pressure. Deposit volumes were attracted in the quarter, and margins edged up. Limited loan loss provisions were reported in the wake of the recovery of the economies in Baltic countries.

Baltic countries
The outlook for the Baltic economies has continued to brighten in the second quarter. Export-led upturn spread to the domestic economy and unemployment is on the decline. Lending and deposit volumes increased in the corporate segment, while remaining stable in the household segment. Lending margins were largely unchanged, while deposit margins picked up compared to previous quarters.

Healthy income growth was seen in the quarter, up 7% from one year ago. Limited provisions for net loan losses were made in the quarter, reflecting the ongoing recovery and improved economic situation.

Poland
The Polish economy continued to develop favourably in the second quarter, though at slower pace compared to in the beginning of the year. This follows weaker momentum in exports, tighter economic policies and dented consumer confidence. Lending volumes increased in the household segment, driven by new loans and currency effects. In the corporate segment, volumes were largely unchanged. Lending margins were generally stable. Deposits volumes were largely unchanged and margins edged up. Following raised official rates by the National Bank of Poland, pressure on deposits margins is likely to ease.

Income increased compared to the previous quarter, supported by higher business volumes and business activity, and was up 12% compared with one year ago. The household segment was the growth engine and reported continued growth supported by Nordea's standing as a top player in mortgage lending to households. Nordea's position was further strengthened in this segment as more than 4,000 new Gold customers were attracted, adding up to more than 71,000.

In the quarter, Nordea continued to add 4 branches in Poland making the total number of branches 206. Solid momentum was visible in the 45 branches opened in the latter part of last year. By end of June, about one third of the 45 new branches had reached break-even.

Russia
The Russian economy continued its moderate recovery, led by consumers, further supported by rising prices of export goods – oil and commodities. Unemployment decreased, improving consumers' situation further. Pressure on lending volumes and margins persists, due to high liquidity in the Russian banking sector in combination with fierce competition in the top-tier corporate segment. Deposit volumes were increased however. Income declined slightly compared to the previous quarter and was unchanged compared to the same quarter last year.

Credit quality
Need for loan loss provisions was reduced in the Baltic economies in the wake of recovery, resulting in net loan losses of EUR 1m in the quarter. Low levels of provisions were recorded in Poland and Russia.

In the Baltic countries, gross impaired loans amounted to EUR 577m or 687 basis points of total loans (744 basis points at the end of the first quarter). Total allowances for the Baltic countries at the end of the quarter equalled 350 basis points of loans. The provisioning ratio in the Baltic countries was 51% (50% at the end of the first quarter). The loan loss ratio for the Baltic countries was 5 basis points.

Baltic countries, net loan losses, impaired loans

	Q2 2011	Q111	Q410	Q310	Q210
Net loan losses, EURm (negative=net reversals)	1	-5	5	17	22
Of which collective	-14	-12	-17	-2	4
Loan loss ratio, basis points	5	-26	26	88	114
Gross impaired loans, EURm	577	601	572	622	614
Impaired loans ratio gross, basis points	687	744	712	808	808
Total allowances, EURm	294	303	320	361	347
Total allowance ratio, basis points	350	375	398	469	457
Provisioning ratio[1]	51%	50%	56%	58%	57%

[1] Total allowances in relation to gross impaired loans.

Result
Increased business activity and higher volumes supported income development, mainly net interest income. Total income increased 3% both compared to the first quarter this year and to the second quarter last year. Total expenses remained stable compared with the previous quarter. Operating profit was fairly stable compared to the previous quarter and increased compared to last year, following lower net loan losses. The total number of employees (FTEs) was fairly stable in the second quarter.

New European Markets, operating profit, volumes and margins by area

EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Ch. Q211 Q111	Q211 Q210
Net interest income	115	111	111	109	105	4%	10%
Net fee and commission inc.	19	21	20	27	19	-10%	0%
Net result from items at fair value	13	15	19	18	19	-13%	-32%
Equity method	0	0	0	0	0		
Other operating income	5	1	2	1	5	400%	0%
Total income incl. alloc.	**152**	**148**	**152**	**155**	**148**	**3%**	**3%**
Staff costs	-34	-39	-33	-34	-36	-13%	-6%
Other expenses incl. depr.	-44	-38	-51	-34	-35	16%	26%
Expenses incl. allocations	**-78**	**-77**	**-84**	**-68**	**-71**	**1%**	**10%**
Profit before loan losses	**74**	**71**	**68**	**87**	**77**	**4%**	**-4%**
Net loan losses	-3	3	-6	-14	-31	-200%	-90%
Operating profit	**71**	**74**	**62**	**73**	**46**	**-4%**	**54%**
Cost/income ratio, %	51	52	55	44	48		
RAROCAR, %	16	14	16	15	20		
Economic capital (EC)	1,137	1,177	1,095	1,315	863		
Risk-weighted assets (RWA)	18,192	17,944	18,518				
Number of employees (FTEs)	4,926	4,926	4,846	4,644	4,479		
Volumes, EURbn							
Corporate lending	11.4	11.1	11.2	10.9	10.4		
Household lending	7.0	6.6	6.5	6.1	5.9		
Corporate deposit	4.2	3.3	3.6	3.1	2.8		
Household deposits	1.8	1.7	1.7	1.7	1.6		
Margins, %:							
Corporate lending	1.95	1.91	2.00	1.98	2.09		
Household lending	1.78	1.74	1.73	1.71	1.64		
Corporate deposits	0.80	0.74	0.67	0.68	0.71		
Household deposits	0.74	0.63	0.52	0.55	0.55		

	Baltic countries					**Poland**					**Russia**				
EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Net interest income	37	34	36	35	33	36	34	32	30	27	43	46	43	45	44
Net fee and commission inc.	8	10	9	17	10	8	8	9	6	7	3	4	4	3	2
Net result from items at fair value	-1	2	1	2	1	12	11	14	14	14	3	2	5	2	4
Equity method	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating income	4	0	1	0	1	2	0	1	0	4	1	0	0	1	0
Total income incl. alloc.	**48**	**46**	**47**	**54**	**45**	**58**	**53**	**56**	**50**	**52**	**50**	**52**	**52**	**51**	**50**
Staff costs	-8	-8	-8	-7	-7	-13	-13	-12	-10	-11	-12	-17	-11	-15	-15
Other expenses incl. depr.	-13	-12	-15	-10	-13	-17	-17	-23	-14	-14	-11	-9	-12	-8	-8
Expenses incl. allocations	**-21**	**-20**	**-23**	**-17**	**-20**	**-30**	**-30**	**-35**	**-24**	**-25**	**-23**	**-26**	**-23**	**-23**	**-23**
Profit before loan losses	**27**	**26**	**24**	**37**	**25**	**28**	**23**	**21**	**26**	**27**	**27**	**26**	**29**	**28**	**27**
Net loan losses	-1	5	-5	-17	-22	-1	-3	-2	-1	-2	0	0	1	3	-6
Operating profit	**26**	**31**	**19**	**20**	**3**	**27**	**20**	**19**	**25**	**25**	**27**	**26**	**30**	**31**	**21**
Cost/income ratio, %	44	43	49	31	44	52	57	63	48	48	46	50	44	45	46
RAROCAR, %	12	10	13	10	10	24	21	16	28	26	20	19	22	16	40
Economic capital (EC)	500	522	427	654	393	290	298	322	242	273	347	356	345	419	198
Risk-weighted assets (RWA)	6,737	6,670	7,386			5,915	5,485	5,393			5,540	5,789	5,739		
Number of employees (FTEs)	1,195	1,201	1,167	1,151	1,144	1,998	1,982	1,936	1,781	1,656	1,695	1,704	1,710	1,679	1,648
Volumes, EURbn															
Corporate lending	5.2	4.9	4.9	4.9	4.8	2.1	2.0	1.9	1.9	1.8	4.1	4.2	4.4	4.1	3.8
Household lending	2.9	2.9	2.9	2.8	2.8	3.8	3.4	3.3	3.0	2.8	0.3	0.3	0.3	0.3	0.3
Corporate deposits	1.3	1.2	1.3	1.2	1.1	1.3	1.2	1.4	1.2	1.1	1.6	0.9	0.8	0.7	0.7
Household deposits	0.6	0.6	0.6	0.6	0.6	1.0	1.0	1.0	0.9	0.9	0.1	0.1	0.1	0.1	0.1
Margins, %															
Lending	1.42	1.43	1.44	1.39	1.37	1.73	1.72	1.76	1.71	1.67	2.89	2.66	2.82	3.08	3.39
Deposits	0.67	0.52	0.46	0.46	0.48	0.86	0.79	0.62	0.70	0.71	0.80	0.82	0.91	0.80	0.84

Shipping, Offshore & Oil Services

Business development

The development in freight rates in the second quarter of 2011 points to a continued soft market balance in major shipping segments, mainly driven by recent substantial fleet growth. The current overcapacity combined with high remaining order books for new vessels is the main factor behind a modest near-term outlook for the dry bulk and crude tanker segments.

