Annual Report 2011
Nordea Bank Danmark

Business registration number 13522197

Nordea Bank Danmark A/S is part of the Nordea Group. Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approx. 1,400 branch offices and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Contents

The following is a translation of the Danish original document. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

Key financial figures

Business volumes, key items (DKKm)	Group				Parent company			
	2011	2010	Change %	2009	2011	2010	Change %	2009
Total operating income	16,090	18,291	-12	17,772	14,837	15,693	-5	16,044
Total operating expenses	-10,480	-10,335	1	-10,458	-10,152	-9,856	3	-10,131
Profit before loan losses	5,610	7,956	-29	7,314	4,685	5,837	-20	5,913
Net loan losses	-2,761	-3,399	-19	-5,113	-2,380	-3,172	-25	-4,815
Operating profit	2,849	4,557	-37	2,201	2,305	2,665	-14	1,098
Net profit for the year	2,188	3,480	-37	1,450	1,685	2,099	-20	600
Loans to the public, DKKbn	607	679	-11	670	267	361	-26	369
Deposits and borrowings from the public, DKKbn	313	347	-10	324	315	348	-9	315
of which savings deposits	201	196	3	173	201	196	3	173
Equity, DKKbn	32	33	-3	30	22	24	-8	22
Total assets, DKKbn	902	997	-10	1,033	766	892	-14	924

Ratios and key figures (%)	Group 2011	Group 2010	Group Change %	Group 2009	Parent 2011	Parent 2010	Parent Change %	Parent 2009
Return on equity	6.8	11.0		4.8	7.4	9.1		2.6
Cost/income ratio	65	57		59	68	63		63
Tier 1 capital ratio[1]	10.1	8.9		8.9	10.3	8.8		9.7
Total capital ratio[1, 2]	17.0	15.4		12.0	17.7	15.6		13.2
Tier 1 capital[1], DKKm	29,312	27,621		28,885	28,552	26,711		28,411
Risk-weighted assets[1], DKKbn	289	310		312	277	305		292
Loan loss ratio, basis points	40.6	50.8		77.7	65.9	86.0		128.1
Number of employees[1] (full-time equivalents)	7,885	7,968		7,964	7,565	7,647		7,280

[1] End of the year.

[2] Total capital ratio for 2010 includes a subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011. Excluding this subordinated loan the ratio amounted to 11.9% in the Group and 12.0% in the parent company.

Nordea Bank Danmark Directors' report

Throughout this report the terms "Nordea Bank Danmark" and "NBD" refer to Nordea Bank Danmark A/S and its subsidiaries. Nordea Bank Danmark A/S is a wholly-owned subsidiary of Nordea Bank AB (publ), the parent company of the Nordea Group. The Nordea Bank AB Group is referred to as "Nordea".

Nordea Bank Danmark A/S is domiciled in Copenhagen and its business registration number is 13522197.

Group organisation

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

Subsidiaries and foreign branches

The most significant subsidiaries are Nordea Kredit Realkreditaktieselskab, through which the bank carries on mortgage lending activities, and Nordea Finans Danmark A/S, through which the bank carries on financing, leasing and factoring activities. The subsidiary Fionia Asset Company holds a portfolio of bonds and a few properties. The banking activities in Fionia were transferred to Nordea Bank Danmark in 2010.

NBD has no foreign branches.

Comments on the income statement (NBD Group)

NBD's operating profit amounted to DKK 2.8bn (DKK 4.6bn) (the comparative figures in brackets refer to 2010), down by 37% compared to 2010. Net profit for the year decreased by 37% to DKK 2.2bn (DKK 3.5bn). Return on equity was 6.8% (11.0%).

Total operating income amounted to DKK 16.1bn (DKK 18.3bn), down by 12% compared to 2010 mainly related to Net result from items at fair value. Net interest income decreased by 4% and Net fee and commission income increased by 5%.Total operating expenses increased by 1% to DKK 10.5bn (DKK 10.3bn). Profit before loan losses decreased by 29% to DKK 5.6bn (DKK 8.0bn). Net loan losses decreased by DKK 0.6bn to DKK 2.8bn (DKK 3.4bn).

Despite the challenging economic environment and turbulence in the financial markets the results for 2011 showed a robust development in customer business volumes.

Operating income

Total operating income decreased by 12% to DKK 16.1bn (DKK 18.3bn) mainly related to lower net result from items at fair value.

Net interest income decreased by 4% to DKK 11.1bn (DKK 11.6bn). Net interest income from customer-driven business increased by 4%, while lower net interest income from Treasury activities resulted in lower total net interest income compared to last year. Lending and deposit volumes in Retail Banking continued to grow. The level of margins on deposits from and lending to household customers increased, but was partly offset by somewhat lower lending margins on corporate customers. Lending to the public excluding reverse repos increased by 4% and deposits from the public excluding repos increased by 2%. The decrease in net interest income from Treasury was mainly related to lower interest income on the bond portfolio.

Net fee and commission income increased by 5% to DKK 4.2bn (DKK 4.0bn). Savings-related commissions increased by 6% to DKK 2.7bn (DKK 2.5bn) mainly due to higher brokerage and asset management commissions. The increase in brokerage was mainly related to internal invoicing to Nordea Bank Finland affected by higher fees from the service agreement on fixed income. Lending-related commissions increased by 12% to DKK 0.9bn (DKK 0.8bn) due to higher business activity. Other commission income decreased by 32% to DKK 0.3bn (DKK 0.4bn) due to decreased securitisation fees. Total commission expenses decreased by 16% to DKK 0.4bn (DKK 0.5bn).

Net result from items at fair value decreased by DKK 1.6bn to DKK 0.0bn (DKK 1.6bn) from a high level in 2010. The performance on fixed income in Treasury was satisfactory despite volatility in the fixed-income market, but the weak equity markets and lower results on unlisted private equity funds, including Axcel III, had a negative impact on the result from items at fair value. The net result from customer-driven activities in Markets was down as expected due to the transfer of fixed-income activities to Nordea Bank Finland.

Profit from companies accounted for under the equity method decreased to DKK 0.1bn (DKK 0.2bn). The decrease is primarily attributable to the lower result in LR Realkredit.

Other operating income decreased by DKK 0.2bn to DKK 0.6bn (DKK 0.8bn).

Operating expenses

Total operating expenses increased by 1% to DKK 10.5bn (DKK 10.3bn). Total operating expenses, excluding costs to the Danish bank packages, increased by 8%.

Nordea implemented a New Normal plan in the autumn of 2011 in order to increase cost efficiency and profitability. According to the New Normal plan, the number of employees will be reduced by 550-600 and the branch network will be adjusted to the change in customer behaviour. Restructuring costs of DKK 317m (DKK 260m in staff costs and DKK 57m in other expenses) are included in 2011.

Staff costs increased by DKK 7% to DKK 6.4bn (DKK 6.0bn). Excluding the New Normal restructuring costs in 2011, the increase in staff costs was 3% mainly relating to wage inflation and increased payroll tax. The payroll tax rate increased from 9.13% in 2010 to 10.5% in 2011. Variable salaries decreased compared to 2010 to some extent due to the conversion of variable salaries to fixed salaries.

The number of full-time employees (FTEs) at the end of the year decreased by 3% to 7,735 (7,968), excluding insourcing of IT operations of 150 FTEs. The average number of full-time equivalent positions was 8,036 (7,949).

Other expenses amounted to DKK 3.4bn (DKK 3.1bn), up by 9% compared to last year due to the New Normal plan and lower VAT refunds.

Other operating expenses decreased by DKK 0.6bn to DKK 0.4bn (DKK 1.0bn). Other operating expenses in 2010 consisted of the guarantee commission for the Danish state guarantee scheme under Bank Package I. In 2011 other operating expenses consisted of losses to the Danish Deposit Guarantee Fund in connection with the bankruptcy of Amagerbanken, Fjordbank Mors and Max Bank (Bank Packages III and IV). NBD's share of the Danish Deposit Guarantee Fund was approximately 20% at the end of December 2011.

The cost/income ratio was up to 65% compared to 57% last year.

Loan losses

Net loan losses decreased by 19% to DKK 2.8bn (DKK 3.4bn). Loan losses excluding losses in 2010 related to the Danish state guarantee scheme (Bank Package I) at DKK 0.7bn increased by 4%. The loan loss provisions continued to be at a high level due to the less favourable economic conditions in the Danish market. Losses on individually assessed loans increased by DKK 0.8bn, while losses on collectively assessed loans decreased by DKK 0.7bn.

The loan loss ratio excluding Bank Package I amounted to 41 bp (40 bp). Individual net loan losses excluding Bank Package I amounted to 51 bp, compared to 39 bp last year, and net collective provisions were positive with 10 bp, compared to 1 bp last year.

As a consequence of economic and to a certain extent also political uncertainty the activity level in the real estate market continues to be low. Consumer spending is under pressure due to the high level of uncertainty that also includes a perceived decrease in job security. Due to these circumstances losses increased in the household segment in connection with significant events like unemployment, divorce, sickness etc.

An increasing polarisation is observed in the Danish corporate market where the gap between successful and less successful companies is growing. Still the SME segment and the agricultural industry in general are facing the biggest challenges. Overall the credit quality is still good and postitive rating migration is continuing in the corporate portfolio.

Taxes

Income tax expense was DKK 0.7bn (DKK 1.1bn). The effective tax rate was 23% (24%) primarily affected by non-taxable income on companies accounted for under the equity method and on shares.

Net profit

Net profit for the year decreased to DKK 2.2bn compared to DKK 3.5bn last year primarily due to the lower net result from items at fair value. The return on equity was 6.8% (11.0%).

Comments on the balance sheet (NBD Group)

The total balance sheet decreased by DKK 95bn to DKK 902bn (DKK 997bn), or 10%, during 2011. The decrease was mainly related to repurchase agreements and reverse repurchase agreements due to the centralisation of Markets fixed-income activities in Nordea Bank Finland. The centralisation will continue in 2012.

All balance sheet items in foreign currencies are translated into DKK at the actual year-end currency exchange rates. See Note 1 for more information regarding accounting policies.

Assets

Loans to credit institutions increased by DKK 6bn to DKK 84bn (DKK 78bn). An increase in certificates of deposit in the Danish central bank more than off-set the decrease in reverse repurchase agreements mentioned above.

Loans to the public decreased by 11% to DKK 607bn (DKK 679bn). Loans to the public excluding reverse repurchase agreements increased by 4% to DKK 600bn (DKK 578bn). Lending to household customers increased by DKK 26bn and lending to the public sector increased by DKK 3bn. Lending to corporate customers decreased by DKK 101bn affected by the above-mentioned centralisation of repurchase agreements in Nordea Bank Finland.

Interest-bearing securities increased by 1% to DKK 101bn (DKK 100bn). Financial instruments pledged as collateral decreased by DKK 8bn to DKK 13bn (DKK 21bn) related to the decrease in repurchase agreements. NBD's own portfolio of interest-bearing securities consists of high-grade securities and did not include PIIGS (Portugal, Italy, Ireland, Greece and Spain) sovereign issuers.

Shares decreased by DKK 3bn to DKK 14bn (DKK 17bn).

Investments in associated undertakings increased to DKK 1.0bn (DKK 0.5bn) mainly related to the purchase of Nordea Bank Norway ASA's 5% stake in Nets Holding A/S at fair value in 2011.

Other assets decreased by DKK 21bn to DKK 63bn (DKK 84bn) relating to decreased receivables on sold bonds.

Liabilities

Deposits by credit institutions decreased by DKK 95bn to DKK 145bn (DKK 240bn) mainly due to the above-mentioned transfer of Markets' repurchase agreements to Nordea Bank Finland.

Deposits and borrowings from the public decreased by 10% to DKK 313bn (DKK 347bn), but excluding repurchase agreements deposits increased by DKK 2% to DKK 312bn (DKK 305bn), reflecting higher business volumes.

Debt securities in issue increased by DKK 15bn to DKK 287bn (DKK 272bn), reflecting higher business volumes in the subsidiary Nordea Kredit Realkreditaktieselskab.

Other liabilities increased by DKK 10bn to DKK 88bn (DKK 78bn) mainly due to increased payables on purchased bonds.

Provisions

Provisions decreased by DKK 1.4bn to DKK 0.7bn (DKK 2.1bn). In 2011 provisions were mainly related to the New Normal restructuring provision and provisions regarding off-balance sheet items. In 2010 provisions mainly related to the provision regarding the Danish state guarantee scheme (Bank Package I).

Equity

Shareholders' equity including minority interests amounted to DKK 32bn at the end of 2011. Net profit for the year was DKK 2.2bn.

Annual general meeting

Shareholders´ equity for the parent company amounted to DKK 22bn at the end of 2011. The net profit of the parent company for the year amounted to DKK 1.7bn.

It is proposed that the net profit of DKK 1.7bn will be transferred to retained earnings and that no dividend is paid for 2011.

Off-balance sheet commitments (Group)

The bank's business operations include a large proportion of off-balance sheet items. These include commercial products such as guarantees, documentary credits and credit commitments.

Credit commitments and unutilised credit lines amounted to DKK 180bn (DKK 177bn), whereas guarantees and granted but not utilised documentary credits as well as other off-balance sheet commitments totalled DKK 28bn (DKK 31bn).

NBD participates in the compulsory Danish Deposit Guarantee Fund, which guarantees losses in connection with bankruptcy and liquidation of banks. NBD's share of the Danish Deposit Guarantee Fund's losses was approximately 20% at the end of December 2011.

FSA Diamond

NBD A/S has all year complied with the requirements of the Supervisory Diamond.

	31 Dec 2011	31 Dec 2010
Large exposure (max 125%)	26%	69%
Increase in lending (max 20%)	-26%	-2%
Real estate exposure (max 25%)	7%	6%
Stable funding ratio (max 1)	0.77	0.82
Liquidity excess coverage (min 50%)	122%	108%

Nordea Bank Danmark continues to have a strong funding position with surplus of deposits. At 31 December 2011 the stable funding ratio excluding group internal subordinated loans and equity was 0.91 (0.94).

The liquidity buffer primarily consisted of high-grade liquid securities.

Capital adequacy

At year-end the NBD Group´s risk-weighted assets (RWA) were DKK 289bn (DKK 310bn). The decrease was primarily due to lower RWA from credit risk on corporates covered by the Internal Rating Based approach.

At year-end, the NBD Group's total capital ratio was 17.0% (15.4%) and the tier 1 capital ratio was 10.1% (8.9%). The corresponding figures for the parent company were 17.7% (15.6%) and 10.3% (8.8%) in 2011.

In order to strengthen the capital base a subordinated loan of EUR 1.45bn (approximately DKK 10.8bn) was issued in February 2011. The subordinated loan is included in the above mentioned total capital ratios for 2010. The impact on total capital ratios was approximately 3.5%.

The Board of Directors confirms the assumption that the bank is a going concern, and the annual financial statements have been prepared based on this assumption.

Ratings

NBD's ratings are unchanged except for Moody's long-term rating that changed one notch from Aa2 to Aa3 following Moody's changed view on the Danish banking sector.

Rating, January 2012	Short	Long
Moody's	P-1	Aa3
S&P	A-1+	AA-
Fitch	F1+	AA-
DBRS	R-1 (high)	AA

Changes in the Executive Management

A new Nordea organisation was implemented on 1 June 2011. The new organisation builds on the value-chain thinking that has been central in the Nordea operating model since 2007. The reorganisation was 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 incorporated into these business areas with the clear objective to improve efficiency, increase ROE and deepen the customer relationship.

In connection with the new organisation Peter Schütze decided to retire and Michael Rasmussen was appointed Chairman of the Executive Management. Anders Jensen and Peter Nyegaard joined the Executive Management at 1 September 2011.

Risk, liquidity and capital management

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

Management principles and control within Nordea

Board of Directors and Board Credit Committee

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

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

The Nordea Board Credit Committee assists the Nordea Board of Directors in fulfilling its oversight responsibilities concerning management and control of the risks, risk frameworks, controls and processes associated with Nordea's operations.

CEO and GEM

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

The CEO in Group Executive Management (GEM) decides on the targets for Nordea's risk management regarding Structural Interest Income Risk (SIIR).

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

- The Asset and Liability Committee (ALCO), chaired by the Chief Financial Officer (CFO), prepares issues of major importance concerning Nordea's financial operations, financial risks as well as capital management for decision by the CEO in GEM.
- The Risk Committee, chaired by the Chief Risk Officer (CRO), oversees the management and control of Nordea's risks on an aggregate level and evaluates the sufficiency of the risk frameworks, controls and processes associated with these risks. Further, the Risk Committee decides, within the scope of resolutions adopted by the Board of Directors of Nordea the allocation of the market risk limits as well as liquidity risk limits to the risk-taking units Group Treasury and Markets. The limits are set in accordance with the business strategies and are reviewed at least annually. The heads of the units allocate the respective limits within the unit and may introduce more detailed limits and other risk mitigating techniques such as top-loss rules. The Risk Committee has established two sub-committees for its work and decision-making within specific risk areas.
- The two committees are the Group Valuation Committee (GVC) and the Credit Risk Model Validation Committee (CRMVC). GVC's prime responsibility is the valuation of traded financial instruments and GRMVC to review and approve the validation of credit risk models and parameter estimation (PD, LGD and EAD).
- The Group Executive Management Credit Committee (GEM CC) and the Executive Credit Committee (ECC) are chaired by the CRO and the Group Credit Committee Retail Banking (GCCR) and the Group Credit Committee Wholesale Banking (GCCW) by the Chief Credit Officer (CCO). These credit committees decide on major credit risk limits and industry policies for Nordea. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

CRO and CFO

Within the Group, two units, Group Risk

Management and Group Corporate Centre, are responsible for risk, capital, liquidity and balance sheet management. Group Risk Management, headed by the CRO, is responsible for the risk management framework and processes as well as the capital adequacy framework. Group Corporate Centre, headed by the CFO, is responsible for the capital policy, the composition of the capital base and for management of liquidity risk and structured interest income risk.

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

Management principles and control within Nordea Bank Danmark

As in all other subsidiaries within Nordea the Board of Directors of Nordea Bank Danmark is responsible for monitoring the bank´s risk exposure as well as for approving the setting of targets for capital ratios and the individual solvency need. This is in line with the above mentioned Nordea Group instructions.

In accordance with the Executive Order on Management and Control of Banks etc. NBD has appointed a Chief Risk Officer (CRO). The CRO reports to the Executive Management of NBD and is responsible for the overall Risk Management coordination in NBD.

The NBD Risk Management Charter defines the role, responsibilities, tasks and mandate of the CRO and forms part of Nordea's risk management framework.

All risk management functions report to Nordea's pan-Nordic risk management organisation. The risk management functions of NBD are represented by independent units which are responsible for risk management in the individual areas.

To ensure prudent risk management at NBD the role of the CRO is to provide an overview of NBD's risks. The interaction between the individual risk management units and the CRO includes credit risk, market risk, liquidity risk and operational risk. The credit risk function comprises Group Credit, Group Credit Control and Group Capital Risk Management. Moreover, the CRO meets with Group IT and Group Finance on a quarterly basis.

The interaction is to ensure clear communication channels to the CRO so that critical events are reported efficiently and rapidly to the Executive Management. Moreover, the CRO is to ensure that the individual risk management functions prepare reports that sum up the risk picture of NBD. On the back of the reports, the CRO prepares an overall assessment of the risk picture of NBD and points out any other risks. The assessment is submitted to the Executive Management and the Board of Directors quarterly.

The CRO is furthermore responsible for preparing quarterly proposals to the Executive Management and the Board of Directors concerning individual solvency needs (ISN) and for ensuring that documentation to this effect is incorporated into the ICAAP report.

Monitoring and reporting

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

Risk reporting is regularly made to the Risk Committee, GEM and to the Board of Directors for both Nordea and NBD. Reporting of the internal required capital includes all types of risks and is made regularly to ALCO. Group Internal Audit makes an independent evaluation of the processes regarding risk and capital management in accordance with the annual audit plan.

The Pillar 3 disclosure – Capital and risk management report

Further, more detailed information on risk and capital is presented in the disclosure in accordance with the Pillar 3 requirements according to the CRD in the Basel II framework at www.nordea.com.

Risk management

Credit risk management

Group Risk Management is responsible for the credit risk management framework, consisting of policies, instructions and guidelines for Nordea. Group Credit Control is responsible for controlling and monitoring the quality of the credit portfolio and the credit process.

Each customer area and product area are

primarily responsible for managing the credit risks in its operations within the applicable framework and limits, including identification, control and reporting. Within the powers to act granted by the Board of Directors of Nordea, credit risk limits are approved by decision-making authorities on different levels in the organisation. The rating of the customer and the amount decide at which level the decision will be made. The credit decision-making structure has been adjusted with effect from the third quarter of 2011 for the benefit of each business area, following organisational changes in the Group in the second quarter of 2011. The Group Executive Management Credit Committee (GEM CC) decides on proposals related to major principle issues. Responsibility for a credit exposure lies with the customer responsible unit. Customers are assigned a rating or score in accordance with the Nordea framework for quantification of credit risk.

Credit risk definition and identification

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

Credit risk appetite

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

Individual and collective assessment of impairment

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

A provision is recognised if there is objective evidence based on loss events or observable data that the customer's future cash flow has weakened to the extent that full repayment is unlikely, collateral included. Exposures with provision are considered as impaired. The size of the provision is equal to the estimated loss being the difference between the carrying amount of the outstanding exposure and the discounted value of the future cash flow, including the value of pledged collateral. Exposures that have been

Nordea Bank Danmark Group

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

DKKm	31 Dec 2011	31 Dec 2010
To credit institutions	84,150	77,898
To the public	607,082	679,315
- of which corporate	299,753	400,270
- of which household	297,866	272,400
- of which public sector	9,463	6,645
Total loans	**691,232**	**757,213**
Off-balance credit exposure[1]	208,402	207,891
Counterparty risk exposure[2]	546	4,993
Interest-bearing securities[3]	108,652	117,670
Total credit risk exposure in the banking operations	**1,008,832**	**1,087,767**

1 Of which for corporate customers approximately 93%.
2 After close-out netting and collateral agreements, including current market value exposure as well as potential future exposure.
3 Includes interest-bearing securities pledged as collateral in repurchase agreements.

past due more than 90 days are automatically regarded as non-performing, and reported as non-performing and impaired or not impaired depending on the deemed loss potential.

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

Further information on credit risk is presented in Note 47.

Credit portfolio

Credit risk exposure is measured and presented as the principal amount of on-balance sheet claims, ie loans to credit institutions and the public, and off-balance sheet potential claims on customers and counterparts, net after allowances. Exposure also includes the risk related to derivatives contracts and securities financing. NBD's total credit risk exposure has decreased by 7% to DKK 1,009bn during 2011 (DKK 1,088bn). The largest credit risk exposure is loans to the public, which in 2011 decreased by 11% to DKK 607bn (DKK 679bn).

Loans to corporate customers at the end of 2011 amounted to DKK 300bn (DKK 400bn), a decrease of 25%, while lending to household customers increased by 9% to DKK 298bn (DKK 272bn). The portion of total lending to the public going to corporate customers was 49% (59%) and to household customers 49% (40%). Loans to credit institutions, mainly in the form of inter-bank deposits, amounted to DKK 84bn at the end of 2011 (DKK 78bn).

Loans to corporate customers

The main decreases in the lending portfolio were in the sectors "Financial institutions", "Other, public and organisations", "Industrial commercial services etc." as well as in "Consumer staples (food, agriculture etc.)". Consumer staples (food, agriculture etc.) is the largest sector in NBD's lending portfolio, at DKK 56bn (DKK 63bn).

Most corporates have a strong financial position with relatively good outlook.

The distribution of loans to corporates by size of loan shows a high degree of diversification where approx 66% (52%) of the corporate volume is for loans on a scale of up to EUR 50m per customer. See Note 47.

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

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

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

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

Nordea Bank Danmark Group
Loans to the public by industry

DKKm	31 Dec 2011	31 Dec 2010
Energy (oil, gas etc)	8	24
Metals and mining materials	266	122
Paper and forest materials	2,672	1,980
Other materials (chemical, building mat etc)	4,692	6,536
Industrial capital goods	2,945	4,550
Industrial commercial services etc	37,600	52,467
Construction and engineering	9,076	9,638
Shipping and offshore	8,746	10,292
Transportation	6,153	5,904
Consumer durables (cars, appliances etc)	4,306	4,042
Media and leisure	6,872	7,388
Retail trade	34,487	33,371
Consumer staples (food, agriculture etc)	56,463	62,541
Health care and pharmaceuticals	4,858	6,455
Financial institutions	36,821	98,873
Real estate management and investment	54,164	48,530
IT software, hardware and services	4,844	6,810
Telecommunication equipment	54	77
Telecommunication operators	981	1,988
Utilities (distribution and production)	11,843	7,783
Other, public and organisations	11,902	30,899
Corporate	**299,753**	**400,270**
Household mortgages	205,170	184,607
Household consumer	92,696	87,793
Public sector	9,463	6,645
Total	**607,082**	**679,315**

Loans to household customers

In 2011, mortgage loans and consumer loans increased to DKK 205bn (DKK 185bn) and DKK 93bn (DKK 88bn) respectively. The proportion of mortgage loans of total household loans was 69% (68%). Collateral coverage is high for mortgage loans to household customers, whereas consumer loans to this segment have a lower degree of collateral.

Geographical distribution

Lending to the public distributed by borrower domicile shows that the Nordic market accounts for 97% (93%) of which Denmark accounts for 95% (91%). Other EU countries represent the main part of lending outside the Nordic countries.

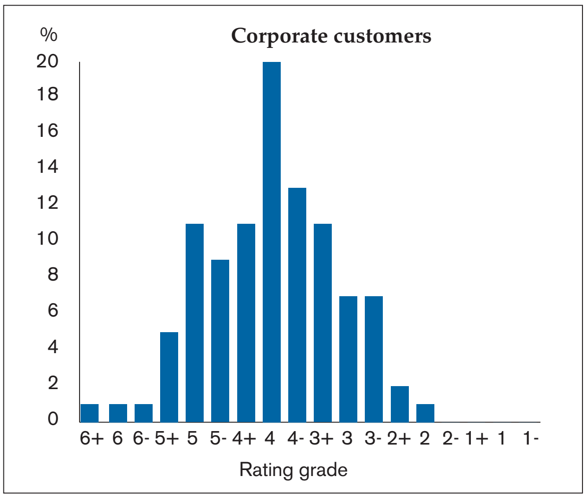
Rating and scoring distribution

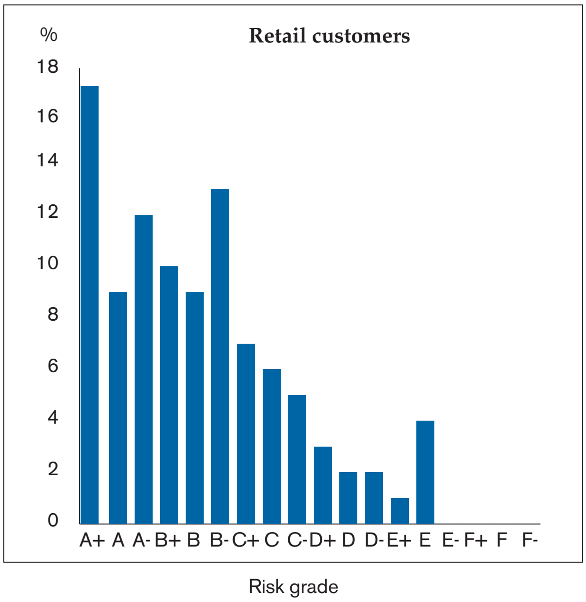
One way in which credit quality can be assessed is through analysis of the distribution across rating grades, for rated corporate customers and institutions, as well as risk grades for scored household and small business customers, ie retail exposures.

Improving credit quality was seen in 2011, mainly in the corporate credit portfolio. 71% (67%) of the corporate exposure was rated 4– or higher.

The proportion of institutional exposure rated 5- or higher was 97% (98%). Impaired loans are not included in the rating/scoring distributions.

Nordea Bank Danmark Group
Exposure 31 Dec 2011, distributed by rating/risk grades





Impaired loans

Impaired loans gross increased during the year to DKK 18,387m from DKK 13,236m, corresponding to 263 bp of total loans. 69% (71%) of impaired loans gross were performing loans and 31% (29%) are non-performing loans. Impaired loans net after allowances for individually assessed impaired loans amounted to DKK 11,548m (DKK 7,989m), corresponding to 165 bp of total loans. Allowances for individually assessed loans increased to DKK 6,839m from DKK 5,247m. Allowances for collectively assessed loans decreased to DKK 1,316m from DKK 1,975m. The provisioning ratio was 44% (55%). The sectors with the largest increases in impaired loans were "Household consumer", "Financial institutions" and "Shipping and offshore" as well as "Consumer staples (food, agriculture etc.)".

Past due loans to corporate customers that are not considered impaired decreased to DKK 6,631m (DKK 10,125m). The volume of past due loans to household customers decreased to DKK 2,776m (DKK 2,846m) in 2011, see Note 47.

Net loan losses

Net loan losses excluding Bank Package I were DKK 2,749m in 2011 (DKK 2,647m). This corresponds to a loan loss ratio of 41 bp. DKK 1,392m (DKK 1,489m) relates to corporate customers and DKK 1,357m (DKK 1,158m) relates to household customers. The main losses were in the corporate sectors "Other, public and organisations", "Consumer staples (food, agriculture etc.)", "Financial Institutions"and "Real estate management and investment". The loan loss ratio in NBD Retail Banking was 51 bp (56 bp). Net loan losses as well as impaired loans continue to stem from a large number of smaller and medium-sized exposures rather than from a few large exposures.