While continued firm economic growth in Asia underpin the demand for dry bulk and container shipping, current macroeconomic risks point to fairly modest general demand growth in major industrialised countries.

Exploration and production spending is estimated to increase in 2011 compared to 2010, and should positively impact the demand for oil services. We already note a stronger demand for oil services globally, apart from certain countries in the Middle East following the recent civil unrest. Due to the strong demand for oil and gas coupled with the depletion of existing reserves, we still believe that the long-term fundamentals for the oil services industry will remain strong.

Nordea's business volume on syndicated loans within Shipping, Offshore & Oil Services continued to be strong during the quarter. Transactions are still executed on conservative terms.

Nordea's exposure to the shipping, offshore and oil services industries is well diversified. However, proactive risk management and follow-up on the existing portfolio will continue to remain high on the agenda.

Result

Total income was EUR 109m, up 8% from the previous quarter and up 11% compared to the second quarter of 2010. The increase was mainly driven by an increase in net fee and commission income. Several new transactions were closed during the quarter and net commission income increased by 63% compared to the previous quarter and 62% compared to the second quarter last year.

Net loan losses were EUR 24m, a loan loss ratio of 71 basis points (41 basis points in the first quarter). Operating profit was EUR 69m, which was down 3% both from the previous quarter and compared to the second quarter of 2010.

EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Ch. Q211 Q111	Q211 Q210
Net interest income	77	78	78	82	74	-1%	4%
Net fee and commission income	26	16	13	20	16	63%	63%
Net result from items at fair value	6	7	14	6	8	-14%	-25%
Equity method	0	0	0	0	0		
Other operating income	0	0	0	0	0		
Total income incl. allocations	**109**	**101**	**105**	**108**	**98**	**8%**	**11%**
Staff costs	-6	-6	-5	-6	-6	0%	0%
Other expenses incl. depr.	-10	-10	-10	-9	-9	0%	11%
Expenses incl. allocations	**-16**	**-16**	**-15**	**-15**	**-15**	**0%**	**7%**
Profit before loan losses	**93**	**85**	**90**	**93**	**83**	**9%**	**12%**
Net loan losses	-24	-14	-4	-10	-12	71%	100%
Operating profit	**69**	**71**	**86**	**83**	**71**	**-3%**	**-3%**
Cost/income ratio, %	15	16	14	14	15		
RAROCAR, %	29	23	22	25	19		
Economic capital (EC)	873	987	1,067	1,072	1,076		
Risk-wighted assets (RWA)	11,832	12,462	12,799				
Lending, EURbn	12.8	13.2	13.6	13.9	14.5	-3%	-12%
Deposits, EURbn	4.6	4.8	5.0	5.3	5.2	-4%	-12%
Number of employees (FTEs)	106	103	102	104	103		
Margins, %:							
Corporate lending	1.82	1.65	1.61	1.56	1.57		
Corporate deposits	0.09	0.15	0.16	0.15	0.13		

Financial Institutions

Business development

Business volumes increased in the second quarter, particularly in the fixed income market, as decreases in interest rates presented opportunities for customers to reposition their portfolios. There was also significant investor interest in alternative investments such as infrastructure, real estate and energy investments as well as related financing transactions in view of relatively low returns in fixed income and equity markets.

In Europe, the situation deteriorated with intensified speculation regarding the restructuring of Greek debt and doubts about the financial situation in other PIIGS countries.

The quarter saw intensified competition from local as well as international players, with subsequent pressure on margins and pricing. Nordea has successfully defended its position during the period. The regulatory debate continues with renewed demands on banks to increase capital.

Result

Income increased 18% compared to the previous quarter and operating profit increased by 33% compared to the previous quarter on the back of strong performance across all product areas. The business mix remains relatively stable, with capital markets related products continuing to be the driving force for the financial development.

Active cost management has resulted in an improvement of the cost-income ratio by 7 %-points. Total expenses increased by 2% compared to the previous quarter, mainly due to higher staff costs.

EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Ch.Q211/ Q111	Q211 Q210
Net interest income	17	14	17	16	16	21%	6%
Net fee and commission income	48	41	46	37	42	17%	14%
Net result from items at fair value	49	40	39	42	46	23%	7%
Equity method	0	0	0	0	0		
Other operating income	0	2	0	27	0		
Total income incl. allocations	**114**	**97**	**102**	**122**	**104**	**18%**	**10%**
Staff costs	-10	-9	-9	-9	-8	11%	25%
Other expenses incl. depr.	-40	-40	-40	-38	-39	0%	3%
Expenses incl. allocations	**-50**	**-49**	**-49**	**-47**	**-47**	**2%**	**6%**
Profit before loan losses	**64**	**48**	**53**	**75**	**57**	**33%**	**12%**
Net loan losses	0	0	0	5	-3		
Operating profit	**64**	**48**	**53**	**80**	**54**	**33%**	**19%**
Cost/income ratio, %	44	51	48	39	45		
RAROCAR, %	25	28	37	40	34		
Economic capital (EC)	737	489	441	530	318		
Risk-weighted assets (RWA)	8,426	8,647	9,356				
Lending, EURbn	3.9	3.8	3.4	3.5	3.9	3%	0%
Deposits, EURbn	14.9	12.0	11.7	8.9	9.3	24%	60%
Number of employees (FTEs)	378	382	381	383	387		
Margins, %:							
Corporate lending	0.63	0.59	0.82	0.77	0.90		
Corporate deposits	0.13	0.14	0.17	0.20	0.15		

Other customer operations

The customer operations, which are not included in Nordic Banking or the other customer areas, are included under Other customer operations, as well as results not allocated to any of the main customer areas.

International Private Banking & Funds

International Private Banking's net outflow was EUR 0.3bn and together with market depreciation, AuM decreased by EUR 0.5bn to EUR 9.7bn during the second quarter of 2011.

Global Fund Distribution net inflow was EUR 0.1bn and AuM remained unchanged at EUR 6.1bn.

The combined result for International Private Banking & Funds was EUR 20m, down 5% compared to the previous quarter, but up 33% compared to the same period last year.

The income and financial results for International Private Banking & Funds are part of the product division result for Asset Management.

Life customer operations

The customer operation Life includes the Life Insurance operations outside Nordea Bank's branch distribution network, including sales to Nordic customers through Life & Pensions' own sales force, brokers and tied agents, and the Polish life business, and is included in the product result for Life & Pensions, see page 24.

Life & Pensions' customer operations generated income of EUR 76m and operating profit of EUR 20m in the second quarter of 2011, which was 25% above the previous quarter.

Capital Markets unallocated

Capital Markets unallocated mainly includes the part of the result in Capital Markets Products (see page 23), which is not allocated to Nordic Banking or other customer areas. Net result from items at fair value decreased to EUR 58m and total income decreased to EUR 31m, due to the challenging risk management conditions in June following high volatility and market discontinuities.

	International Private Banking & Funds					Life					Capital Markets unallocated				
EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Net interest income	9	10	9	8	8	0	0	0	0	0	2	2	-7	-17	6
Net fee and commission inc.	28	27	25	19	23	27	8	8	24	4	-29	-22	-22	-31	-28
Net result from items at fair value	6	7	8	5	6	52	62	101	86	88	58	191	116	137	60
Equity method	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	-3	0	4	4	4	0	0	2	0	0
Total income incl. allocations	**43**	**44**	**42**	**32**	**37**	**76**	**70**	**113**	**114**	**96**	**31**	**171**	**89**	**89**	**38**
Staff costs	-14	-14	-14	-13	-13	-30	-33	-33	-34	-32	-102	-98	-90	-88	-88
Other expenses incl. depr.	-9	-9	-9	-8	-9	-26	-21	-24	-21	-24	39	39	17	30	32
Expenses incl. allocations	**-23**	**-23**	**-23**	**-21**	**-22**	**-56**	**-54**	**-57**	**-55**	**-56**	**-63**	**-59**	**-73**	**-58**	**-56**
Net loan losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating profit	**20**	**21**	**19**	**11**	**15**	**20**	**16**	**56**	**59**	**40**	**-32**	**112**	**16**	**31**	**-18**
Economic capital (EC)	165	158	168	144	153	566	532	521	628	591	558	523	599	646	690
Risk-weighted assets (RWA)	1,746	1,756	1,899			1	0	8			5,337	4,850	5,611		
Lending, EURbn	1.5	1.6	1.8	1.5	1.6	2.5	2.4	2.2	2.4	2.2	33.1	32.4	13.6	23.7	17.4
Deposits, EURbn	2.8	2.7	2.7	2.7	2.7	3.9	3.5	4.0	3.7	4.3	24.6	20.9	5.7	10.2	8.7

Group functions

Together with the results in the customer areas and in Other customer operations, the results of the Group functions add up to the reported result in the Group. The main income in Group Corporate Centre originates from Group Treasury (Group Asset & Liability Management, Group Funding and Group Investments & Execution).

Group Corporate Centre

Business development

Financial market developments in the second quarter continued to be influenced by central banks, elevated oil prices and the disaster in Japan which impacted global economic data to some extent. The European Central Bank hiked interest rates in April and indicated another 25 basis points rate hike in July. Economic data for the Nordic area and the largest economies in Europe remains relatively strong. Meanwhile, uncertainty regarding the debt situation in southern European countries, in particular Greece, persists and this could lead to renewed volatility in financial markets. In June, this also affected risky assets negatively, spreads widened and market interest rates in core markets, including the Nordic area, fell.

The interest rate development is in line with expectations and Group Treasury has adjusted its interest rate risk profile accordingly. The funding costs are still negatively impacting the Group Corporate Centre results.

Nordea's funding, liquidity and market risk management

The average cost for long-term funding has been largely unchanged in the second quarter.

The portion of long-term funding of total funding was at the end of the second quarter approx. 67%.

Refinancing risk is managed by a measure of economic funding gap and matching between behavioural duration of assets and liabilities. For short-term liquidity risks, Nordea uses a measure close to the liquidity coverage ratio (LCR). The liquidity buffer is composed of highly liquid central-bank-eligible securities with characteristics similar to Basel III liquid assets and amounted to EUR 58bn at the end of the second quarter (EUR 56bn at the end of the first quarter).

Nordea has continued its activity in the short-term markets in a normal fashion. We have seen an inflow of new investors and good demand for longer duration.

Nordea issued approx. EUR 10bn of long-term funding in the second quarter, of which approx. EUR 7bn represented issuance of Swedish, Norwegian and Finnish covered bonds. Among larger transactions were, in May, Nordea Bank Finland's issue of its third benchmark transaction in the form of a EUR 2bn 3-year covered bond. Also in May, Nordea Bank AB (publ) issued a USD 1.25bn subordinated 10-year lower tier 2 transaction in the US 144a market.

The average price risk on Group Treasury's interest-rate positions, calculated as VaR, was EUR 89m in the second quarter. The risk related to equities, calculated as VaR, was EUR 12m and the risk related to credit spreads (VaR) was EUR 14m. Interest rate risk and credit spread risk decreased, while equity risk increased slightly compared to the first quarter.

Result

Total operating income was EUR -17m in the second quarter. Net interest income was EUR -18m in the second quarter compared to EUR 30m in the previous quarter, mainly due to reduced interest rate risk in Group Treasury, increased funding cost due to increased volume of long-term debt and lower net return after funding cost on the liquidity buffer. Net result on items at fair value was EUR 3m compared to the very strong EUR 67m in the first quarter. Operating profit was EUR -69m.

	Group Corporate Centre					Group functions and Eliminations				
EURm	Q211	Q111	Q410	Q310	Q210	Q211	Q111	Q410	Q310	Q210
Net interest income	-18	30	81	103	90	43	54	69	44	30
Net fee and commission income	-3	-3	-1	-3	-2	-34	-19	-19	-18	-28
Net result from items at fair value	3	67	11	10	-98	-9	-11	-37	-33	35
Other income	1	1	1	-1	0	26	27	8	43	4
Total operating income	**-17**	**95**	**92**	**109**	**-10**	**26**	**51**	**21**	**36**	**41**
Staff costs	-13	-19	-12	-20	-13	-220	-235	-174	-210	-201
Total operating expenses	**-52**	**-52**	**-55**	**-67**	**-41**	**-26**	**-20**	**8**	**13**	**-16**
Net loan losses	0	0	0	0	0	-2	1	-1	0	1
Operating profit	**-69**	**43**	**37**	**42**	**-51**	**-2**	**32**	**28**	**49**	**26**
Number of employees (FTEs)	441	442	433	427	440					
Economic capital (EC)	780	862	761	706	577	551	618	595	425	1,157
Risk-weighted assets (RWA)	4,499	5,156	5,163			7,849	7,370	5,514		

Customer segments

Corporate customer segments and financial institutions, key figures

	Corporate Merchant Banking			Large corporate customers			Other corporate customers			Nordic corporate customers		
	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10
Number of customer '000 (EOP)	9	8	9	27	26	26						
Income, EURm	353	339	325	334	313	318	236	231	213	923	883	856
Volumes, EURbn												
Lending	37.3	35.9	37.7	55.6	55.4	52.7	25.9	26.3	25.1	118.8	117.6	115.5
Deposits	17.3	18.5	18.3	19.5	19.3	17.8	21.3	21.3	19.4	58.1	59.1	55.5
Margins, pct p.a.												
Lending	1.36%	1.38%	1.35%	1.24%	1.24%	1.23%	1.58%	1.57%	1.55%	1.34%	1.35%	1.32%
Deposits	0.15%	0.13%	0.11%	0.43%	0.42%	0.36%	0.83%	0.71%	0.42%	0.49%	0.44%	0.29%

	New European Markets corporate customers			Shipping customers			Financial Institutions			Corporate and Financial Institutions Total		
	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10
Number of customer '000 (EOP)	104	101	94	2	2	2	2	2	1			
Income, EURm	83	82	82	109	101	98	114	97	104	1,229	1,163	1,140
Volumes, EURbn												
Lending	11.4	11.1	10.4	12.8	13.2	14.5	3.9	3.8	3.9	146.9	145.7	144.3
Deposits	4.2	3.3	2.8	4.6	4.8	5.2	14.9	12.0	9.3	81.8	79.2	72.8
Margins, pct p.a.												
Lending	1.95%	1.91%	2.09%	1.82%	1.65%	1.57%	0.63%	0.59%	0.90%	1.41%	1.40%	1.39%
Deposits	0.80%	0.74%	0.71%	0.09%	0.15%	0.13%	0.13%	0.14%	0.15%	0.42%	0.38%	0.28%

Household customer segments, key figures

	Nordic Private Banking			Gold customers			Other household customers			Nordic household customers		
	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10
Number of customer '000 (EOP)	95	94	91	2,849	2,817	2,700						
Income, EURm	125	123	121	547	530	461	180	175	161	852	828	743
Volumes, EURbn												
Lending	6.3	6.8	6.3	123.9	121.7	112.3	9.1	9.2	9.8	139.3	137.7	128.4
Deposits	9.2	8.5	8.4	51.8	50.3	47.2	16.1	16.2	16.5	77.2	75.0	72.1
Assets under Management	56.4	56.6	48.1									
Margins, pct p.a.												
Lending	0.90%	0.88%	0.89%	1.03%	1.05%	1.04%	3.32%	3.38%	3.40%	1.23%	1.25%	1.25%
Deposits	0.38%	0.24%	0.15%	0.51%	0.36%	0.13%	1.00%	0.82%	0.42%	0.63%	0.48%	0.22%

	New European Markets household customers			International Private Banking						Household customers Total		
	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10	Q2 11	Q1 11	Q2 10
Number of customer '000 (EOP)	1,032	1,001	925	12	12	12						
Of which Gold+Private Banking	137	130	108							3,093	3,053	2,910
Income, EURm	50	50	47	26	27	24				928	905	814
Volumes, EURbn												
Lending	7.0	6.6	5.9	1.4	1.6	1.1				147.7	145.9	135.4
Deposits	1.8	1.7	1.6	1.9	1.9	1.7				80.9	78.6	75.4
Assets under Management				9.7	10.2	9.2						
Margins, pct p.a.												
Lending	1.78%	1.74%	1.64%	0.46%	0.55%	0.87%				1.25%	1.27%	1.26%
Deposits	0.74%	0.63%	0.55%	0.74%	0.76%	0.46%				0.64%	0.49%	0.23%

Product divisions

Capital Markets Products

The second quarter of 2011 saw fewer market shocks than the previous quarter. Though several of the events which affected the markets earlier this year persist, the markets have adjusted to these. Concerns about the sustainability of the economic recovery in the US and Europe, as well as inflationary pressure in China strongly impacted the market sentiments. Towards the end of the quarter, high volatility and market discontinuities led to challenging conditions for risk management. Nordea chose to remain active in the markets in order to service our customers during the unrest. Interest rate levels were significantly affected by the tightened monetary policy of the ECB and the ever present worries about the sovereign debt in Southern Europe. Nordic equity indices fell over the quarter despite a rebound towards the end of June.

Commercial flows were positively impacted by customer activity, particularly from the strong performance of Swedish exporters. This led to solid activity in the foreign exchange product area which also benefitted from increased activity within emerging market currencies.

Customer activity within the secondary equity area was somewhat subdued as investor risk appetite decreased over the quarter. Nordic primary equity markets continue on a low level of activity. Nordea Corporate Finance served as financial adviser to DuPont in their successful DKK 37bn acquisition of Danisco, to EQT in their SEK 21bn sale of Securitas Direct and to Unimerco Group in their DKK 1.4bn sale to Kyocera. In addition, Nordea closed a rights issue for Bavarian Nordic.

Interest rate hedging activity was solid during the quarter. However, the highly beneficial market conditions for risk management subsided, resulting in lower income for the fixed income product area.