Counterparty risk

Counterparty risk is the risk that Nordea's counterpart in a FX, interest, commodity, equity or credit derivative contract defaults prior to the maturity of the contract and that Nordea at that time has a claim on the counterpart. The pre-settlement risk ("worst-case-scenario") at the end of 2011 was DKK 0.5bn, of which the current exposure net (after close-out and collateral reduction) represents DKK 0bn. 100% of the pre-settlement risk was towards Financial institutions.

Nordea Bank Danmark Group
Loans to the public, impaired loans gross and allowances, by industry

DKKm, 31 Dec 2011	Impaired loans	Allowances	Provisioning ratio %
Energy (oil, gas etc)	-	-	-
Metals and mining materials	1	1	62.4%
Paper and forest materials	30	23	77.0%
Other materials (chemical, building materials etc)	170	73	42.8%
Industrial capital goods	425	136	32.1%
Industrial commercial services etc	799	393	49.2%
Construction and engineering	551	240	43.5%
Shipping and offshore	1,285	255	19.9%
Transportation	238	119	50.1%
Consumer durables (cars, appliances etc)	507	213	42.0%
Media and leisure	346	155	44.9%
Retail trade	1,122	758	67.6%
Consumer staples (food, agriculture etc)	3,669	1,433	39.0%
Health care and pharmaceuticals	55	18	32.9%
Financial institutions	1,738	564	32.4%
Real estate management and investment	1,414	535	37.8%
IT software, hardware and services	215	103	48.1%
Telecommunication equipment	0	0	102.1%
Telecommunication operators	4	4	103.3%
Utilities (distribution and production)	44	15	34.1%
Other, public and organisations	800	399	49.9%
Corporate	**13,413**	**5,437**	**40.5%**
Household mortgages	351	384	109.4%
Household consumer	4,623	2,334	50.5%
Public sector	-	-	-
Total	**18,387**	**8,155**	**44,4%**

Nordea Bank Danmark Group
Impaired loans, allowances and ratios

DKKm	2011	2010
Gross impaired loans	18,387	13,236
of which performing	12,673	9,386
of which non-performing	5,714	3,850
Total allowance rate	1.2%	0.9%
Provisioning ratio	44.4%	54.6%

Nordea Bank Danmark Group
Net loan losses and loan loss ratios, bp[1]

DKKm	2011	2010
Loan losses	2,749	2,647
Loan loss ratio	40.5	39.5
of which individual	50.3	38.5
of which collective	-9.8	1.0
Loan loss ratio, Retail Banking	50.9	55.9

[1] Excluding Bank Package I at DKK 12m (DKK 752m)

Market risk

Market risk is defined as the risk of loss on Nordea's holdings and transactions as a result of changes in market rates and parameters that affect the market value, for example changes in interest rates, credit spreads, FX rates, equity prices, commodity prices and option volatilities. Markets and Group Treasury are the key contributors to market risk in Nordea. Markets is responsible for customer-driven trading activities whereas Group Treasury is responsible for asset and liability management, liquidity buffer, investment and funding activities for Nordea's own account. For all other banking activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance sheet items.

Market risk analysis

The total consolidated VaR was DKK 235m (DKK 256m) at the end of 2011. The average VaR during 2011 was DKK 161m (DKK 323m). The total consolidated VaR is mainly driven by interest rate risks.

The total interest rate VaR was DKK 186m (DKK 208m). The most significant part of NBD's interest rate risk stemmed from interest rate positions denominated in Euro, Danish Kroner and Swedish Kronor. The net interest rate sensitivity was DKK -61m (DKK -521m). The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of NBD's interest rate sensitive positions if interest rates denominated in different currencies were to move in adverse directions for NBD, was DKK 497m (DKK 1,454m) at the end of 2011 (indicating decreased spread positions in NBD's portfolio between interest rates denominated in different currencies).

Operational risk

Operational risk is defined as the risk of direct or indirect loss, or damaged reputation, resulting from inadequate or failed internal processes, from people and systems, or from external events. Operational risk includes compliance risk which is the risk of business not being conducted according to legal and regulatory requirements, market standards and business ethics. Managing operational risk is part of the management's responsibilities. In order to manage these risks, a common set of standards and a sound risk management culture are aimed for with the objective to follow best practice regarding market conduct and ethical standards in all business activities. The key principle of operational risk in Nordea is the three lines of defence. The first line of defence is represented by the risk and compliance officer network in the business organisation, which ensures that operational and compliance risk is managed effectively within Nordea. Group Operational Risk and Compliance, representing the second line of defence, has defined a common set of standards (Group Directives, processes and reporting) in order to manage these risks.

The key process for active risk management is the annual risk self-assessment process, which

Nordea Bank Danmark Group
Consolidated market risk figures

DKKm	Measure	31 Dec 2011	2011 high	2011 low	2011 avg	31 Dec 2010
Total Risk	VaR	234.9	465.6	65.5	160.6	255.5
- Interest rate risk	VaR	186.2	488.8	66.4	151.5	208.4
- Equity risk	VaR	49.0	110.8	9.1	59.6	86.0
- Foreign exchange risk	VaR	11.6	32.8	6.2	17.4	20.1
Diversification effect (%)	VaR	5	47	5	29	19

puts focus on key risks, which are identified both through top-down division management involvement and bottom-up reuse of existing information from processes such as incident reporting, quality and risk analyses and product approvals. The timing of this process is synchronised with the annual planning process to be able to ensure adequate input to the Group's overall prioritisation.

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

Liquidity management

Liquidity risk

Key issues during 2011

Nordea has during 2011 continued to benefit from its focus on prudent liquidity risk management, reflected by a diversified and strong funding base. Nordea had access to all relevant financial markets and has been able to actively use all the funding programmes.

Extensive discussions on new liquidity risk regulation are still ongoing among regulators. Nordea is participating in the discussions on several forums and is well prepared for potential changes.

Management principles and control

Group Treasury is responsible for pursuing the Group's liquidity strategy, managing the liquidity of the group and for compliance with the group-wide limits set by the Group Board and by the CEO in GEM. Furthermore Group Treasury develops the liquidity risk management frameworks, which consist of policies, instructions and guidelines for the whole Group as well as the principles for pricing the liquidity risk.

Liquidity risk management

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

Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude towards liquidity risk. Nordea strives to diversify the Group's sources of funding and seeks to establish and maintain relationships with investors to manage market access. The broad and diversified funding structure is reflected by the strong presence in Nordea's four domestic markets in the form of a strong and stable retail customer base and the variety of funding programmes. Funding programmes are both short-term (US commercial paper, European commercial paper, commercial paper, certificates of deposits) and long-term (covered bonds, European medium term notes, medium term notes) in various currencies. Nordea periodically publishes information on the liquidity situation of Nordea to remain trustworthy at all times.

Nordea's liquidity risk management includes stress testing and a business continuity plan for liquidity management. Stress testing is defined as the evaluation of potential effects on a bank's liquidity situation under a set of exceptional but plausible events. The stress testing framework even includes survival horizon metrics (see below), which represent a combined liquidity risk scenario (idiosyncratic and market-wide stress). Group Treasury is responsible for managing liquidity and for compliance with the group-wide limits from the Nordea Boards of Directors and the CEO in GEM.

Liquidity risk measurement methods

Liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. In order to manage short-term funding positions, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 30 days. Cash flows from both on-balance sheet and off-balance sheet items are included. The funding gap risk is measured and limited for each currency and as a total figure for all currencies combined. The total figure for all currencies combined is limited by the Board of Directors of Nordea. To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. A limit is set by the Board of Directors of Nordea for the minimum size of the liquidity buffer. The liquidity buffer consists of central bank eligible high-grade liquid securities held by Group Treasury that can be sold or used as collateral in funding operations.

During 2011 the Basel Liquidity Coverage Ratio and survival horizon metrics were introduced.

In alignment with Basel the Board of Directors of Nordea has set a limit for the minimum survival of 30 days. The survival horizon metrics are composed of liquidity buffer and funding gap risk cash flows, but include even expected behavioural cash flows from contingent liquidity drivers.

The structural liquidity risk of Nordea is measured and limited by the Board of Directors of Nordea through the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a remaining term to maturity longer than 6 months, and shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 6 months and committed facilities. GEM has set as a target that the net balance of stable funding should be positive, which means that stable assets must be funded by stable liabilities.

Liquidity risk analysis

The short-term liquidity risk was held at moderate levels throughout 2011. The average funding gap risk, ie the average expected need for raising liquidity in the course of the next 30 days, was DKK -7bn (DKK -34bn). NBD's liquidity buffer was in the DKK 134 - 193bn (DKK 92 - 170bn) range throughout 2011 with an average of DKK 159bn (DKK 116bn). NBD's liquidity buffer is highly liquid, consisting of only central bank eligible securities held by Group Treasury. The survival horizon was in DKK 84-190bn range throughout 2011. This expresses the excess liquidity for the 30 day-limit. The aim of always maintaining a positive net balance of stable funding was comfortably achieved throughout 2011. The yearly average for the net balance of stable funding was DKK 30bn (DKK 19bn).

Structural Interest Income Risk (SIIR)

Structural Interest Income Risk (SIIR) is the amount Nordea's accumulated net interest income would change in the next 12 months if all interest rates changed by one percentage-point. SIIR reflects the mismatch in the balance sheet items and the off-balance-sheet items when the interest rate repricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly.

Nordea's SIIR management is based on policy

Nordea Bank Danmark Group

SIIR Risk, Gap analysis, 31 Dec 2011
Re-pricing gap for increasing interest rates

Interest Rate Fixing Period DKKm	Balance sheet	Within 3 months	3-6 months	6-12 months	1-2 years	2-5 years	>5 years	Non re-pricing	Total
Assets									
Interest-bearing assets	799,883	421,588	31,360	41,492	70,386	20,663	137,411	76,983	799,883
Non-interest-bearing assets	102,041	-	-	-	-	-	-	102,041	102,041
Total assets	**901,924**	**421,588**	**31,360**	**41,492**	**70,386**	**20,663**	**137,411**	**179,024**	**901,924**
Liabilities									
Interest-bearing liabilities	765,986	482,446	17,061	24,835	48,288	25,634	139,336	28,386	765,986
Non-interest-bearing liabilities and equity	135,938	-	-	-	-	-	-	135,938	135,938
Total liabilities and equity	**901,924**	**482,446**	**17,061**	**24,835**	**48,288**	**25,634**	**139,336**	**164,324**	**901,924**
Off-balance sheet items, net		**78,806**	**25,641**	**-39,092**	**-50,595**	**-12,107**	**-2,653**	**-**	
Exposure		**17,948**	**39,940**	**-22,435**	**-28,497**	**-17,078**	**-4,578**	**14,700**	
Cumulative exposure		**17,948**	**57,888**	**35,453**	**6,956**	**-10,122**	**-14,700**	**-**	

Cash flow analysis

Group

31 Dec 2011, DKKm	Within 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing financial assets	291,559	59,401	190,726	493,993	1,035,679
Non-interest-bearing financial assets	-	-	-	102,041	102,041
Total financial assets	**291,559**	**59,401**	**190,726**	**596,034**	**1,137,720**
Interest-bearing financial liabilities	450,100	40,504	132,740	242,971	866,315
Non-interest-bearing financial liabilities	-	-	-	135,938	135,938
Unrecognised guarantees and documentary credits	28,187	-	-	-	28,187
Unrecognised credit commitments	180,215	-	-	-	180,215
Total financial liabilities	**658,502**	**40,504**	**132,740**	**378,909**	**1,210,655**
Derivatives, cash inflow	106,879	18,260	1,973	539	127,651
Derivatives, cash outflow	107,131	18,536	2,817	681	129,165
Net exposure	**-252**	**-276**	**-844**	**-142**	**-1,514**
Exposure	**-367,195**	**18,621**	**57,142**	**216,983**	**-74,449**
Cumulative exposure	**-367,195**	**-348,574**	**-291,432**	**-74,449**	

The table is based on contractual maturities for on-balance-sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. Interest-bearing financial assets and liabilities include interest on cash flows.

31 Dec 2010, DKKm	Within 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing financial assets	298,544	102,270	204,432	459,029	1,064,275
Non-interest-bearing financial assets	-	-	-	118,637	118,637
Total financial assets	**298,544**	**102,270**	**204,432**	**577,667**	**1,182,913**
Interest-bearing financial liabilities	660,603	77,405	95,708	158,059	991,775
Non-interest-bearing financial liabilities	-	-	-	128,771	128,771
Unrecognised guarantees and documentary credits	31,093	-	-	-	31,093
Unrecognised credit commitments	176,798	-	-	-	176,798
Total financial liabilities	**868,494**	**77,405**	**95,708**	**286,830**	**1,328,437**
Derivatives, cash inflow	10	4,074	165	83	4,332
Derivatives, cash outflow	-65	-4,231	-1,166	-609	-6,071
Net exposure	**-55**	**-157**	**-1,001**	**-526**	**-1,739**
Exposure	**-570,005**	**24,709**	**107,722**	**290,310**	**-147,264**
Cumulative exposure	**-570,005**	**-545,296**	**-437,574**	**-147,264**	

statements resulting in different SIIR measures, targets and organisational procedures. Policy statements focus on optimising financial structure, balanced risk taking and reliable earnings growth, identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information. Group Treasury is responsible for the operational management of SIIR and for meeting group wide targets.

SIIR measurement methods

The basic measures for SIIR are the two re-pricing gaps (increasing rates and decreasing rates) measuring the effect on Nordea's net interest income for a 12-month period of a one percentage point increase or decrease in all interest rates (note that the table also covers reprising gaps over 12 month). The re-pricing gaps are calculated under the assumption that no new market transactions are made during the period. The main elements of customer behaviour and Nordea's decision-making process concerning Nordea's own rates are, however, taken into account. For example in a low interest rate environment, when rates are decreasing further, the total decrease of rates cannot be applied to non-maturity deposits since rates cannot be negative. Similarly in an increasing rate environment Nordea may choose not to increase interest rates an all customer deposits correspondingly.

SIIR analysis
At the end of the year, the SIIR for increasing rates was DKK 510m (DKK 49m) and the SIIR for decreasing rates DKK 1,107m (DKK 799m). These figures imply that net interest income would increase if interest rates rise and decrease if interest rates fall.

Capital management

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

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

Individual solvency need
Information regarding the individual solvency need for the Nordea Bank Danmark Group and Nordea Bank Danmark A/S can be found at www.nordea.dk or at the investor relation webpage at www.nordea.com

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

Nordea's ability to meet targets and to maintain minimum capital requirements is reviewed regularly within ALCO and the Risk Committee.