Primary bond market activity was also solid, although most deals were on behalf of infrequent issuers. In addition to a large number of local-currency transactions, Nordea completed several important benchmark deals, eg Municipality Finance (USD 1.5bn), Länsförsäkringar Hypotek (EUR 1bn), Jyske Bank (EUR 500m) and Norske Skog (EUR 150m).

Nordic syndicated loan activity was strong with increasing loan volume and number of deals. Among the transactions executed were ISS (DKK 22bn), Telenor (EUR 2bn), Volvo (EUR 2bn), Meda (SEK 13bn), North Atlantic Drilling (USD 2bn) and Scania (EUR 1bn).

Several initiatives for increasing the operational efficiency and optimising the use of balance sheet and capital are well underway.

Result

The second quarter result was EUR 305m, 27% down from the very strong result in first quarter and 8% down compared to the same quarter of 2010. The challenging risk management conditions in June led to a reduction of income which could not be offset by the strong customer activity.

EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Net interest income	104	104	100	89	91
Net fee and commission income	77	67	78	63	87
Net result from items at fair value	291	407	332	321	302
Other income	0	0	2	0	0
Total income	**472**	**578**	**512**	**473**	**480**
Staff costs	-102	-98	-90	-88	-88
Other expenses	-59	-59	-70	-56	-53
Operating expenses	**-161**	**-157**	**-160**	**-144**	**-141**
Distribution expenses	-6	-5	-5	-6	-6
Net loan losses	0	0	0	0	0
Product result	**305**	**416**	**347**	**323**	**333**
Cost/income ratio, %	34	27	31	30	29
Number of employees (full-time equivalents)	1,842	1,809	1,780	1,773	1,739

Service unit

International Units

Nordea is present in the major international financial markets, with full service corporate banks in Frankfurt, London, New York, Shanghai and Singapore, and with representative offices in Beijing and Sao Paulo. Nordea serves and supports its Nordic customers abroad and its customers in global industries. Group Treasury is present in New York, Shanghai and Singapore with funding operations. The strong performance was repeated for the first half 2011 with strong business development within all customer segments.

Asset Management

Business development

In the second quarter, Nordea's Assets under Management (AuM) fell slightly for the first time in over two years, to EUR 191.1bn. The decrease was due to market depreciation, whereas strong net inflow continued with EUR 1.5bn.

78% of Nordea's investment composites outperformed their benchmarks in the first half of the year. Fixed income composites continued to yield positive relative returns and also the balanced products, especially the stable products, delivered very convincing performance. Among the equity products, most of the local and fundamental equities products delivered solid value added.

Nordic retail funds' net outflow was EUR 0.7bn in the second quarter. Outflow was mainly seen within money market funds, while balanced funds were the main category with net inflow. The weak fund flows are affected by customers moving assets to lower risk products, due to market volatility as well as increased competition from attractive deposit products.

The net inflow of EUR 1.8bn in institutional clients' assets in the second quarter resulted in the strongest semi-annual period ever reported in Nordea's institutional asset management, where institutional AuM increased to EUR 36.6bn. The strong net flow development was mainly driven by Danish and international customers, and Nordea continues to strengthen its position in the highly competitive international institutional asset management market. This development is very encouraging, as inflows continue into relatively high-margin products.

Result

Total income in the second quarter of 2011 was EUR 191m. This is a decrease of 3% compared to the previous quarter but an increase of 22% compared to the same period last year. The fall in income was mainly due to a decrease in transaction related income.

The product result in the second quarter was EUR 117m, down 5% compared to the previous quarter but up 27% compared to last year.

Life & Pensions

Business development

Nordea Life & Pensions maintained the high level of sales reported in the preceding quarters. Gross written premiums were EUR 1,670m in the second quarter, 3% lower than in the first quarter, mainly due to seasonal effects, but 27% higher than the second quarter last year. For the first time ever, gross written premiums surpassed EUR 6bn for the past year.

Strong customer demand through the bank channel continued during the second quarter, with continued focus on unit-linked products. Sales via the Nordea bank channel accounted for 52% of total premiums, and unit-linked products accounted for 48% of total sales.

Nordea continued to strengthen its position as the leading Nordic life and pensions insurer and saw a slight increase in its Nordic market share ending at 11.1%, measured as 12 months gross written premiums. This positive development allowed Nordea Life & Pensions to reach its 2009 level - an all time high level.

Life & Pensions' AuM were EUR 44.7bn at the end of the second quarter, supported by a strong net inflow into the unit-linked based portfolio of EUR 0.6bn and a net inflow into the traditional portfolio of EUR 0.1bn. Financial buffers in the traditional portfolio declined EUR 9m during the second quarter of 2011, ending at EUR 1,933m, corresponding to 7.8% of the technical provisions.

Result

The product result was EUR 57m in the second quarter of 2011. The product result increased by 10% compared to the previous quarter, but was down 27% from same period last year due to high recognition of fees last year. Unit-linked and pure-risk products accounted for 63% of the total result.

MCEV decreased in the first half year by EUR 189m to EUR 3,466m, due to the change of regulations in Denmark and Poland, but this was off-set by EUR 134m worth of new business.

Assets under Management (AuM), volumes and net inflow

EURbn	Q2 2011	Net inflow Q2	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Nordic Retail funds	33.4	-0.7	35.5	36.4	34.4	32.9
Global Fund Distribution	6.1	0.1	6.1	5.8	5.3	4.4
Nordic Private Banking	55.6	-0.2	56.6	57.3	51.5	48.1
International Private Banking	9.7	-0.3	10.2	10.0	9.3	9.2
Institutional clients	36.6	1.8	34.7	32.8	32.0	29.7
Life & Pensions	49.7	0.8	48.9	48.7	47.7	45.5
Total	**191.1**	**1.5**	**192.0**	**191.0**	**180.2**	**169.8**

Asset Management, key figures per quarter

EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Total income	**191**	**197**	**208**	**162**	**157**
of which income within Nordic Banking	*142*	*146*	*142*	*130*	*137*
Staff costs	-42	-44	-43	-36	-36
Other expenses	-32	-30	-30	-29	-29
Operating expenses	**-74**	**-74**	**-73**	**-65**	**-65**
Product result	**117**	**123**	**135**	**97**	**92**
Cost/income ratio, %	39	38	35	40	41
Income related to AuM, margin (basis points)	61	63	70	57	57
AuM (managed by Savings Products & Asset Management), EURbn	125	124	122	116	110
of which Equities, %	*35*	*35*	*36*	*32*	*32*
of which Fixed income and Other, %	*65*	*65*	*64*	*68*	*68*
Number of employees (full-time equivalents)	1,173	1,166	1,163	1,144	1,070

Life & Pensions, key figures per quarter

EURm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Profit drivers					
Traditional insurance:					
Fee contribution/profit sharing	18	23	52	52	38
Contribution from cost result	-5	-2	-1	2	3
Contribution from risk result	0	-1	17	12	8
Return on shareholders' equity/other profits	26	15	13	12	17
Total profit Traditional	**39**	**35**	**81**	**77**	**66**
Total profit Unit-linked	**21**	**20**	**19**	**21**	**17**
Estimated distribution expenses in Nordic Banking	-3	-3	-3	-3	-4
Total Product result	**57**	**52**	**97**	**95**	**79**
of which income within Nordic Banking	*42*	*41*	*45*	*39*	*42*
Key figures					
Gross premiums written	1,670	1,719	1,466	1,181	1,316
of which from Traditional business	862	785	620	573	541
of which from Unit-linked business	808	934	846	608	775
Investment return %	1.8	0.6	-2.0	3.2	2.2
Technical provisions	37,196	36,676	36,795	35,972	34,675
Financial buffers	1,933	1,942	1,791	1,750	1,487
Investment assets, EURbn	44.7	43.9	43.7	42.9	40.9
of which bonds, %	*46*	*46*	*45*	*48*	*49*
of which equities, %	*7*	*7*	*7*	*7*	*7*
of which alternative investments, %	*7*	*6*	*7*	*7*	*7*
of which property, %	*7*	*7*	*8*	*8*	*8*
of which unit linked, %	*33*	*33*	*33*	*31*	*29*
Number of employees (full-time equivalents)	1,361	1,374	1,370	1,349	1,343