Pillar 1
Risk-weighted assets (RWA) are calculated based on Pillar 1 requirements. NBD had 93% (91%) of the exposure covered by Internal Rating Based (IRB) approaches by the end of 2011. Nordea will implement the IRB approach for some remaining portfolios.

Nordea is also approved to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for the major part of the market risk in the trading books. With the adoption of the CRD III amendment, new risk types under the internal approach have been introduced. For NBD this includes additional capital charge for stressed VaR. In addition, under the standardised approach the risk weights for specific equity risk have increased. The total CRD III impact for NBD is an increase of DKK 2.3bn in market risk RWA.

For operational risk, the standardised approach is applied.

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

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

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

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

Economic Profit (EP)
Nordea uses EP as one of its financial performance indicators. EP is calculated as risk-adjusted profit less cost of equity.

Risk-adjusted profit and EP are measures for shareholder value creation.

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

Capital adequacy ratios

Group

DKKbn	31 Dec 2011	31 Dec 2010
RWA Basel II (Pillar 1) excluding transition rules	289	310
RWA including transition rules	393	409
Regulatory capital requirement including transition rules	31	33
Tier 1 capital	29	28
Capital base	49	37
Core tier 1 ratio excluding transition rules (%)	10.1	8.9
Tier 1 ratio excluding transition rules (%)	10.1	8.9
Total capital ratio excluding transition rules (%)[1]	17.0	15.4
Capital base / Regulatory capital requirement excluding transition rules (%)	212.7	148.9

Parent company

DKKbn	31 Dec 2011	31 Dec 2010
RWA Basel II (Pillar 1) excluding transition rules	277	305
RWA including transition rules	331	363
Regulatory capital requirement including transition rules	26	29
Tier 1 capital	29	27
Capital base	49	37
Core tier 1 ratio excluding transition rules (%)	10.3	8.8
Tier 1 ratio excluding transition rules (%)	10.3	8.8
Total capital ratio excluding transition rules (%)[1]	17.7	15.6
Capital base / Regulatory capital requirement excluding transition rules (%)	220.8	150.0

[1] Total capital ratio at 31 December 2010 includes a subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011. Total capital ratio for 2010 excluding this subordinated loan amounts to 11.9% in the group and 12.0% in the parent company.

Capital base

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

Tier 1 capital is defined as capital of the same or close to the character of paid-up, capital-eligible reserves and a limited portion of hybrid capital loan (perpetual loans) instruments (maximum up to 50% of tier 1 if some specific criteria are fulfilled). Profit may only be included after deduction of proposed dividend. Goodwill and deferred tax assets are deducted from tier 1.

Tier 2 comprises dated subordinated loans. The total tier 2 amount may not exceed tier 1. The limits are set after deductions, ie investment in other financial companies.

Further information

Further information on capital management and capital adequacy is presented in Note 39 Capital adequacy and in the disclosure in accordance with the Pillar 3 requirements of the CRD in the Basel II framework at www.nordea.com.

Corporate Social Responsibility

Nordea issues a Corporate Social Responsibility (CSR) report for 2011 based on the United Nations Principles for Responsible Investments. The report serves as Nordea's annual Progress Report to the United Nations Global Compact and includes NBD.

The CSR report is available on www.nordea.com/csr.

Human resources

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

People Strategy

Our People Strategy is defined by our business vision and strategy as well as by our values. Nordea's People Strategy emphasises that Nordea can reach its goals only if our employees reach theirs why we provide opportunities for our people to develop and live well-balanced lives. Teamwork is an integral part of working in Nordea. One Nordea team is one of our values emphasising that employees can fulfil their own and Nordea's ambitions whilst enjoying being part of a high performing team.

Focus on values and leadership

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

Opportunities to develop and grow

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

A company with many possibilities

Internal mobility and cross-border assignments are ways to enhance job rotation and develop employee competencies, and also build overall corporate citizenship and culture enforcing the "One Nordea team" value.

Remuneration

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

Nordea remuneration components

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

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

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

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

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

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

Legal proceedings

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

New bank package

In August 2011 the Danish government introduced Bank Package IV covering how to handle distressed banks. The purpose of Bank Package IV is to ensure that unsecured – not subordinated – creditors will not incur losses if a bank is liquidated. Both the Danish Deposit Guarantee Scheme and the Danish state can decide to participate in the liquidation of a distressed bank by paying compensation to a buyer or by guaranteeing the payment of the unsecured not subordinated creditors. The shareholders and subordinated loan holders of the distressed bank will – as in Bank Packages I and III – lose their money.

Bank Package IV came into effect on 10 October 2011 when Max Bank A/S was liquidated resulting in a DKK 0.1bn provision in Nordea Bank Danmark.

In December 2011 the Danish government introduced a bill to change the annual contribution to the Danish Deposit Guarantee Scheme. According to the bill all Danish banks must contribute an annual fee of 2.5 0/00 of the Banks covered net deposits until the Deposit Guarantee Scheme reaches assets of 1% of the total covered net deposits. The contribution is not refundable. If the bill is adopted, NBD will have to pay an annual contribution of approx. DKK 0.4bn. Losses from liquidated banks will therefore be absorbed by the Deposit Guarantee Scheme and consequently volatility in the income is expected to be reduced.

Subsequent events

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

Outlook 2012

2011 has been a turbulent year for states, banks and many of our customers. 2012 looks just as challenging. Nordea Bank Danmark and Nordea Group is prepared with a robust capital position and good access to funding.

Financial statements – Contents

Income statement

DKKm	Note	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Operating income					
Interest income		25,314	27,280	14,971	16,990
Interest expense		-14,183	-15,639	-6,640	-7,920
Net interest income	2	**11,131**	**11,641**	**8,331**	**9,070**
Fee and commission income		4,659	4,535	5,021	4,755
Fee and commission expense		-423	-506	-335	-364
Net fee and commission income	3	**4,236**	**4,029**	**4,686**	**4,391**
Net result from items at fair value	4	38	1,628	587	1,108
Profit from companies accounted for under the equity method	20	103	219	-	-
Dividends	5	-	-	588	203
Other operating income	6	582	774	645	921
Total operating income		**16,090**	**18,291**	**14,837**	**15,693**
Operating expenses					
General administrative expenses:					
Staff costs	7	-6,427	-6,001	-6,206	-5,733
Other expenses	8	-3,352	-3,086	-3,266	-2,930
Depreciation, amortisation and impairment charges of tangible and intangible assets	9, 21, 22	-269	-235	-248	-180
Other operating expenses		-432	-1,013	-432	-1,013
Total operating expenses		**-10,480**	**-10,335**	**-10,152**	**-9,856**
Profit before loan losses		**5,610**	**7,956**	**4,685**	**5,837**
Net loan losses	10	-2,761	-3,399	-2,380	-3,172
Operating profit		**2,849**	**4,557**	**2,305**	**2,665**
Income tax expense	11	-661	-1,077	-620	-566
Net profit for the year		**2,188**	**3,480**	**1,685**	**2,099**
Attributable to					
Shareholder of Nordea Bank Danmark A/S		2,188	3,480	1,685	2,099
Non-controlling interests		-	-	-	-
Total		**2,188**	**3,480**	**1,685**	**2,099**

Statement of comprehensive income

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Net profit for the year	**2,188**	**3,480**	**1,685**	**2,099**
Currency translation differences during the year	11	16	-	-
Available-for-sale investments:				
Valuation gains/losses during the year	33	-	33	-
Tax on valuation gains/losses during the year	-8	-	-8	-
Other comprehensive income from companies accounted for under the equity method	-	-	-	-
Other comprehensive income, net of tax	**36**	**16**	**25**	**-**
Total comprehensive income	**2,224**	**3,496**	**1,710**	**2,099**
Attributable to				
Shareholder of Nordea Bank Danmark A/S	2,224	3,496	1,710	2,099
Non-controlling interests	-	-	-	-
Total	**2,224**	**3,496**	**1,710**	**2,099**

Balance sheet

DKKm	Note	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Assets					
Cash and balances with central banks		7,863	3,213	7,863	3,213
Loans to credit institutions	13	84,150	77,898	136,648	148,437
Loans to the public	13	607,082	679,315	267,010	361,114
Interest-bearing securities	14	100,557	99,833	182,641	160,121
Financial instruments pledged as collateral	15	12,928	21,479	36,305	34,896
Shares	16	14,116	16,949	13,956	16,392
Derivatives	17	4,272	4,631	4,272	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	423	305	423	305
Investments in group undertakings	19	-	-	16,585	16,579
Investments in associated undertakings	20	909	521	560	160
Intangible assets	21	3,040	2,791	3,010	2,761
Property and equipment	22, 23	763	683	457	379
Investment property	24	342	199	49	43
Deferred tax assets	11	116	150	-	-
Current tax assets	11	101	1,071	-	1,279
Retirement benefit assets	33	227	173	227	173
Other assets	25	63,126	84,162	93,723	138,455
Prepaid expenses and accrued income	26	1,909	3,358	1,871	3,323
Total assets		**901,924**	**996,731**	**765,600**	**892,261**
Liabilities					
Deposits by credit institutions	27	145,349	239,805	174,811	277,900
Deposits and borrowings from the public	28	313,122	346,942	315,374	348,020
Debt securities in issue	29	287,257	271,709	-	-
Derivatives	17	7,922	7,077	7,922	7,077
Fair value changes of the hedged items in portfolio hedge of intrest rate risk	18	180	-	180	-
Current tax liabilities	11	199	172	219	170
Other liabilities	30	87,940	78,316	220,857	219,455
Accrued expenses and prepaid income	31	6,300	7,307	2,384	3,750
Deferred tax liabilities	11	858	801	305	39
Provisions	32	655	2,079	1,257	2,678
Retirement benefit obligations	33	30	37	30	37
Subordinated liabilities	34	20,258	9,504	20,258	9,504
Total liabilities		**870,070**	**963,749**	**743,597**	**868,630**
Equity					
Non-controlling interests		10	26	-	-
Share capital		5,000	5,000	5,000	5,000
Other reserves		28	-8	25	-
Proposed dividends		-	3,350	-	3,350
Retained earnings		26,816	24,614	16,978	15,281
Total equity		**31,854**	**32,982**	**22,003**	**23,631**
Total liabilities and equity		**901,924**	**996,731**	**765,600**	**892,261**
Assets pledged as security for own liabilities	35	345,630	353,203	46,085	42,336
Other assets pledged	36	-	-	-	-
Contingent liabilities	37	28,187	31,093	115,241	125,321
Commitments	38	180,215	176,798	187,383	184,105

Statement of changes in equity

Group

DKKm	Share capital	Other reserves: Translation of foreign operations	Other reserves: Available-for-sale investments	Proposed dividends	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholder of Nordea Bank Danmark A/S							
Balance at 1 Jan 2011	5,000	-8	-	3,350	24,614	32,956	26	32,982
Net profit for the year	-	-	-	-	2,188	2,188	-	2,188
Currency translation differences during the year	-	11	-	-	-	11	-	11
Available-for-sale investments:								
Valuation gains/losses during the year	-	-	33	-	-	33	-	33
Tax on valuation gains/losses during the year	-	-	-8	-	-	-8	-	-8
Other comprehensive income from companies accounted for under the equity method	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	11	25	-	-	36	-	36
Total comprehensive income	-	11	25	-	2,188	2,224	-	2,224
Share-based payments	-	-	-	-	14	14	-	14
Dividends paid	-	-	-	-3,350	-	-3,350	-	-3,350
Proposed dividends	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-16	-16
Balance at 31 Dec 2011	5,000	3	25	-	26,816	31,844	10	31,854

DKKm	Share capital	Other reserves: Translation of foreign operations	Other reserves: Available-for-sale investments	Proposed dividends	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholder of Nordea Bank Danmark A/S							
Balance at 1 Jan 2010	5,000	-24	-	750	24,469	30,195	26	30,221
Net profit for the year	-	-	-	-	3,480	3,480	-	3,480
Currency translation differences during the year	-	16	-	-	-	16	-	16
Available-for-sale investments:								
Valuation gains/losses during the year	-	-	-	-	-	-	-	-
Tax on valuation gains/losses during the year	-	-	-	-	-	-	-	-
Other comprehensive income from companies accounted for under the equity method	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	16	-	-	-	16	-	16
Total comprehensive income	-	16	-	-	3,480	3,496	-	3,496
Share-based payments	-	-	-	-	16	16	-	16
Dividends paid	-	-	-	-750	-	-750	-	-750
Proposed dividends	-	-	-	3,350	-3,350	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance at 31 Dec 2010	5,000	-8	-	3,350	24,614	32,956	26	32,982

Statement of changes in equity *(cont.)*

Parent company

DKKm	Share[1, 2] capital	Other reserves: Translation of foreign operations	Other reserves: Available-for-sale investments	Proposed dividends[4]	Retained earnings	Total equity
Balance at 1 Jan 2011	5,000	-	-	3,350	15,281	23,631
Net profit for the year	-	-	-	-	1,685	1,685
Currency translation differences during the year	-	-	-	-	-	-
Available-for-sale investments:						
Valuation gains/losses during the year	-	-	33	-	-	33
Tax on valuation gains/losses during the year	-	-	-8	-	-	-8
Other comprehensive income from companies accounted for under the equity method	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	25	-	-	25
Total comprehensive income	-	-	25	-	1,685	1,710
Share-based payments[3]	-	-	-	-	13	13
Dividends paid	-	-	-	-3,350	-	-3,350
Proposed dividends	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Balance at 31 Dec 2011	5,000	-	25	-	16,978	22,003

DKKm	Share[1, 2] capital	Other reserves: Translation of foreign operations	Other reserves: Available-for-sale investments	Proposed dividends[4]	Retained earnings	Total equity
Balance at 1 Jan 2010	5,000	-	-	750	16,515	22,265
Net profit for the year	-	-	-	-	2,099	2,099
Currency translation differences during the year	-	-	-	-	-	-
Available-for-sale investments:						
Valuation gains/losses during the year	-	-	-	-	-	-
Tax on valuation gains/losses during the year	-	-	-	-	-	-
Other comprehensive income from companies accounted for under the equity method	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,099	2,099
Share-based payments[3]	-	-	-	-	16	16
Dividends paid	-	-	-	-750	-	-750
Proposed dividends	-	-	-	3,350	-3,350	-
Other changes	-	-	-	-	-	-
Balance at 31 Dec 2010	5,000	-	-	3,350	15,281	23,631

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

1 Share capital was at 31 Dec 2011 DKK 5,000m (31 Dec 2010: DKK 5,000m). Unrestricted capital was at 31 Dec 2011 DKK 16,978m (31 Dec 2010: DKK 18,631m).
2 Total shares registered were 50 million (31 Dec 2010: 50 million) all fully owned by Nordea Bank AB, Stockholm, Sweden. Nominal amount per share is DKK 100. All issued shares are fully paid. All shares are of the same class and hold equal rights. The annual report for Nordea Bank AB is available on www.nordea.com.
3 Refers to the Long Term Incentive Programme (LTIP).
4 The proposed divident payment of DKK 0m is equivalent to DKK 0 (DKK 67) per share.

Statement of changes in equity *(cont.)*

Reporting to the Danish Financial Supervisory Authority at 31 Dec 2011 (DKKm)

Equity

	Group	Parent company
Annual report 2011	31,854	22,003
Adjustments:		
- Non-controlling interests[1]	1,253	-
- Fair value adjustment of owner occupied property	20	20
- Retirement benefit assets	-218	-218
- Difference between cost and net assets value in subsidiaries and associates	-	9,841
Reported to the Danish FSA	32,910	31,646

Result

	Group	Parent company
Annual report 2011	2,188	1,685
Adjustments:		
- Financial assets available for sale	25	25
- Difference between profit from companies accounted for under the equity method and dividends	-	503
Reported to the Danish FSA	2,213	2,213

[1] Non-controlling interests relate to a special reserve in an associated undertaking.

Cash flow statement

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Operating activities				
Operating profit	2,849	4,557	2,305	2,665
Adjustments for items not included in cash flow	3,068	3,538	2,648	3,335
Income taxes paid	390	-152	937	304
Cash flow from operating activities before changes in operating assets and liabilities	**6,307**	**7,943**	**5,890**	**6,304**
Changes in operating assets				
Change in loans to credit institutions	26,059	23,673	59,343	15,446
Change in loans to the public	69,655	-12,090	91,908	10,068
Change in interest-bearing securities	-724	-7,201	-22,520	-406
Change in financial assets pledged as collateral	8,551	59,461	-1,409	63,888
Change in shares	2,833	-516	2,436	-462
Change in derivatives, net	1,204	600	1,204	588
Change in investment properties	-143	-108	-6	-6
Change in other assets	22,367	-25,643	46,066	-31,651
Changes in operating liabilities				
Change in deposits by credit institutions	-94,456	-83,003	-103,089	-64,856
Change in deposits and borrowings from the public	-33,820	23,048	-32,646	24,900
Change in debt securities in issue	15,548	25,648	-	-11,151
Change in other liabilities	8,781	-5,753	216	7,995
Change in provisions	-1,607	-350	-1,605	-352
Cash flow from operating activities	**30,555**	**5,709**	**45,788**	**20,305**
Investing activities				
Acquisition of business operations	-	-335	-	1,813
Sale of business operations	-	-	-	-
Acquisition of investments in group undertakings	-	-	-13	-6,072
Acquisition of investments in associated undertakings	-400	-22	-400	-53
Sale of investments in associated undertakings	-	14	-	14
Acquisition of property and equipment	-237	-247	-227	-210
Sale of property and equipment	6	18	6	5
Acquisition of intangible assets	-369	-359	-356	-352
Sale of intangible assets	2	-	2	-
Purchase/sale of other financial fixed assets	-	-	-	-
Cash flow from investing activities	**-998**	**-931**	**-988**	**-4,855**
Financing activities				
Issued/redeemed/amortised subordinated liabilities	10,754	16	10,754	16
Dividend paid	-3,350	-750	-3,350	-750
Cash flow from financing activities	**7,404**	**-734**	**7,404**	**-734**
Cash flow for the year	**36,961**	**4,044**	**52,204**	**14,716**
Cash and cash equivalents at the beginning of year	17,079	13,035	28,668	13,952
Cash and cash equivalents at the end of year	54,040	17,079	80,872	28,668
Change	**36,961**	**4,044**	**52,204**	**14,716**

Comments on the cash flow statement

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

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

	Group		Parent company	
DKKm	2011	2010	2011	2010
Depreciation	265	229	244	174
Impairment charges	4	6	4	6
Loan losses	2,761	3,399	2,380	3,172
Change in provisions	-61	-26	-61	-26
Profit from associated and group undertakings minus dividends	22	-89	7	-16
Other	77	19	74	25
Total	**3,068**	**3,538**	**2,648**	**3,335**

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

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

	Group		Parent company	
DKKm	2011	2010	2011	2010
Interest payments received	26,874	30,803	16,430	20,827
Interest expenses paid	-15,275	-18,350	-8,085	-9,611

Investing activities
Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets.

Aggregated cash flows arising from acquisition of business operations are presented separately and consist of:

	Group		Parent company	
DKKm	2011	2010[1]	2011	2010[1]
Acquisition of business operations				
Cash and cash equivalents	-	-	-	-
Loans to credit institutions	-	-	-	-
Loans to the public	-	17	-	4,703
Intangible assets	-	240	-	1,538
Property & equipment	-	-	-	13
Other assets	-	-202	-	14
Total assets	**-**	**55**	**-**	**6,268**
Deposits and borrowings from the public	-	-	-	7,780
Other liabilities and provision	-	-8	-	72
Total liabilities	**-**	**-8**	**-**	**7,852**
Purchase price paid		**63**	**-**	**-1,584**
- here of to be paid in 2010	-	-	-	229
Cash and cash equivalents	-	-	-	-
Purchase price regarding 2009 paid in 2010	-	-272	-	-
Net effect on cash flow	**-**	**335**	**-**	**-1,813**

[1] The figures concerns the acquisition of Fionia Bank.

Financing activities

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

Cash and cash equivalents

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Cash and balances with central banks	7,863	3,213	7,863	3,213
Loans to credit institutions, payable on demand	46,177	13,866	73,009	25,455
Total	**54,040**	**17,079**	**80,872**	**28,668**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;
- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available any time.

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

5-year overview
Group

Income statement (DKKm)	2011	2010	2009	2008	2007
Net interest income	11,131	11,641	11,395	10,248	8,733
Net fee and commission income	4,236	4,029	3,609	3,607	3,101
Net result from items at fair value	38	1,628	1,888	-742	844
Equity method	103	219	250	145	234
Other income	582	774	630	469	380
Total operating income	**16,090**	**18,291**	**17,772**	**13,727**	**13,292**
General administrative expenses:					
Staff costs	-6,427	-6,001	-5,978	-5,230	-4,885
Other expenses	-3,352	-3,086	-2,979	-2,785	-2,765
Depreciation, amortisation and impairment charges of tangible and intangible assets	-269	-235	-159	-142	-108
Other operating expenses	-432	-1,013	-1,342	-369	-
Total operating expenses	**-10,480**	**-10,335**	**-10,458**	**-8,526**	**-7,758**
Profit before loan losses	**5,610**	**7,956**	**7,314**	**5,201**	**5,534**
Net loan losses	-2,761	-3,399	-5,113	-1,587	47
Operating profit	**2,849**	**4,557**	**2,201**	**3,614**	**5,581**
Income tax expense	-661	-1,077	-751	-893	-1,308
Net profit for the year	**2,188**	**3,480**	**1,450**	**2,721**	**4,273**

Balance sheet (DKKm)	2011	2010	2009	2008	2007
Loans to credit institutions	84,150	77,898	97,826	95,229	128,892
Loans to the public	607,082	679,315	669,735	613,200	533,237
Derivatives	4,272	4,631	4,464	4,314	3,872
Other assets	206,420	234,887	260,908	186,921	171,942
Total assets	**901,924**	**996,731**	**1,032,933**	**899,664**	**837,943**
Deposits by credit institutions	145,349	239,805	322,816	260,868	222,701
Deposits and borrowings from the public	313,122	346,942	323,894	315,853	277,972
Debt securities in issue	287,257	271,709	246,061	210,886	205,910
Derivatives	7,922	7,077	6,310	4,364	3,659
Subordinated liabilities	20,258	9,504	9,488	9,499	9,507
Other liabilities	96,162	88,712	94,143	67,931	88,450
Equity	31,854	32,982	30,221	30,263	29,744
Total liabilities and equity	**901,924**	**996,731**	**1,032,933**	**899,664**	**837,943**

Ratios and key figures (%)	2011	2010	2009	2008	2007
Return on equity	6.8	11.0	4.8	9.1	15.1
Cost/income ratio	65	57	59	62	58
Tier 1 capital ratio[1]	10.1	8.9	8.9	9.4	8.7
Total capital ratio[1]	17.0	11.9	12.0	12.4	11.6
Total capital ratio including new subordinated loan[1, 2]	17.0	15.4	12.0	12.4	11.6
Tier 1 capital[1], DKKm	29,312	27,621	27,885	28,775	28,258
Risk-weighted assets[1], DKKbn	289	310	312	305	325
Loan loss ratio, basis points	40.6	50.8	77.7	29.8	-1.0
Number of employees (full-time equivalents)[1]	7,885	7,968	7,964	7,810	7,469
Average number of employees	8,036	7,949	7,785	7,583	7,373

1 End of year.
2 Total capital ratio for 2010 includes a subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

The Danish Financial Supervisory Authority's ratio system is shown in note 46.

5-year overview
Parent company

Income statement (DKKm)	2011	2010	2009	2008	2007
Net interest income	8,331	9,070	8,994	7,623	6,467
Net fee and commission income	4,686	4,391	4,027	4,044	3,497
Net result from items at fair value	587	1,108	2,188	-436	967
Dividends	588	203	156	70	130
Other income	645	921	679	496	385
Total operating income	**14,837**	**15,693**	**16,044**	**11,797**	**11,446**
General administrative expenses:					
Staff costs	-6,206	-5,733	-5,756	-5,054	-4,702
Other expenses	-3,266	-2,930	-2,895	-2,699	-2,648
Depreciation, amortisation and impairment charges of tangible and intangible assets	-248	-180	-138	-124	-91
Other operating expenses	-432	-1,013	-1,342	-369	-
Total operating expenses	**-10,152**	**-9,856**	**-10,131**	**-8,246**	**-7,441**
Profit before loan losses	**4,685**	**5,837**	**5,913**	**3,551**	**4,005**
Net loan losses	-2,380	-3,172	-4,815	-1,456	116
Operating profit	**2,305**	**2,665**	**1,098**	**2,095**	**4,121**
Income tax expense	-620	-566	-498	-539	-1,054
Net profit for the year	**1,685**	**2,099**	**600**	**1,556**	**3,067**

Balance sheet (DKKm)	2011	2010	2009	2008	2007
Loans to credit institutions	136,648	148,437	149,581	114,160	147,221
Loans to the public	267,010	361,114	368,764	348,467	293,869
Derivatives	4,272	4,631	4,222	4,314	3,872
Investments in group undertakings	16,585	16,579	10,349	7,990	8,001
Other assets	341,085	361,500	391,483	274,906	228,396
Total assets	**765,600**	**892,261**	**924,399**	**749,837**	**681,359**
Deposits by credit institutions	174,811	277,900	342,756	262,667	224,632
Deposits and borrowings from the public	315,374	348,020	315,340	318,296	280,654
Debt securities in issue	-	-	11,151	-	-
Derivatives	7,922	7,077	6,080	4,364	3,659
Subordinated liabilities	20,258	9,504	9,488	9,499	9,507
Other liabilities	225,232	226,129	217,319	131,859	139,124
Equity	22,003	23,631	22,265	23,152	23,783
Total liabilities and equity	**765,600**	**892,261**	**924,399**	**749,837**	**681,359**

Ratios and key figures (%)	2011	2010	2009	2008	2007
Return on equity	7.4	9.1	2.6	6.6	13.3
Cost/income ratio	68	63	63	70	65
Tier 1 capital ratio[1]	10.3	8.8	9.7	9.4	8.5
Total capital ratio[1]	17.7	12.0	13.2	12.5	11.5
Total capital ratio including new subordinated loan[1, 2]	17.7	15.6	13.2	12.5	11.5
Tier 1 capital[1], DKKm	28,552	26,711	28,411	27,818	27,042
Risk-weighted assets[1], DKKbn	277	305	292	298	317
Loan loss ratio, basis points	65.9	86.0	128.1	49.6	-4.3
Number of employees (full-time equivalents)[1]	7,565	7,647	7,280	7,515	7,177
Average number of employees	7,707	7,523	7,441	7,297	7,074

[1] End of year.
[2] Total capital ratio for 2010 includes a subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

The Danish Financial Supervisory Authority’s ratio system is shown in note 46.

Notes to the financial statements

Note 1
Accounting policies

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1. Basis for presentation

The financial statements for Nordea Bank Danmark A/S and for the Group 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 and additional Danish disclosure requirements.

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

On 8 February 2012 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 28 March 2012.

2. 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.

Changes in IFRSs implemented 2011

The IASB has amended IAS 24 "Related Party Disclosures" (relationships with the state), IAS 32 "Financial Instruments: Presentation" (rights issues) and IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" as well as published "Improvements to IFRSs 2010" and, IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". These amended and published standards and improvements are effective for Nordea Bank Danmark A/S as from 1 January 2011, but have not had any significant impact on 2011. The amendment of IAS 32 may affect possible future rights issues involving different currencies, whilst the amendments to IAS 24 and IFRIC 14 as well as the published "Improvements to IFRSs 2010" and IFRIC 19 are not expected to have a significant impact on subsequent periods.

3. Changes in IFRSs not yet effective for NBD

IFRS 9 "Financial instruments" (Phase 1)

In 2009 IASB published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers the classification and measurement of financial assets and liabilities. The effective date for NBD is as from 1 January 2015, but earlier application is permitted. The EU Commission has not endorsed this standard for implementation in 2011.

The tentative assessment is that there will be an impact on the financial statements as the new standard will decrease the number of measurements categories and therefore have an impact on the presentation and disclosures covering financial instruments. The new standard is, on the other hand, not expected to have a significant impact on NBD's income statement and balance sheet as the mixed measurement model will be maintained. No significant reclassifications between fair value and amortised cost or impact on the capital adequacy are expected, but this is naturally dependent on the financial instruments in NBD's balance sheet at transition.

NBD has, due to the fact that the standard is not yet endorsed by the EU Commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"

IASB has published three new standards relating to consolidation, IFRS 10, IFRS 11 and IFRS 12, as well as amended IAS 27 and IAS 28". The effective date for these standards and amendments for Nordea is as from 1 January 2013, but earlier application is permitted. The EU Commission has not endorsed these standards and amendments for implementation in 2011.

The tentative assessment is that the new standards and amendments are not expected to have any significant impact on NBD's income statement. The main potential impact is that the new definition of control can potentially lead to consolidation of funds, for instance mutual funds. A potential consolidation of mutual funds would increase assets and liabilities in the balance sheet. The new standards furthermore include more extensive disclosure requirements which will have an impact on NBD's disclosures covering consolidated and unconsolidated entities. It is not expected that the new standards and amendments will have a significant impact on the capital adequacy.

NBD has, due to the fact that the standards and amendments are not yet endorsed by the EU Commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 13 "Fair Value Measurement"
IASB has published IFRS 13. The effective date for NBD is as from 1 January 2013, but earlier application is permitted. The EU Commission has not endorsed this standard for implementation in 2011.