Income statement

EURm	Note	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Operating income						
Interest income		*2,946*	*2,341*	*5,692*	*4,640*	*9,687*
Interest expense		*-1,620*	*-1,092*	*-3,042*	*-2,156*	*-4,528*
Net interest income		1,326	1,249	2,650	2,484	5,159
Fee and commission income		*803*	*758*	*1,591*	*1,431*	*2,955*
Fee and commission expense		*-180*	*-220*	*-366*	*-418*	*-799*
Net fee and commission income	3	623	538	1,225	1,013	2,156
Net result from items at fair value	4	356	339	900	887	1,837
Profit from companies accounted for under the equity method		13	7	31	32	66
Other operating income		24	28	46	48	116
Total operating income		**2,342**	**2,161**	**4,852**	**4,464**	**9,334**
Operating expenses						
General administrative expenses:						
Staff costs		-744	-701	-1,512	-1,388	-2,784
Other expenses	5	-485	-445	-938	-883	-1,862
Depreciation, amortisation and impairment charges of tangible and intangible assets		-46	-40	-90	-79	-170
Total operating expenses		**-1,275**	**-1,186**	**-2,540**	**-2,350**	**-4,816**
Profit before loan losses		**1,067**	**975**	**2,312**	**2,114**	**4,518**
Net loan losses	6	-118	-245	-360	-506	-879
Operating profit		**949**	**730**	**1,952**	**1,608**	**3,639**
Income tax expense		-249	-191	-510	-426	-976
Net profit for the period		**700**	**539**	**1,442**	**1,182**	**2,663**
Attributable to:						
Shareholders of Nordea Bank AB (publ)		698	537	1,438	1,179	2,657
Non-controlling interests		2	2	4	3	6
Total		**700**	**539**	**1,442**	**1,182**	**2,663**
Basic earnings per share, EUR		0.18	0.13	0.36	0.29	0.66
Diluted earnings per share, EUR		0.18	0.13	0.36	0.29	0.66

Statement of comprehensive income

EURm	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Net profit for the period	**700**	**539**	**1,442**	**1,182**	**2,663**
Currency translation differences during the period	-48	76	-57	438	669
Currency hedging of net investments in foreign operations	29	-22	26	-235	-407
Tax on currency hedging of net investments in foreign operations	-8	6	-7	62	107
Available-for-sale investments:					
Valuation gains/losses during the period	-14	-	-10	0	3
Tax on valuation gains/losses during the period	4	-	3	0	-1
Cash flow hedges:					
Valuation gains/losses during the period	-	0	-	1	1
Tax on valuation gains/losses during the period	-	0	-	0	0
Other comprehensive income, net of tax	**-37**	**60**	**-45**	**266**	**372**
Total comprehensive income	**663**	**599**	**1,397**	**1,448**	**3,035**
Attributable to:					
Shareholders of Nordea Bank AB (publ)	661	597	1,393	1,445	3,029
Non-controlling interests	2	2	4	3	6
Total	**663**	**599**	**1,397**	**1,448**	**3,035**

Balance sheet

EURm	Note	30 Jun 2011	31 Dec 2010	30 Jun 2010
Assets				
Cash and balances with central banks		6,290	10,023	3,432
Treasury bills		8,500	13,112	14,090
Loans to credit institutions	7	22,973	15,788	21,906
Loans to the public	7	332,202	314,211	302,550
Interest-bearing securities		74,241	69,137	55,608
Financial instruments pledged as collateral		13,069	9,494	9,743
Shares		17,840	17,293	15,207
Derivatives	10	81,955	96,825	121,599
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,159	1,127	1,265
Investments in associated undertakings		563	554	518
Intangible assets		3,303	3,219	3,089
Property and equipment		456	454	418
Investment property		3,627	3,568	3,579
Deferred tax assets		277	278	126
Current tax assets		230	262	368
Retirement benefit assets		191	187	138
Other assets		23,644	22,857	15,132
Prepaid expenses and accrued income		2,648	2,450	2,308
Total assets		**593,168**	**580,839**	**571,076**
Of which assets customer bearing the risk		*15,990*	*16,230*	*13,547*
Liabilities				
Deposits by credit institutions		48,935	40,736	54,233
Deposits and borrowings from the public		187,885	176,390	160,922
Liabilities to policyholders		40,135	38,766	36,297
Debt securities in issue		159,119	151,578	138,104
Derivatives	10	81,207	95,887	118,239
Fair value changes of the hedged items in portfolio hedge of interest rate risk		990	898	1,763
Current tax liabilities		241	502	320
Other liabilities		38,302	38,590	25,760
Accrued expenses and prepaid income		2,975	3,390	2,758
Deferred tax liabilities		886	885	756
Provisions		379	581	420
Retirement benefit obligations		287	337	396
Subordinated liabilities		7,048	7,761	8,190
Total liabilities		**568,389**	**556,301**	**548,158**
Equity				
Non-controlling interests		85	84	81
Share capital		4,047	4,043	4,043
Share premium reserve		1,080	1,065	1,065
Other reserves		-191	-146	-252
Retained earnings		19,758	19,492	17,981
Total equity		**24,779**	**24,538**	**22,918**
Total liabilities and equity		**593,168**	**580,839**	**571,076**
Assets pledged as security for own liabilities[1]		144,610	152,899	126,171
Other assets pledged		5,856	5,972	6,777
Contingent liabilities		23,700	23,963	23,592
Credit commitments[2]		85,010	88,740	79,746
Other commitments		3,555	4,009	2,959

[1] Includes, as from the second quarter 2011, only assets on Nordea's balance sheet. Comparative figures have been restated accordingly.

[2] Including unutilised portion of approved overdraft facilities of EUR 46,695m (31 Dec 2010: 50,522m, 30 Jun 2010: 42,923m).

Statement of changes in equity

	Attributable to shareholders of Nordea Bank AB (publ)								
			Other reserves:						
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Opening balance at 1 Jan 2011	**4,043**	**1,065**	**-148**	**-**	**2**	**19,492**	**24,454**	**84**	**24,538**
Total comprehensive income	-	-	-38	-	-7	1,438	1,393	4	1,397
Issued C-shares[3]	4	-	-	-	-	-	4	-	4
Repurchase of C-shares[3]	-	-	-	-	-	-4	-4	-	-4
Share-based payments	-	-	-	-	-	4	4	-	4
Dividend for 2010	-	-	-	-	-	-1,168	-1,168	-	-1,168
Purchases of own shares[2]	-	-	-	-	-	-4	-4	-	-4
Other changes	-	15[4]	-	-	-	-	15	-3	12
Closing balance at 30 Jun 2011	**4,047**	**1,080**	**-186**	**-**	**-5**	**19,758**	**24,694**	**85**	**24,779**

	Attributable to shareholders of Nordea Bank AB (publ)								
			Other reserves:						
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Opening balance at 1 Jan 2010	**4,037**	**1,065**	**-517**	**-1**	**-**	**17,756**	**22,340**	**80**	**22,420**
Total comprehensive income	-	-	369	1	2	2,657	3,029	6	3,035
Issued C-shares[3]	6	-	-	-	-	-	6	-	6
Repurchase of C-shares[3]	-	-	-	-	-	-6	-6	-	-6
Share-based payments	-	-	-	-	-	17	17	-	17
Dividend for 2009	-	-	-	-	-	-1,006	-1,006	-	-1,006
Divestment of own shares[2]	-	-	-	-	-	74	74	-	74
Other changes	-	-	-	-	-	-	-	-2	-2
Closing balance at 31 Dec 2010	**4,043**	**1,065**	**-148**	**-**	**2**	**19,492**	**24,454**	**84**	**24,538**

	Attributable to shareholders of Nordea Bank AB (publ)								
			Other reserves:						
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Opening balance at 1 Jan 2010	**4,037**	**1,065**	**-517**	**-1**	**-**	**17,756**	**22,340**	**80**	**22,420**
Total comprehensive income	-	-	265	1	-	1,179	1,445	3	1,448
Issued C-shares[3]	6	-	-	-	-	-	6	-	6
Repurchase of C-shares[3]	-	-	-	-	-	-6	-6	-	-6
Share-based payments	-	-	-	-	-	12	12	-	12
Dividend for 2009	-	-	-	-	-	-1,006	-1,006	-	-1,006
Divestment of own shares[2]	-	-	-	-	-	46	46	-	46
Other changes	-	-	-	-	-	-	-	-2	-2
Closing balance at 30 Jun 2010	**4,043**	**1,065**	**-252**	**0**	**-**	**17,981**	**22,837**	**81**	**22,918**

[1] Total shares registered were 4,047 million (31 Dec 2010: 4,043 million, 30 Jun 2010: 4,043 million).

[2] Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Jun 2011 were 20.6 million (31 Dec 2010: 16.9 million, 30 Jun 2010: 21.4 million).

[3] Refers to the Long Term Incentive Programme (LTIP). LTIP 2011 was hedged by issuing 4,730,000 C-shares (LTIP 2010: 5,125,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 18.5 million (31 Dec 2010: 15.4 million, 30 Jun 2010: 15.9 million).

[4] In connection to the rights issue in 2009 an assessment was made on the VAT Nordea would have to pay on the transaction costs. This assessment has been changed in 2011 based on a new tax case law.