The tentative assessment is that the new standard will neither have a significant impact on NBD's financial statements nor on its capital adequacy.

Nordea has, due to the fact that the standard is not yet endorsed by the EU Commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IAS 19 "Employee Benefits"
IASB has amended IAS 19. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU Commission has not endorsed this amendment for implementation in 2011.

The tentative assessment is that the amended standard will have an impact on the financial statements in the period of initial application as well as in subsequent periods. This is mainly related to defined benefit plans. The amended IAS 19 states that actuarial gains/losses must be recognised immediately in equity through other comprehensive income, which will lead to higher volatility in equity compared to the current corridor approach.

The amended IAS 19 furthermore states that the expected return on plan assets must be recognised using the same interest rate as the discount rate used when measuring the pension obligation. This will lead to higher pension expenses in the income statement as NBD currently expects a higher return than the discount rate. Any difference between the actual return and the expected return will be part of the actuarial gains/losses recognised immediately in equity through other comprehensive income.

The unrecognised actuarial losses as per 31 December 2011 amount to DKK 218m. If NBD has unrecognised actuarial losses at transition, there will be a negative impact on equity. See Note 33 "Retirement benefit obligations" for more information.

The impact on the capital adequacy is expected to be very limitied.

Other forthcoming changes in IFRSs
IAS 1 "Presentation of Financial Statements" has been amended. The amended standard changes the presentation of other comprehensive income. The effective date for NBD is as from 1 January 2013, but earlier application is permitted. The EU Commission has not endorsed this standard for implementation in 2011.

IFRS 7 "Financial Instruments: Disclosures" has been amended and will lead to additional disclosures around transferred assets. The effective date for NBD is as from 1 January 2012, but earlier application is permitted. The EU Commission has endorsed this standard for implementation in 2011.

IAS 32 "Financial Instruments: Presentation" has been amended. The change relates to the offsetting of financial assets and financial liabilities. The amendment is not intended to change the criteria for offsetting, but to give additional guidance on how to apply the existing criteria. IFRS 7 "Financial Instruments: Disclosures" has furthermore been amended and will lead to additional disclosures around the offsetting of financial assets and financial liabilities. The effective date for Nordea is as from 1 January 2014 for amendments to IAS 32 and as from 1 January 2013 for amendments to IFRS 7, but earlier application is permitted. The EU Commission has not endorsed these amendments for implementation in 2011.

The IASB has furthermore amended IFRS 1 "First-time Adoption of International Financial Reporting Standards" (hyperinflation/fixed dates) and IAS 12 "Income Taxes" (recovery of underlying asset) and published IFRIC 20 "Stripping Costs". The effective date for NBD is as from 1 January 2012, but earlier application is permitted. The EU Commission has not endorsed the amended standards and published interpretation for implementation in 2011.

The above-mentioned amended standards and interpretations not yet adopted, within the section "Other forthcoming changes in IFRSs", are not, in the period of initial application or in subsequent periods, expected to have any significant impact on the financial statements, apart from on disclosures, nor on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

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

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

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

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

- The choice of valuation techniques

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

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

See also the separate section 10 "*Determination of fair value of financial instruments*" and Note 41 "*Assets and liabilities at fair value*".

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

The forecasts of future cash flows are based on NBD's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other affect the forecasted cash flows. Under current market conditions such changes are not expected to lead to any significant impairment charges of goodwill, but may do so in subsequent periods.

See also the separate section 15 "Intangible assets" and Note 21 "Intangible assets".

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

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

See also the separate section 13 "Loans to the public/credit institutions" and Note 13 "Loans and impairment".

Actuarial calculations of pension liabilities and plan assets related to employees
The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions about salary increases and inflation are based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 33 "Retirement benefit obligations".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 33 "Retirement benefit obligations".

See also the separate section 19 "Employee benefits" and Note 33 "Retirement benefit obligations".

Valuation of deferred tax assets
The valuation of deferred tax assets is influenced by management's assessment of NBD's future profitability. This assessment is updated and reviewed at each balance sheet date, and is, if necessary, revised to reflect the current situation.

See also the separate section 18 "Taxes" and Note 11 "Taxes".

Valuation of investment properties
Investment properties are measured at fair value as described in section 17 "Investment property". As there are normally no active markets for investment properties, the fair values are estimated based on discounted cash flow models. These models are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirements and interest rates.

See also the separate section 17 "Investment property" and Note 24 "Investment property".

Claims in civil lawsuits
Within the framework of the normal business operations, NBD faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of these disputes are considered likely to have any significant adverse effect on NBD or its financial position. See also Note 32 "Provisions" and Note 37 "Contingent liabilities".

5. Principles of consolidation
Consolidated entities
The consolidated financial statements include the accounts of the parent company NBD and those entities that the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All group undertakings are consolidated using the purchase method. Under the purchase method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's acquisition cost is established in a purchase price allocation analysis.

In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is recognised immediately in the income statement.

Intra-group transactions and balances between consolidated group undertakings are eliminated.

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

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

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

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where NBD has significant influence. Investments within NBD's investment activities, which are classified as a venture capital organisation within NBD, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

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

Internal transactions, in the income statement, between NBD and its associated companies are not eliminated. NBD does not have any transactions including sales of assets with associated companies.

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

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

NBD has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bonds (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of NBD. NBD is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, NBD will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs NBD has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs NBD has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 19 "Investments in group undertakings" lists the major subsidiaries in the NBD Group, including consolidated SPEs.

Currency translation of foreign entities
The consolidated financial statements are prepared in Danish Kroner (DKK), the presentation currency of the parent company Nordea Bank Danmark A/S. The current method is used when translating the financial statements of foreign entities into DKK from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements and statements of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

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

6. Recognition of operating income and impairment

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

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

Interest on derivatives used for hedging is also recognised in "Net interest income", as are fees that are considered to be an integral part of the effective interest rate of a financial instrument.

Net fee and commission income
NBD earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed

services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan as well as other fees received as payments for certain acts are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

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

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

Net result from items at fair value
Realised and unrealised gains and losses on financial instruments measured at fair value through profit or loss are recognised in the item "Net result from items at fair value".

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

Interest income and interest expense related to all balance sheet items in Markets, including the funding of this operation, are recognised in "Net result from items at fair value".

Also the ineffective portion of cash flow hedges and net investment hedges as well as recycled gains and losses on financial instruments classified into the category Available for sale are recognised in "Net result from items at fair value".

This item also includes realised gains and losses from financial instruments measured at amortised cost, such as interest compensation received and realised gains/losses on buy-backs of issued own debt.

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

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

Profit from companies accounted for under the equity method
The profit from companies accounted for under the equity method is defined as the post-acquisition change in NBD's share of net assets in the associated companies. NBD's share of items accounted for in other comprehensive income in the associated companies is accounted for in other comprehensive income in NBD. Profits from companies accounted for under the equity method are, as stated in section 5 "Principles of consolidation" reported in the income statement post-taxes. Consequently, the tax expense related to these profits is excluded from the income tax expense for NBD.

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

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

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

Other operating expenses
Other operating expenses consist of losses to the Danish Deposit Guarantee Fund and guarantee commission for the Danish State Guarantee scheme under Bank Package 1.

Net loan losses
Impairment losses from financial assets classified into the category Loans and receivables (see section 12 "Financial instruments"), in the items "Loans to credit institutions" and "Loans to the public" in the balance sheet, are reported as "Net loan losses", together with losses from financial guarantees (including losses under Bank Package 1). Losses are reported net of any collateral and other credit enhancements. NBD's accounting policies for the calculation of impairment losses on loans can be found in section 13 "Loans to the public/credit institutions".

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

Impairment of securities held as financial non-current assets
Impairment on investments in interest-bearing securities,

classified into the categories Loans and receivables or Held to maturity, and on investments in associated companies is classified as "Impairment of securities held as financial non-current assets" in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 12 "Financial instruments" and section 13 "Loans to the public/credit institutions".

Investments in associated companies are assessed for impairment annually. If observable indicators (loss events) indicate that an associated company is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required.

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

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

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised (reclassified to the items "Other assets" or "Other liabilities" in the balance sheet between trade date and settlement date) from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on the settlement date.

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

In some cases, NBD enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. If NBD's counterpart can sell or repledge the transferred assets, the assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when NBD performs, for example when NBD repays a deposit to the counterpart, i.e. on settlement date. Financial liabilities under trade date accounting are generally reclassified to "Other liabilities" in the balance sheet on the trade date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 12 "Financial instruments", as well as Note 42 "Obtained collaterals which are permitted to be sold or repledged".

8. Translation of assets and liabilities denominated in foreign currencies

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

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

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net result from items at fair value".

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in other comprehensive income, to the extent the hedge is effective. This is performed in order to offset the translation differences affecting other comprehensive income when consolidating the group undertaking into NBD. Any ineffectiveness is recognised in the income statement in the item "Net result from items at fair value".

9. Hedge accounting

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

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

There are three forms of hedge accounting:
- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments

Fair value hedge accounting

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

Fair value hedge accounting in NBD is performed mainly on a portfolio basis. Any ineffectiveness is recognised in the income statement under the item "Net result from items at fair value".

Hedged items
A hedged item in a fair value hedge can be a recognised single asset or liability, an unrecognised firm commitment, or a portion thereof. The hedged item can also be a group of assets, liabilities or firm commitments with similar risk characteristics. Hedged items in NBD consist of both individual assets or liabilities and portfolios of assets and/or liabilities.

Hedging instruments
The hedging instruments used in NBD are predominantly interest rate swaps and cross-currency interest rate swaps, which are always held at fair value. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Cash flow hedge accounting
Cash flow hedge accounting can be used for the hedging of exposure to variations in future interest payments on instruments with variable interest rates and for the hedging of currency exposures. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised directly in other comprehensive income and accumulated in the fair value reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recycled to the item "Net result from items at fair value" in the income statement.

Gains or losses on hedging instruments recognised in the fair value reserve (related to cash flow hedges) in equity through other comprehensive income are recycled and recognised in the income statement in the same period as the cash flow, normally the interest income or interest expense from the hedged asset or liability.

Hedged items
A hedged item in a cash flow hedge can be a recognised asset or liability or a highly probable forecast transaction. NBD uses cash flow hedges when hedging currency risk in future payments of interest and principal in foreign currency.

Hedging instruments
The hedging instruments used in NBD are predominantly cross-currency interest rate swaps, which are always held at fair value, where the currency component is designated as a cash flow hedge of currency risk and the interest component as a fair value hedge of interest rate risk.

Hedges of net investments
See separate section 8 "Translation of assets and liabilities denominated in foreign currencies".

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

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

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item. In cash flow hedges, the cumulative gain or loss on the hedging instrument that has been recognised in the fair value reserve (related to cash flow hedges) in equity through other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the hedged item is derecognised, cancelled or the expected transaction is no longer expected to occur. If the expected transaction is no longer highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains in other comprehensive income until the transaction occurs or is no longer expected to occur.

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

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

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. NBD is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

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

- Loans to the public (mortgage loans in the subsidiary Nordea Kredit Realkreditaktieselskab)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

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

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

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

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

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

Note 41 "Assets and liabilities at fair value" provides a breakdown of fair values of financial instruments measured on the basis of:

- quoted prices in active markets for the same instrument (level 1)
- valuation techniques using observable data (level 2)
- valuation techniques using non-observable data (level 3).

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

New valuation models are subject to approval by Group Risk Management and all models are reviewed on a regular basis.

For further information, see Note 41 "Assets and liabilities at fair value".

11. Cash and cash equivalents

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

- The central bank is domiciled in a country where NBD is operating under a banking licence
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified into the category "Loans and receivables", see section 12 "Financial instruments".

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

12. Financial instruments

Classification of financial instruments

Each financial instrument has been classified into one of the following categories:

Financial assets:

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

Financial liabilities:

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

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

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

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

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

The major parts of the financial assets/ liabilities classified into the category Designated at fair value through profit or loss are mortgage loans and related issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab. Assets and liabilities in Nordea Kredit Realkreditaktieselskab are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

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

Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 "Loans to the public/credit institutions".

Held to maturity
Financial assets that NBD has chosen to classify into the category Held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that NBD has the positive intent and ability to hold to maturity. Financial assets classified into the category Held to maturity are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

If more than an insignificant amount of the Held-to-maturity portfolio is sold or transferred, the Held-to-maturity category is tainted, except if the sale or transfer occurs close to maturity, after substantially all of the original principal has already been collected or is due to an isolated non-recurring event beyond the control of NBD.

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

Available for sale
Financial instruments classified into the category Available for sale are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised in the fair value reserve in equity through other comprehensive income. Interest is recognised in the item "Interest income" and foreign exchange effects and impairment losses in the item "Net result from items at fair value" in the income statement.

When an instrument classified into the category Available for sale is disposed of, the fair value changes that have previously been accumulated in the fair value reserve (related to Available-for-sale investments) in other comprehensive income are removed from equity and recognised in the income statement in the item "Net result from items at fair value".

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

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are initially recognised in the balance sheet at fair value less transaction cost. Subsequent to initial recognition, the financial liabilities are measured at amortised cost. Interest from Other financial liabilities is recognised in the item "Interest expense" in the income statement.

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

Securities in securities lending transactions are also disclosed in the item "Assets pledged as security for own liabilities".

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

Repurchase and reverse repurchase agreements

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

Securities delivered under repurchase agreements are also disclosed in the item "Assets pledged as security for own liabilities".

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

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

Derivatives

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

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

13. Loans to the public/credit institutions

Financial instruments classified as "Loans to the public/ credit institutions" in the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 7 "Recognition and derecognition of financial instruments in the balance sheet" as well as Note 40 "Classification of financial instruments").

NBD monitors loans as described in the separate section on Risk, liquidity and capital management. Loans attached to individual customers or groups of customers are identified as impaired if the impairment tests indicate objective evidence of impairment.

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

Impairment test of individually assessed loans

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

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

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

Impairment test of collectively assessed loans

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

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

For corporate customers and bank counterparts, NBD uses the existing rating system as a basis when assessing the credit risk. NBD uses historical data on the probability of default to estimate the risk of default in a rating class. These loans are rated and grouped mostly based on the type of industry and/ or sensitivity to certain macro parameters, eg dependency on oil prices etc.

Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, liquidity and capital management.

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

Impairment loss

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

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses are accounted for as changes in the allowance account and as "Net loan losses" in the income statement (see also section 6 "Recognition of operating income and impairment").

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item "Net loan losses" in the income statement. An impairment loss is regarded as final when bankruptcy proceedings are taken against the obligor and the administrator has declared the financial outcome of the bankruptcy proceedings, or when NBD waives its claims either through a legally based or voluntary reconstruction or when NBD, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate

The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in impairment that is a reasonable approximation of using the effective interest rate method as the basis for the calculation.

Restructured loans

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

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by NBD. For example a property taken over, not held for NBD's own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised as "Net loan losses". The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 12 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line "Net result from items at fair value".