Cash flow statement

EURm	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Operating activities			
Operating profit	1,952	1,608	3,639
Adjustments for items not included in cash flow	16	863	1,619
Income taxes paid	-755	-676	-1,045
Cash flow from operating activities before changes in operating assets and liabilities	1,213	1,795	4,213
Changes in operating assets and liabilities	-7,328	-10,814	-6,411
Cash flow from operating activities	-6,115	-9,019	-2,198
Investing activities			
Sale/acquisition of business operations	-	-39	-46
Property and equipment	-57	-31	-98
Intangible assets	-123	-70	-181
Net investments in debt securities, held to maturity	7,269	2,372	1,991
Other financial fixed assets	-25	-3	1
Cash flow from investing activities	7,064	2,229	1,667
Financing activities			
New share issue	4	6	6
Issued/amortised subordinated liabilities	-395	215	194
Divestment/repurchase of own shares incl change in trading portfolio	-4	46	74
Dividend paid	-1,168	-1,006	-1,006
Cash flow from financing activities	-1,563	-739	-732
Cash flow for the period	**-614**	**-7,529**	**-1,263**
Cash and cash equivalents at beginning of the period	**13,706**	**13,962**	**13,962**
Translation difference	-127	633	1,007
Cash and cash equivalents at end of the period	**12,965**	**7,066**	**13,706**
Change	**-614**	**-7,529**	**-1,263**

Cash and cash equivalents	30 Jun	30 Jun	31 Dec
The following items are included in cash and cash equivalents (EURm):	2011	2010	2010
Cash and balances with central banks	6,290	3,432	10,023
Loans to credit institutions, payable on demand	6,675	3,634	3,683

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 at any time.

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

Notes to the financial statements

Note 1 Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC, formerly IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1 "Supplementary Accounting Rules for Groups" and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11), have also been applied.

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2010 Annual Report, except for the categorisation of lending related commissions within "Net fee and commission income". This change, made in the first quarter 2011, is further described below.

Categorisation of lending related commissions

The categorisation of lending related commissions within "Net fee and commission income" (note 3) was changed during the first quarter in order to be better aligned with the purpose for which the fees are received. The change mainly relates to syndicated transactions. The comparable figures have been restated accordingly. The impact on the first two quarters 2010 and on the full year 2010 is disclosed in the below table.

	Jan-Jun 2010		Jan-Dec 2010	
EURm	Re-stated	Re-ported	Re-stated	Re-ported
Lending	189	150	397	323
Other commission income	103	142	217	291

Exchange rates

	Jan-Jun 2011	Jan-Dec 2010	Jan-Jun 2010
EUR 1 = SEK			
Income statement (average)	8.9390	9.5463	9.7965
Balance sheet (at end of period)	9.1739	8.9655	9.5259
EUR 1 = DKK			
Income statement (average)	7.4561	7.4472	7.4422
Balance sheet (at end of period)	7.4587	7.4535	7.4488
EUR 1 = NOK			
Income statement (average)	7.8252	8.0080	8.0119
Balance sheet (at end of period)	7.7875	7.8000	7.9725
EUR 1 = PLN			
Income statement (average)	3.9529	3.9957	4.0030
Balance sheet (at end of period)	3.9903	3.9750	4.1470
EUR 1 = RUB			
Income statement (average)	40.1502	40.2749	39.9206
Balance sheet (at end of period)	40.4000	40.8200	38.2820

Note 2 Segment reporting

	Operating segments							
	Nordic Banking		New European Markets		Financial Institutions		Shipping, Offshore, & Oil Services	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Total operating income, EURm	3,541	3,107	300	279	211	193	210	180
Operating profit, EURm	1,394	964	145	77	112	99	140	123
Loans to the public, EURbn	258	244	18	16	4	4	13	15
Deposits and borrowings from the public, EURbn	135	128	6	5	15	9	5	5

	Operating segments							
	Other Operating segments		Total Operating segments		Reconciliation		Total Group	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Total operating income, EURm	513	639	4,775	4,398	77	66	4,852	4,464
Operating profit, EURm	131	290	1,922	1,553	30	55	1,952	1,608
Loans to the public, EURbn	37	21	330	300	2	3	332	303
Deposits and borrowings from the public, EURbn	32	16	193	163	-5	-2	188	161

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Total Operating segments	1,922	1,553	330	300	193	163
Group functions[1] and unallocated items	-78	16	2	3	-5	-2
Differences in accounting policies[2]	108	39	-	-	-	-
Total	**1,952**	**1,608**	**332**	**303**	**188**	**161**

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

[2] Internally developed and bought software is expensed as incurred in the operating segments, but capitalised as required by IAS 38 in the entity's balance sheet.

Change in basis of segmentation and measurement of segment profit or loss

Compared with the 2010 Annual Report there have been no changes in the basis of segmentation and measurement of segment profit or loss. The segment reporting will be changed as a consequence of the organisational changes, described earlier in the report, as from the third quarter 2011.

Reportable Operating segments

Nordic Banking conducts a full service banking operation. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets. The branches within Nordea's banking activities in the New European Markets offer full banking services for local and Nordic corporate and personal customers in Estonia, Latvia, Lithuania, Poland and Russia. The Financial Institutions segment is responsible for Nordea's customers within the financial institution industry. The segment Shipping, Offshore & Oil Services is responsible for Nordea's customers within the shipping, offshore and oil services industries.

Note 3 Net fee and commission income

EURm	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Asset Management commissions	189	202	171	391	329	698
Life insurance	76	82	76	158	151	305
Brokerage	52	58	53	110	105	198
Custody	31	16	24	47	38	77
Deposits	11	11	11	22	22	45
Total savings related commissions	359	369	335	728	645	1,323
Payments	103	103	103	206	205	412
Cards	112	100	98	212	187	397
Total payment commissions	215	203	201	418	392	809
Lending	108	110	116	218	189	397
Guarantees and documentary payments	52	55	51	107	102	209
Total lending related commissions	160	165	167	325	291	606
Other commission income	69	51	55	120	103	217
Fee and commission income	**803**	**788**	**758**	**1,591**	**1,431**	**2,955**
Life insurance	-19	-28	-14	-47	-33	-62
Payment expenses	-75	-68	-79	-143	-146	-300
State guarantee fees	-13	-13	-52	-26	-103	-162
Other commission expenses	-73	-77	-75	-150	-136	-275
Fee and commission expenses	**-180**	**-186**	**-220**	**-366**	**-418**	**-799**
Net fee and commission income	**623**	**602**	**538**	**1,225**	**1,013**	**2,156**

Note 4 Net result from items at fair value

EURm	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Shares/participations and other share-related instruments	-84	59	-8	-25	626	2,394
Interest-bearing securities and other interest-related instruments	407	369	649	776	1,837	2,051
Other financial instruments	8	-22	-96	-14	-113	-230
Foreign exchange gains/losses	12	149	-74	161	-284	-20
Investment properties	57	45	32	102	76	161
Change in technical provisions[1], Life insurance	-155	76	-422	-79	-1,218	-2,423
Change in collective bonus potential, Life insurance	101	-141	242	-40	-61	-160
Insurance risk income, Life insurance	61	61	74	122	152	312
Insurance risk expense, Life insurance	-51	-52	-58	-103	-128	-248
Total	**356**	**544**	**339**	**900**	**887**	**1,837**

[1] Premium income amounts to EUR 716m for Q2 2011 and EUR 1,383m for Jan-Jun 2011 (Q1 2011: EUR 667m, Q2 2010: 413m, Jan-Jun 2010: EUR 844m, Jan-Dec 2010: EUR 1,733m).

Note 5 Other expenses

EURm	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Information technology[1]	-181	-149	-146	-330	-287	-639
Marketing and entertainment	-36	-29	-29	-65	-53	-144
Postage, transportation, telephone and office expenses	-55	-59	-48	-114	-104	-227
Rents, premises and real estate expenses	-110	-109	-97	-219	-195	-400
Other	-103	-107	-125	-210	-244	-452
Total	**-485**	**-453**	**-445**	**-938**	**-883**	**-1,862**

[1] Refers to IT operations, service expenses and consultant fees. Total IT-related costs including staff etc, but excluding IT expenses in the Life operations, were EUR -198m in Q2 2011 and EUR -383m for Jan-Jun 2011 (Q1 2011: EUR -185m, Q2 2010: EUR -185m, Jan-Jun 2010: EUR -369m, Jan-Dec 2010: EUR -759m).