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

14. Leasing

NBD as lessor

Finance leases

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

Operating leases

Assets subject to operating leases in the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term and classified as "Net interest income". The depreciation of the leased assets is calculated on the basis of NBD's depreciation policy for similar assets and reported as "Depreciation, amortisation and impairment charges of tangible and intangible assets" in the income statement.

NBD as lessee

Finance leases

Finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value, or if lower, the present value of the minimum lease payments of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment testing of leased assets is performed following the same principles as for similar owned assets.

Operating leases
Operating leases are not recognised in Nordea's balance sheet. For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of Nordea's benefit. The original lease terms range between 3 and 25 years.

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

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

15. Intangible assets

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

Goodwill

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

IT development/Computer software

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

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

Customer-related intangible assets

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

Impairment

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash-generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk-free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See Note 21 "Intangible assets" for more information on the impairment testing.

16. Property and equipment

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

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

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10-20 years and the remaining leasing term.

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

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

17. Investment property

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

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

18. Taxes

The item "Income tax expense" in the income statement comprises current and deferred income tax. The income tax expense is recognised in the income statement, except to the extent the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor for differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

19. Employee benefits

All forms of consideration given by NBD to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within 12 months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in NBD consist only of pensions. Termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Short-term benefits

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

More information can be found in Note 7 "Staff costs".

Post-employment benefits

Pension plans

The companies within NBD have various pension plans, consisting of both defined benefit plans and defined contribution plans.

The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount after adjusting for unrecognised actuarial gains/losses is recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Most pensions in NBD are based on defined contribution arrangements that hold no pension liability for NBD. NBD also contributes to public pension systems.

Pension costs

The pension calculations are carried out by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. NBD's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 33 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement. Rather, only when the net cumulative unrecognised actuarial gain or loss exceeds a "corridor" equal to 10% of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, is the excess recognised in the income statement over the expected average remaining service period of the employees participating in the plan. Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the NBD entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

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

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

Termination benefits
As mentioned above, termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy. Termination benefits do not arise if the employees have to continue performing services and the termination benefits can be considered to be normal compensation for those services.

Termination benefits are expensed when NBD has an obligation to make the payment. An obligation arises when there is a formal plan committed to on the appropriate organisational level and when Nordea is without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the group affected or to their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as "Salaries and remuneration" and post-employment benefits as "Pension costs" in Note 7 "Staff costs".

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Danmark A/S.

Other reserves
Other reserves comprise income and expenses, net after tax effects which are reported in equity in accordance with IFRS. These reserves include fair value reserves for cash flow hedges and financial assets classified into the category Available for sale as well as a reserve for translation differences.

Retained earnings
Retained earnings comprise undistributed profits from previous years.

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

21. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received on issued financial guarantee contracts and credit commitments are recognised as prepaid income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised on the balance sheet, at the higher of either the received fee less amortisation or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item "Net loan losses".

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Commitments".

22. Share-based payment

Equity-settled programmes
Nordea has annually issued Long Term Incentive Programmes from 2007 through 2011. Employees participating in these programmes are granted share-based and equity-settled rights, ie rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The value of such rights must be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the Group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights/Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

For more information see Note 7 "Staff costs".

Cash-settled programmes
NBD has to defer payment of variable salaries under the FSA's regulations and general guidelines. The deferred amounts are to some extent indexed using Nordea's TSR (Total Shareholders' Return) and these "programmes" are cash-settled share-based programmes under IFRS. These programmes are fully vested when the variable salaries are initially deferred and the fair value of the obligation is remeasured on a continuous basis. The remeasurements are, together with the related social charges, recognised in the income statement in the item "Net result from items at fair value".

23. Related-party transactions

NBD defines related parties as
- shareholders with significant influence
- group undertakings
- associated undertakings
- key management personnel
- other related parties.

All transactions with related parties are made on an arm's length basis.

Shareholders with significant influence

Shareholders with significant influence are shareholders that, by any means, have a significant influence over Nordea Bank Danmark A/S. Nordea Bank AB has a significant influence over Nordea Bank Danmark A/S.

Group undertakings

For the definition of group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the NBD Group is found in Note 19 "Investments in group undertakings".

Other group companies consist of subsidiaries in Nordea Bank AB and which are not a part of the Nordea Bank Danmark Group.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. These transactions are eliminated in the consolidated accounts.

Associated undertakings

For the definition of associated undertakings see section 5 "Principles of consolidation".

Further information on the associated undertakings included in the NBD Group is found in Note 20 "Investments in associated undertakings".

Key management personnel

Key management personnel includes the following positions:
- The Board of Directors
- The Group Executive Management.
- The Executive Management

For information about compensation, pensions and other transactions with key management personnel, see Note 7 "Staff costs"

Other related parties

Other related parties comprise close family members to individuals in key management personnel. Other related parties also include companies significantly influenced by key management personnel in the NBD Group as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include NBD's pension foundations.

Information concerning transactions between Nordea Bank Danmark A/S and other related parties is found in Note 45 "Related-party transactions".

24. Segment reporting

Nordea Bank Danmark A/S does not have debt instruments traded in a public market. Segment reporting in accordance with IFRS 8 is therefore not required for Nordea Bank Danmark. For segment reporting for Nordea Bank AB Group see Note 2 in the financial statements for Nordea Bank AB.

25. Parent company

Changed accounting policies and presentation

The accounting policies, the basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2010 Annual Report.

More information on other changes in IFRSs implemented in 2011, which have not had any significant impact on the parent company, as well as on forthcoming changes in IFRSs not yet implemented by NBD can be found in section 2 "Changed accounting policies and presentation" and section 3 "Changes in IFRSs not yet effective for NBD, respectively. The conclusions within these sections are, where applicable, relevant also for the parent company.

Accounting policies applicable for the parent company only

Investments in group undertakings and associated undertakings

The parent company's investments in subsidiaries and associated companies are recognised under the cost model. Impairment tests are performed according to IAS 36 "Impairment of Assets". At each balance sheet date, all shares in subsidiaries and associated companies are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount and is classified as "Impairment of securities held as financial non-current assets" in the income statement.

Dividends

Dividends paid to the shareholder of Nordea Bank Danmark A/S are recorded as a liability following the approval of the Annual General Meeting.

Dividends paid by group undertakings and associated undertakings to the parent company are recognised in the bank's profit when approved by the Annual General Meeting. Dividends from group undertakings and associated undertakings are recognised in the separate income line "Dividends".

Note 2
Net interest income

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Interest income				
Loans to credit institutions	756	983	1,012	1,064
Loans to the public	21,005	20,496	10,626	10,011
Interest-bearing securities	1,307	3,402	2,917	5,287
Other interest income	2,246	2,399	416	628
Total interest income	**25,314**	**27,280**	**14,971**	**16,990**
Interest expense				
Deposits by credit institutions	-1,675	-1,682	-2,035	-1,862
Deposits and borrowings from the public	-3,587	-3,259	-3,611	-3,225
Debt securities in issue	-7,920	-8,072	-	-192
Subordinated liabilities	-568	-179	-568	-179
Other interest expenses	-433	-2,447	-426	-2,462
Total interest expense	**-14,183**	**-15,639**	**-6,640**	**-7,920**
Net interest income	**11,131**	**11,641**	**8,331**	**9,070**

Interest income from financial instruments not measured at fair value through profit or loss amounts to DKK 11,879m (DKK 11,515m) for the Group and DKK 11,624m (DKK 10,685m) for the parent company.
Interest expenses from financial instruments not measured at fair value through profit or loss amount to DKK -5,444m (DKK -6,674m) for the Group and DKK -5,750m (DKK -6,631m) for the parent company.

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Net interest income				
Interest income	25,074	27,047	14,971	16,990
Leasing income, net	240	233	-	-
Interest expense	-14,183	-15,639	-6,640	-7,920
Total	**11,131**	**11,641**	**8,331**	**9,070**

Note 3
Net fee and commission income

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Asset management commissions	852	764	852	764
Life insurance	29	35	29	35
Brokerage	1,646	1,581	1,639	1,564
Custody	160	145	159	145
Deposits	24	23	24	23
Total savings related commissions	2,711	2,548	2,703	2,531
Payments	415	447	415	405
Cards	323	289	318	284
Total payment commissions	738	736	733	689
Lending	556	410	458	250
Guarantees and documentary payments	362	409	884	940
Total lending related to commissions	918	819	1,342	1,190
Other commission income	292	432	243	345
Fee and commission income	**4,659**	**4,535**	**5,021**	**4,755**
Payment expenses	-185	-148	-182	-139
Other commission expenses	-238	-358	-153	-225
Fee and commission expenses	**-423**	**-506**	**-335**	**-364**
Net fee and commission income	**4,236**	**4,029**	**4,686**	**4,391**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounts to DKK 580m (DKK 433m) for the Group and DKK 482m (DKK 273m) for the parent company. The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounts to DKK 2,527m (DKK 2,380m) for the Group and DKK 2,519m (DKK 2,363m) for the parent company. The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Note 4
Net result from items at fair value

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Shares/participations and other share-related instruments	-262	1,512	47	737
Interest-bearing securities and other interest-related instruments	-461	1,560	-192	1,825
Other financial instruments	742	-1,620	708	-1,649
Foreign exchange gains/losses	25	191	28	198
Investment properties	-6	-15	-4	-3
Total	**38**	**1,628**	**587**	**1,108**
Net result from categories of financial instruments				
Available for sale assets, realised	-	-	-	-
Financial instruments designated at fair value through profit or loss	-159	-754	-159	-754
Financial instruments held for trading[1]	211	2,382	757	1,861
Financial instruments under hedge accounting	-8	8	-8	8
of which net gains/losses on hedging instruments	16	-69	16	-69
of which net gains/losses on hedged items	-24	77	-24	77
Financial assets measured at amortised cost	-	-	-	-
Financial liabilities measured at amortised cost	-	-	-	-
Other	-6	-8	-3	-7
Total	**38**	**1,628**	**587**	**1,108**

[1] Of which deferred day one profits amount to DKK 0m for 2011 (DKK 0m) for the Group.

Note 5
Dividends

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Investments in group undertakings	-	-	463	-
Investments in associated undertakings	-	-	125	203
Total	**-**	**-**	**588**	**203**

Note 6
Other operating income

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Income from group companies	473	511	604	664
Disposals of tangible and intangible assets	3	2	3	2
Other	106	261	38	255
Total	**582**	**774**	**645**	**921**

Note 7
Staff costs

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Salaries and remuneration (specification below)	-5,154	-4,849	-4,970	-4,614
Pension costs (specification below)	-549	-515	-526	-496
Social insurance contributions	-513	-453	-502	-444
Other staff costs	-211	-184	-208	-179
Total	**-6,427**	**-6,001**	**-6,206**	**-5,733**

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Salaries and remuneration				
To the Board of Directors				
- Fixed salary and benefits	0	0	0	0
- Performance-related compensation	-	-	-	-
To the Executive Management				
- Fixed salary and benefits	-10	-16	-10	-16
- Performance-related compensation[1]	0	-2	0	-2
To employees that have significant influence on NBD's risk profile[2]				
- Fixed salary and benefits	-342	-	-334	-
- Performance-related compensation	-58	-	-57	-
Total	**-410**	**-18**	**-401**	**-18**
To other employees	-4,744	-4,831	-4,569	-4,596
Total	**-5,154**	**-4,849**	**-4,970**	**-4,614**

[1] Including LTIP.
[2] The Board of Directors has according to the new requirement that came into effect on 1 January 2011 identified employees that have significant influence on NBD's risk profile. There are no comparison figures as this requirement did not apply for 2010.

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Pension costs				
Defined benefits plans (Note 33)	-1	4	-1	4
Defined contribution plans:				
- The Executive Management	-6	-9	-6	-9
- Employees that have significant influence on NBD's risk profile	-34	-	-34	-
- Other employees	-508	-510	-485	-491
Total	**-549**	**-515**	**-526**	**-496**
Compensation including pension				
The Board of Directors[1]	0	0	0	0
The Executive Management[2, 3]	-16	-27	-16	-27
Employees that have significant influence on NBD's risk profile[4]	-434	-	-425	-
Total	**-450**	**-27**	**-441**	**-27**

[1] The Board of Directors included in 2011 unchanged 4 individuals.
[2] The Executive Management (including former members of the Executive Management) included in 2011 12 individuels (10 individuels).
[3] In 2011 the compensation for the members of the Executive Management that also work for Nordea Bank AB (publ) was split between NBD and Nordea Bank AB (publ). The Executive Management participates in the incentive programmes called VSP (Variable Salary Part) and LTIP (Long Term Incentive Programme). These programmes are described in the Remuneration section in the Directors' report.
[4] Employees that have significant influence on NBD's risk profile included in 2011 376 individuals in the Group and 370 individuals in the parent company.

Further information about NBD's salary policy and practice is available on www.nordea.com/remuneration.

Note 7
Staff costs *(cont.)*

Share-based payment

Group

Conditional Rights LTIP 2011	2011 Matching Share	2011 Performance Share I	2011 Performance Share II
Outstanding at the beginning of year	-	-	-
Granted	256,497	512,994	256,497
Transfer during the year	-47,063	-94,126	-47,063
Forfeited	-	-	-
Outstanding at end of year	**209,434**	**418,868**	**209,434**
Of which currently exercisable	-	-	-

Conditional Rights LTIP 2010	2011 Matching Share	2011 Performance Share I	2011 Performance Share II	2010 Matching Share	2010 Performance Share I	2010 Performance Share II
Outstanding at the beginning of year	255,898	511,796	255,898	-	-	-
Granted	-	-	-	255,898	511,796	255,898
Transfer during the year	-35,611	-71,222	-35,611	-	-	-
Forfeited	-479	-958	-479	-	-	-
Outstanding at end of year	**219,808**	**439,616**	**219,808**	**255,898**	**511,796**	**255,898**
Of which currently exercisable	-	-	-	-	-	-

Conditional Rights LTIP 2009	2011 A Rights	2011 B-C Rights	2011 D Rights	2010 A Rights	2010 B-C Rights	2010 D Rights
Outstanding at the beginning of year	4,510	4,510	1,804	4,510	9,020	4,510
Granted	-	-	-	-	-	-
Exercised[1]	-4,510	-4,510	-1,804	-	-4,510	-2,706
Outstanding at end of year	**-**	**-**	**-**	**4,510**	**4,510**	**1,804**
Of which currently exercisable	-	-	-	-	-	-

Conditional Rights LTIP 2008	2011 A Rights	2011 B-C Rights	2011 D Rights	2010 A Rights	2010 B-C Rights	2010 D Rights
Outstanding at the beginning of year	38,948	37,207	30,720	135,830	140,541	108,664
Forfeited	-500	-500	-500	-	-4,711	-
Exercised[1]	-14,019	-11,868	-11,118	-96,882	-98,623	-77,944
Outstanding at end of year	**24,429**	**24,839**	**19,102**	**38,948**	**37,207**	**30,720**
Of which currently exercisable	24,429	24,839	19,102	38,948	37,207	30,720

Conditional Rights LTIP 2007	2011 A Rights	2011 B-C Rights	2011 D Rights	2010 A Rights	2010 B-C Rights	2010 D Rights
Outstanding at the beginning of year	12,853	9,244	11,445	59,681	59,628	59,438
Forfeited	-1,274	-1,274	-1,274	-	-	-
Exercised[1]	-11,579	-7,970	-10,171	-46,828	-50,384	-47,993
Outstanding at end of year	**-**	**-**	**-**	**12,853**	**9,244**	**11,445**
Of which currently exercisable	-	-	-	12,853	9,244	11,445

[1] Weighted average share price during the period amounted to EUR 7.45 (EUR 7.34).