Note 6 Net loan losses

EURm	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Loan losses divided by class						
Loans to credit institutions	0	1	0	1	0	0
Loans to the public	-105	-167	-150	-272	-409	-738
- of which provisions	-236	-285	-248	-521	-566	-1,185
- of which write-offs	-231	-133	-120	-364	-234	-535
- of which allowances used for covering write-offs	186	108	90	294	169	378
- of which reversals	159	129	114	288	185	531
- of which recoveries	17	14	14	31	37	73
Off-balance sheet items	-13	-76	-95	-89	-97	-141
Total	**-118**	**-242**	**-245**	**-360**	**-506**	**-879**

Key ratios

	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Loan loss ratio, basis points	15	31	35	23	36	31
- of which individual	23	37	34	30	30	33
- of which collective	-8	-6	1	-7	6	-2

Note 7 Loans and impairment

	Total			
EURm	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010
Loans, not impaired	352,754	354,320	327,684	322,518
Impaired loans	4,877	5,075	4,849	4,407
- Performing	2,897	2,938	2,838	2,313
- Non-performing	1,980	2,137	2,011	2,094
Loans before allowances	**357,631**	**359,395**	**332,533**	**326,925**
Allowances for individually assessed impaired loans	-1,782	-1,842	-1,752	-1,546
- Performing	-973	-958	-969	-806
- Non-performing	-809	-884	-783	-740
Allowances for collectively assessed impaired loans	-674	-733	-782	-923
Allowances	**-2,456**	**-2,575**	**-2,534**	**-2,469**
Loans, carrying amount	**355,175**	**356,820**	**329,999**	**324,456**

	Credit institutions				The public			
EURm	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010
Loans, not impaired	22,975	26,286	15,791	21,909	329,779	328,034	311,893	300,609
Impaired loans	26	26	33	36	4,851	5,049	4,816	4,371
- Performing	-	-	4	4	2,897	2,938	2,834	2,309
- Non-performing	26	26	29	32	1,954	2,111	1,982	2,062
Loans before allowances	**23,001**	**26,312**	**15,824**	**21,945**	**334,630**	**333,083**	**316,709**	**304,980**
Allowances for individually assessed impaired loans	-26	-26	-33	-36	-1,756	-1,816	-1,719	-1,510
- Performing	-	-	-4	-4	-973	-958	-965	-802
- Non-performing	-26	-26	-29	-32	-783	-858	-754	-708
Allowances for collectively assessed impaired loans	-2	-2	-3	-3	-672	-731	-779	-920
Allowances	**-28**	**-28**	**-36**	**-39**	**-2,428**	**-2,547**	**-2,498**	**-2,430**
Loans, carrying amount	**22,973**	**26,284**	**15,788**	**21,906**	**332,202**	**330,536**	**314,211**	**302,550**

Note 7, continued

Allowances and provisions

EURm	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010
Allowances for items in the balance sheet	-2,456	-2,575	-2,534	-2,469
Provisions for off balance sheet items	-109	-160	-331	-334
Total allowances and provisions	**-2,565**	**-2,735**	**-2,865**	**-2,803**

Key ratios

	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010
Impairment rate, gross, basis points	136	141	146	135
Impairment rate, net, basis points	87	90	93	88
Total allowance rate, basis points	69	72	76	76
Allowances in relation to impaired loans, %	37	36	36	35
Total allowances in relation to impaired loans, %	50	51	52	56
Non-performing, not impaired, EURm	385	336	316	334

Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	6,290	-	-	-	-	-	6,290
Treasury bills	-	616	5,442	2,442	-	-	8,500
Loans to credit institutions	9,426	-	11,834	1,713	-	-	22,973
Loans to the public	255,183	-	30,430	46,589	-	-	332,202
Interest-bearing securities	-	8,131	37,663	21,291	-	7,156	74,241
Financial instruments pledged as collateral	-	-	13,069	-	-	-	13,069
Shares	-	-	4,716	13,114	-	10	17,840
Derivatives	-	-	81,034	-	921	-	81,955
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,159	-	-	-	-	-	1,159
Other assets	18,949	-	-	4,672	-	-	23,621
Prepaid expenses and accrued income	1,815	-	246	147	-	-	2,208
Total 30 Jun 2011	**292,822**	**8,747**	**184,434**	**89,968**	**921**	**7,166**	**584,058**
Total 31 Dec 2010	291,153	16,055	172,613	85,669	726	5,765	571,981
Total 30 Jun 2010	271,086	15,648	191,645	82,694	1,349	5	562,427

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	16,170	8,990	-	23,775	48,935
Deposits and borrowings from the public	24,387	5,773	-	157,725	187,885
Liabilities to policyholders, investment contracts	-	10,029	-	-	10,029
Debt securities in issue	5,984	28,910	-	124,225	159,119
Derivatives	80,236	-	971	-	81,207
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	990	990
Other liabilities	14,127	3,323	-	20,798	38,248
Accrued expenses and prepaid income	-	420	-	1,563	1,983
Subordinated liabilities	-	-	-	7,048	7,048
Total 30 Jun 2011	**140,904**	**57,445**	**971**	**336,124**	**535,444**
Total 31 Dec 2010	139,188	57,967	661	325,601	523,417
Total 30 Jun 2010	157,639	57,246	492	301,317	516,694

Note 9 Financial instruments

Determination of fair value from quoted market prices or valuation techniques

30 Jun 2011, EURm	Quoted prices in active markets for same instrument (Level 1)	*Of which Life*	Valuation technique using observable data (Level 2)	*Of which Life*	Valuation technique using non-observable data (Level 3)	*Of which Life*	Total
Assets							
Loans to credit institutions	-	-	13,547	-	-	-	13,547
Loans to the public	-	-	77,019	-	-	-	77,019
Debt securities[1]	73,479	*19,473*	11,267	*2,898*	1,771	*1,362*	86,517
Shares[2]	13,804	*10,238*	100	*91*	4,482	*2,659*	18,386
Derivatives	519	*248*	79,569	*22*	1,867	*9*	81,955
Other assets	-	-	4,672	-	-	-	4,672
Prepaid expenses and accrued income	-	-	393	-	-	-	393
Liabilities							
Deposits by credit institutions	-	-	25,160	-	-	-	25,160
Deposits and borrowings from the public	-	-	30,160	-	-	-	30,160
Liabilities to policy holders	-	-	10,029	*10,029*	-	-	10,029
Debt securities in issue	28,911	-	5,983	-	-	-	34,894
Derivatives	444	-	78,823	-	1,940	-	81,207
Other liabilities	10,405	-	7,045	-	-	-	17,450
Accrued expenses and prepaid income	-	-	420	-	-	-	420

[1] Of which EUR 7,884m Treasury bills and EUR 66,110m Interest-bearing securities (the portion held at fair value in Note 8). EUR 12,523m relates to the balance sheet item Financial instruments pledged as collateral.

[2] EUR 546m relates to the balance sheet item Financial instruments pledged as collateral.

Note 10 Derivatives

Fair value	30 Jun 2011		31 Dec 2010		30 Jun 2010	
EURm	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	66,325	65,406	79,683	77,810	99,235	97,377
Equity derivatives	718	724	779	804	956	1,013
Foreign exchange derivatives	12,086	12,054	13,170	13,855	17,845	17,045
Credit derivatives	921	935	908	929	1,258	1,273
Commodity derivatives	954	906	1,534	1,525	907	840
Other derivatives	30	211	25	303	49	199
Total	**81,034**	**80,236**	**96,099**	**95,226**	**120,250**	**117,747**
Derivatives used for hedging						
Interest rate derivatives	703	490	461	422	658	296
Equity derivatives	0	0	0	1	0	1
Foreign exchange derivatives	218	481	265	238	691	195
Total	**921**	**971**	**726**	**661**	**1,349**	**492**
Total fair value						
Interest rate derivatives	67,028	65,896	80,144	78,232	99,893	97,673
Equity derivatives	718	724	779	805	956	1,014
Foreign exchange derivatives	12,304	12,535	13,435	14,093	18,536	17,240
Credit derivatives	921	935	908	929	1,258	1,273
Commodity derivatives	954	906	1,534	1,525	907	840
Other derivatives	30	211	25	303	49	199
Total	**81,955**	**81,207**	**96,825**	**95,887**	**121,599**	**118,239**

Nominal amount	30 Jun	31 Dec	30 Jun
EURm	2011	2010	2010
Derivatives held for trading			
Interest rate derivatives	5,440,886	4,761,179	4,262,684
Equity derivatives	15,677	22,003	19,015
Foreign exchange derivatives	875,383	860,298	901,045
Credit derivatives	54,699	51,224	66,660
Commodity derivatives	19,658	15,823	15,966
Other derivatives	2,183	2,904	130
Total	**6,408,486**	**5,713,431**	**5,265,500**
Derivatives used for hedging			
Interest rate derivatives	34,184	29,643	28,539
Equity derivatives	0	9	33
Foreign exchange derivatives	9,376	4,526	6,029
Total	**43,560**	**34,178**	**34,601**
Total nominal amount			
Interest rate derivatives	5,475,070	4,790,822	4,291,223
Equity derivatives	15,677	22,012	19,048
Foreign exchange derivatives	884,759	864,824	907,074
Credit derivatives	54,699	51,224	66,660
Commodity derivatives	19,658	15,823	15,966
Other derivatives	2,183	2,904	130
Total	**6,452,046**	**5,747,609**	**5,300,101**

Note 11 Capital adequacy

Capital Base

EURm	30 Jun 2011	31 Dec 2010	30 Jun 2010
Core Tier 1 capital	19,846	19,103	18,564
Tier 1 capital	21,745	21,049	20,491
Total capital base	24,899	24,734	24,336

Capital requirement

EURm	30 Jun 2011 Capital requirement	30 Jun 2011 RWA	31 Dec 2010 Capital requirement	31 Dec 2010 RWA	30 Jun 2010 Capital requirement	30 Jun 2010 RWA
Credit risk	**12,707**	**158,836**	**13,173**	**164,662**	**13,134**	**164,176**
IRB	9,862	123,272	10,028	125,346	10,263	128,287
- of which corporate	6,939	86,743	7,204	90,047	7,532	94,144
- of which institutions	762	9,525	722	9,021	725	9,069
- of which retail	2,055	25,685	1,964	24,556	1,902	23,770
- of which other	106	1,319	138	1,722	104	1,304
Standardised	2,845	35,564	3,145	39,316	2,871	35,889
- of which sovereign	28	343	35	434	65	815
- of which retail	781	9,768	781	9,760	758	9,470
- of which other	2,036	25,453	2,329	29,122	2,048	25,604
Market risk	**446**	**5,572**	**461**	**5,765**	**486**	**6,069**
- of which trading book, VaR	162	2,024	105	1,317	176	2,197
- of which trading book, non-VaR	207	2,584	278	3,469	232	2,895
- of which FX, non-VaR	77	964	78	979	78	977
Operational risk	**1,236**	**15,452**	**1,176**	**14,704**	**1,176**	**14,704**
Standardised	1,236	15,452	1,176	14,704	1,176	14,704
Sub total	**14,389**	**179,860**	**14,810**	**185,131**	**14,796**	**184,949**
Adjustment for transition rules						
Additional capital requirement according to transition rules	2,640	33,004	2,370	29,629	1,676	20,954
Total	**17,029**	**212,864**	**17,180**	**214,760**	**16,472**	**205,903**

Capital ratio

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Core Tier I ratio, %, incl profit	9.3	8.9	9.0
Tier I ratio, %, incl profit	10.2	9.8	10.0
Capital ratio, %, incl profit	11.7	11.5	11.8

Analysis of capital requirements

Exposure class, 30 Jun 2011	Average risk weight (%)	Capital requirement (EURm)
Corporate	55%	6,939
Institutions	19%	762
Retail IRB	17%	2,055
Sovereign	1%	28
Other	78%	2,923
Total credit risk		**12,707**

Note 12 Risks and uncertainties

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

Nordea's main risk exposure is credit risk. The Group also assumes risks such as market risk, liquidity risk, operational risk and life insurance risk. For further information on risk composition, see the Annual Report.

The financial crisis and the deteriorated macroeconomic situation have not had material impact on Nordea's financial position. However, the macroeconomic development remains uncertain.

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

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

Note 13 Related party transactions

During April 2011, Nordea Bank Norge ASA, together with the other banks in the loan syndicate, took over 100% of the shares in the tele installation company Relacom (Relacom Management AB). Nordea Bank Norge ASA now owns 47.91% of the shares and the company is an associated company accounted for under the equity method. Subsequent to the takeover and in connection with a financial reconstruction of the company, loans have been converted to shares on a pro rata basis not changing Nordea's share of the ownership. The company is, as from April 2011, a related party to Nordea.

Business definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

Economic capital
Economic Capital is Nordea's internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas. The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

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

For a list of further business definitions, see the Annual Report.

Nordea Bank AB (publ)

Accounting policies

The financial statements for the parent company, Nordea Bank AB (publ) are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments to IFRS that shall be made.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2010 Annual Report, except for the categorisation of lending related commissions within "Net fee and commission income", which was changed in the first quarter 2011. More information on the categorisation of lending related commissions can be found in Note 1 for the Group.

Income statement

EURm	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Operating income					
Interest income	*633*	*352*	*1,191*	*718*	*1,641*
Interest expense	*-473*	*-228*	*-889*	*-440*	*-1,057*
Net interest income	160	124	302	278	584
Fee and commission income	*197*	*212*	*379*	*363*	*735*
Fee and commission expense	*-50*	*-44*	*-97*	*-77*	*-164*
Net fee and commission income	147	168	282	286	571
Net result from items at fair value	62	-33	198	38	157
Dividends	2	0	124	300	2,203
Other operating income	26	28	58	54	123
Total operating income	**397**	**287**	**964**	**956**	**3,638**
Operating expenses					
General administrative expenses:					
Staff costs	-202	-179	-401	-373	-745
Other expenses	-148	-119	-292	-242	-526
Depreciation, amortisation and impairment charges of tangible and intangible assets	-28	-27	-55	-54	-112
Total operating expenses	**-378**	**-325**	**-748**	**-669**	**-1,383**
Profit before loan losses	**19**	**-38**	**216**	**287**	**2,255**
Net loan losses	14	1	13	-12	-33
Impairment of securities held as financial non-current assets	-8	-102	-8	-102	-105
Operating profit	**25**	**-139**	**221**	**173**	**2,117**
Appropriations	-	-	-	-	0
Income tax expense	-10	6	-18	-4	-115
Net profit for the period	**15**	**-133**	**203**	**169**	**2,002**

Nordea Bank AB (publ)
Balance sheet

EURm	30 Jun 2011	31 Dec 2010	30 Jun 2010
Assets			
Cash and balances with central banks	193	182	187
Treasury bills	2,812	4,858	1,759
Loans to credit institutions	51,795	48,151	46,328
Loans to the public	34,248	33,800	32,237
Interest-bearing securities	14,531	15,848	14,299
Financial instruments pledged as collateral	4,247	6,160	7,186
Shares	1,000	320	564
Derivatives	2,503	2,611	3,027
Fair value changes of the hedged items in portfolio hedge of interest rate risk	871	795	733
Investments in group undertakings	16,601	16,607	16,503
Investments in associated undertakings	4	4	2
Intangible assets	662	671	672
Property and equipment	78	77	78
Deferred tax assets	8	8	20
Current tax assets	30	1	1
Other assets	1,394	2,620	703
Prepaid expenses and accrued income	1,216	1,009	889
Total assets	**132,193**	**133,722**	**125,188**
Liabilities			
Deposits by credit institutions	24,041	28,644	31,784
Deposits and borrowings from the public	40,907	39,620	34,999
Debt securities in issue	38,939	33,424	29,772
Derivatives	2,051	2,174	2,011
Fair value changes of the hedged items in portfolio hedge of interest rate risk	889	749	900
Current tax liabilities	0	110	28
Other liabilities	2,202	4,458	2,617
Accrued expenses and prepaid income	950	721	657
Deferred tax liabilities	0	0	0
Provisions	50	35	37
Retirement benefit obligations	148	149	144
Subordinated liabilities	6,456	7,135	7,519
Total liabilities	**116,633**	**117,219**	**110,468**
Untaxed reserves	**6**	**6**	**5**
Equity			
Share capital	4,047	4,043	4,043
Share premium reserve	1,080	1,065	1,065
Other reserves	-1	1	-
Retained earnings	10,428	11,388	9,607
Total equity	**15,554**	**16,497**	**14,715**
Total liabilities and equity	**132,193**	**133,722**	**125,188**
Assets pledged as security for own liabilities	5,070	6,843	7,704
Other assets pledged	7,176	7,259	8,070
Contingent liabilities	22,261	23,903	21,928
Credit commitments[1]	26,241	29,485	24,890
Other commitments	1,416	1,453	1,101

[1] Including unutilised portion of approved overdraft facilities of EUR 12,024m (31 Dec 2010: 13,972m, 30 Jun 2010: 11,066m)

For further information:

- A press and analyst conference with management will be arranged on 19 July at 09.30 CET, at Smålandsgatan 17, Stockholm.
- An international telephone conference for analysts with management will be arranged on 19 July at 14.00 CET. (Please dial +44 20 7136 6283, confirmation code 1450033#, latest ten minutes in advance.) The telephone conference can be monitored live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will also be available through 26 July, by dialling +44 20 7111 1244, access code 1450033#.
- An analyst and investor presentation will be arranged in London on 21 July at 12.30 GMT at Farmers' & Fletchers' Hall, 3 Cloth Street, London EC1A 7LD. To attend, please contact Ann Crowley by e-mail: ann.crowley@abgsc.com, phone number +44 20 7905 5662.
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.

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Financial calendar

19 October 2011 – third quarter report 2011

The Board of Directors and the President and Group CEO certify that the half-year interim report provides a fair overview of the Parent Company's and the Group's operations, their financial position and result, and describes material risks and uncertainties that the Parent Company and other companies in the Group are facing.

Stockholm 19 July 2011

Björn Wahlroos
Chairman

Marie Ehrling
Vice Chairman

Kari Ahola
Board member[1]

Stine Bosse
Board member

Svein Jacobsen
Board member

Tom Knutzen
Board member

Ole Lund Jensen
Board member[1]

Lars G Nordström
Board member

Lars Oddestad
Board member[1]

Sarah Russell
Board member

Björn Savén
Board member

Kari Stadigh
Board member

Christian Clausen
President and Group CEO

[1] Employee representative

This report is published in four additional language versions; Danish, Finnish, Norwegian and Swedish. In the event of any inconsistencies between those language versions and this English version, the English version shall prevail.

The information provided in this press release is such, which Nordea is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980) and/or the Swedish Securities Markets Act (2007:528).

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

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Report on Review of Interim Financial Information

Introduction
We have reviewed the half-year interim report of Nordea Bank AB (publ) as of June 30, 2011 and for the six-month period then ended. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this half-year interim report based on our review.

Scope of Review
We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the half-year interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies for the group and in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies for the parent company.

Stockholm 19 July 2011
KPMG AB

Carl Lindgren
Authorised public accountant