Note 7
Staff costs *(cont.)*

Share-based payment

Parent company

Conditional Rights LTIP 2011	2011 Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	-	-	-
Granted	251,410	502,820	251,410
Transfer during the year	-47,063	-94,126	-47,063
Forfeited	-	-	-
Exercised	-	-	-
Outstanding at end of year	**204,347**	**408,694**	**204,347**
Of which currently exercisable	-	-	-

	2011			2010		
Conditional Rights LTIP 2010	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	250,279	500,558	250,279	-	-	-
Granted	-	-	-	250,279	500,558	250,279
Transfer during the year	-35,611	-71,222	-35,611	-	-	-
Forfeited	-479	-958	-479	-	-	-
Exercised	-	-	-	-	-	-
Outstanding at end of year	**214,189**	**428,378**	**214,189**	**250,279**	**500,558**	**250,279**
Of which currently exercisable	-	-	-	-	-	-

	2011			2010		
Conditional Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	-	-	-	-	-	-
Granted	-	-	-	-	-	-
Exercised[1]	-	-	-	-	-	-
Outstanding at end of year	**-**	**-**	**-**	**-**	**-**	**-**
Of which currently exercisable	-	-	-	-	-	-

	2011			2010		
Conditional Rights LTIP 2008	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	38,948	37,207	30,720	132,751	137,462	106,201
Forfeited	-500	-500	-500	-	-4,711	-
Exercised[1]	-14,019	-11,868	-11,118	-93,803	-95,544	-75,481
Outstanding at end of year	**24,429**	**24,839**	**19,102**	**38,948**	**37,207**	**30,720**
Of which currently exercisable	24,429	24,839	19,102	38,948	37,207	30,720

	2011			2010		
Conditional Rights LTIP 2007	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	12,853	9,244	11,445	59,538	59,488	59,295
Forfeited	-1,274	-1,274	-1,274	-	-	-
Exercised[1]	-11,579	-7,970	-10,171	-46,685	-50,244	-47,850
Outstanding at end of year	**-**	**-**	**-**	**12,853**	**9,244**	**11,445**
Of which currently exercisable	-	-	-	12,853	9,244	11,445

[1] Weighted averge share price during the period amounted to EUR 7.45 (EUR 7.34).

Note 7
Staff costs *(cont.)*

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

	LTIP 2011 Matching Share	LTIP 2011 Performance Share I	LTIP 2011 Performance Share II
Ordinary share per right	1.00	1.00	1.00
Exercise price, EUR	0.00	0.00	0.00
Grant date	13 May 2011	13 May 2011	13 May 2011
Vesting period, months	36	36	36
Contractual life, months	36	36	36
First day of exercise	May 2014	May 2014	May 2014
Fair value at grant date, EUR	8.21	8.21	2.97

	LTIP 2010 Matching Share	LTIP 2010 Performance Share I	LTIP 2010 Performance Share II	LTIP 2009 A Rights	LTIP 2009 B-C Rights	LTIP 2009 D Rights
Ordinary share per right	1.00	1.00	1.000	1.00	1.00	1.00
Exercise price, EUR	0.00	0.00	0.00	0.77	0.38	0.38
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period, months	36	36	36	24	24	24
Contractual life, months	36	36	36	48	48	48
First day of exercise	May 2013	May 2013	May 2013	April 2011	April 2011	April 2011
Fair value at grant date, EUR	6.75	6.75	2.45	4.66	5.01	1.75

	LTIP 2008 A Rights	LTIP 2008 B-C Rights	LTIP 2008 D Rights	LTIP 2007 A Rights	LTIP 2007 B-C Rights	LTIP 2007 D Rights
Ordinary share per right	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price, EUR	2.30	1.53	1.53	2.53	1.00	1.0
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period, months	24	24	24	24	24	24
Contractual life, months	48	48	48	48	48	48
First day of exercise	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date, EUR	7.53	8.45	4.14	8.76	10.49	7.76

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

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

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

Note 7
Staff costs *(cont.)*

	LTIP 2011	LTIP 2010
Service condition, Matching Share/ Performance Share I and II	Employed within the Nordea Group during the three-year vesting period.	Employed within the Nordea Group during the three-year vesting period.
Performance condition, Performance Share I	Compound Annual Growth Rate in RAPPS from year 2010 (base year) up to and including year 2013. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceeds 10%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) up to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceeds 9%.
EPS knock-out, Performance Share I	Average reported EPS for 2011-2013 lower than EUR 0.26.	Average reported EPS for 2010-2012 lower than EUR 0.26.
Performance conditions, Performance Share II	TSR during 2011-2013 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2010-2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.
Cap	The market value of the allotted shares is capped to the participant's annual salary for year-end 2010.	The market value of the allotted shares is capped to the participant's annual salary for year-end 2009.
Exercise price adjustments	-	-

	LTIP 2009[1]	LTIP 2008[1]	LTIP 2007[1]
Service condition, A-D-rights	Employed within the Nordea Group during the two-year vesting period.	Employed within the Nordea Group during the two-year vesting period.	Employed within the Nordea Group during the two-year vesting period.
Performance condition, B-rights	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2007 compared to 2006. Full right to exercise was obtained if RAPPS increased by 15% or more.
EPS knock-out, B-rights	Reported EPS for 2009 lower than EUR 0.17.	Reported EPS for 2008 lower than EUR 0.80.	Reported EPS for 2007 lower than EUR 0.80.
Performance condition, C-rights	Increase in RAPPS 2010 compared to 2009. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock-out, C-rights	Reported EPS for 2010 lower than EUR 0.17.	Reported EPS for 2009 lower than EUR 0.52.	Reported EPS for 2008 lower than EUR 0.80.
Performance conditions, D-rights	TSR during 2009-2010 in comparison to a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2008-2009 in comparison to a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2007-2008 in comparison to a peer group. Full right to exercise was obtained if Nordea's TSR exceeded peer group index by 10 percentage points or more.
Cap	The profit per A-D-right is capped to EUR 9.59 per right.	The profit per A-D-right is capped to EUR 21.87 per right.	The profit per A-D-right is capped to EUR 19.18 per right.
Exercise price adjustments	The exercise price will be adjusted for dividends during the exercise period, however, never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the exercise period, however, never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the vesting period and the exercise period, however, never adjusted below EUR 0.10.

[1] RAPPS for the financial year 2008 used for LTIP 2008 (C-rights) and LTIP 2009 (B-rights), RAPPS for the financial year 2009 used for LTIP 2009 (C-rights), EPS knock out in LTIP 2008 (C-rights) and LTIP 2009 (B- and C-rights) and the cap in LTIP 2009, LTIP 2008 and LTIP 2007 has been adjusted due to the financial effects of the new rights issue in 2009.

Note 7
Staff costs *(cont.)*

Fair value calculations (Group/parent company)
The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008
Weighted average share price, EUR	8.39	6.93	5.79	11.08
Right life, years	3.00	3.00	2.50	2.50
Deduction of expected dividends	No	No	Yes	Yes
Risk free rate, %	1.48	1.99	1.84	3.83
Expected volatility, %	36.00	40.00	29.00	21.00

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2011) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programme's exercise windows, however, not applicable for LTIP 2010 and LTIP 2011.

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

Expenses

	Group					
DKKm	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007	Total
Expected expense	26.26	38.17	0.45	25.85	16.54	
Maximum expense	43.14	42.48	0.45	39.04	19.52	
Total expense 2011	6.68	8.35	0.06	-	-	15.09
Total expense 2010	-	5.48	0.22	10.80	-	16.50

	Parent company					
DKKm	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007	Total
Expected expense	25.60	37.35	-	25.33	16.46	
Maximum expense	42.08	41.52	-	38.14	19.44	
Total expense 2011	6.54	8.17	-	-	-	14.71
Total expense 2010	-	5.36	-	10.60	-	15.96

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010 and LTIP 2011. The expected expense is recognised over the vesting period of 36 months (LTIP 2010 and 2011) and 24 months (LTIP 2009, 2008 and 2007).

Cash-settled share-based payment transaction
Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three-year period. Since 2011 Nordea has also operated TSR-linked retention on part of variable compensation for certain employee categories.

	Group		Parent company	
DKKm	2011	2010	2011	2010
Deferred TSR-linked compensation at beginning of year	48	-	48	-
Accrued deferred/retained TSR-linked compensation during the year[1]	6	43	6	43
TSR indexation during the year	-9	5	-9	5
Payments during the year[2]	-16	-	-16	-
Translation differences	0	0	0	0
Deferred TSR-linked compensation at end of year	**29**	**48**	**29**	**48**

[1] Of which DKK 14m is available for disposal by the employees in 2012.
[2] There have been no adjustments due to forfeitures in 2011.

Note 7
Staff costs *(cont.)*

Disclosure according to section 77d (3) of the Financial Business Act
The total remuneration for 2011 to the Board of Directors and the Executive Management paid by the Nordea Bank AB Group is disclosed according to section 77d (3) of the Financial Business Act:

Board of Directors	DKKm
Ari Kaperi	7.7
Fredrik Rystedt	9.0
Gunn Wærsted	10.6
Anne Rømer	0.2

Executive Management	DKKm
Michael Rasmussen	8.4
Peter Lybecker	6.6
Peter Nyegaard	2.1
Anders Jensen	1.2
Peter Schütze	4.6

According to Section 77d (3) of the Financial Business Act, NBD is required to disclose the total remuneration for members of the Board of Directors and the Executive Management, including the remuneration the person has received as a member of the Board of Directors and/or the Executive Management in companies within the Nordea Bank AB Group.

Ari Kaperi, Fredrik Rystedt and Gunn Wærsted earn no remuneration as members of the Board of Directors of NBD. All remuneration is earned from Nordea Bank AB or its undertakings. Approximately 50% of the total remuneration for Gunn Wærsted is pension service costs, ie service cost, past service cost and curtailments and settlements as defined in IAS 19 as well as changed actuarial assumptions. Anne Rømer is an external member of the Board of Directors. Remuneration for Peter Nyegaard and Anders Jensen is for the period 1 September - 31 December 2011. Remuneration for Peter Schütze is for the period 1 January - 31 May 2011.

Note 8
Other expenses

	Group		Parent company	
DKKm	2011	2010	2011	2010
Information technology[1]	-1,145	-1,257	-1,126	-1,237
Marketing and entertainment	-171	-177	-154	-175
Postage, transportation, telephone and office expenses	-357	-382	-345	-370
Rents, premises and real estate	-958	-857	-965	-856
Disposals of tangible and intangible assets	-2	-2	-2	-2
Other[2]	-719	-411	-674	-290
Total	**-3,352**	**-3,086**	**-3,266**	**-2,930**

[1] Refers to IT operations, service expenses and consultant fees.
[2] Including fees and remuneration to auditors distributed as follows:

Auditors' remuneration				
Auditing assignments	-4	-4	-3	-3
Audit-related services	-2	-1	-2	-1
Tax advisory services	-1	-1	-1	0
Other assignments	0	0	0	0
Total remuneration of the firm appointed at the Annual General Meeting to undertake the statutory audit	**-7**	**-6**	**-6**	**-4**

Note 9
Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

	Group		Parent company	
DKKm	2011	2010	2011	2010
Property and equipment (Note 22)				
Equipment	-150	-124	-142	-105
Buildings	-1	-2	-1	-1
Intangible assets (Note 21)				
Goodwill	-	-	-	-
Internally developed software	-62	-52	-49	-36
Other intangible assets	-52	-52	-52	-33
Total	**-265**	**-229**	**-244**	**-174**

Note 9
Depreciation, amortisation and impairment charges of tangible and intangible assets *(cont.)*

Impairment charges/reversed impairment charges

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Property and equipment (Note 22)				
Equipment	-	-	-	-
Buildings	-	-	-	-
Intangible assets (Note 21)				
Goodwill	-	-	-	-
Internally developed software	-4	-6	-4	-6
Other intangible assets	-	-	-	-
Total	**-4**	**-6**	**-4**	**-6**
Total	**-269**	**-235**	**-248**	**-180**

Note 10
Net loan losses

Net loan losses divided by class

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Loans to credit institutions	0	0	0	0
- of which provisions	-	-	-	-
- of which write-offs	-	-	-	-
- of which allowances used for covering write-offs	-	-	-	-
- of which reversals	0	0	0	0
Loans to the public	-2,578	-2,527	-2,196	-2,284
- of which provisions	-4,623	-3,999	-3,913	-3,394
- of which write-offs	-1,815	-1,610	-1,630	-1,416
- of which allowances used for covering write-offs	1,546	1,353	1,377	1,180
- of which reversals	2,144	1,565	1,803	1,215
- of which recoveries	170	164	166	131
Off-balance sheet items[1]	-183	-872	-184	-887
- of which provisions	-188	-906	-355	-1,049
- of which write-offs	-1,839	-390	-1,837	-390
- of which allowances used for covering write-offs	1,839	390	1,837	390
- of which reversals	5	33	171	162
Total	**-2,761**	**-3,399**	**-2,380**	**-3,172**
Specification of Net loan losses				
Changes of allowance accounts in the balance sheet	-2,662	-3,306	-2,294	-3,066
- of which Loans, individually assessed[2]	-3,143	-2,360	-2,662	-2,035
- of which Loans, collectively assessed[2]	664	-74	552	-144
- of which Off-balance sheet items, individually assesed[1]	-185	-880	-283	-955
- of which Off-balance sheet items, collectively assessed[1]	2	8	99	68
Changes directly recognised in the income statement	-99	-93	-86	-106
- of which realised loan losses, individually assessed	-269	-257	-252	-237
- of which realised loan losses, collectively assessed	-	-	-	-
- of which realised recoveries, individually assessed	170	164	166	131
- of which realised recoveries, collectively assessed	-	-	-	-
Total	**-2,761**	**-3,399**	**-2,380**	**-3,172**

[1] Included in Note 32 Provisions as "Transfer risk, off-balance" and "Individually and collectively assessed, off-balance sheet".
[2] Included in Note 13 Loans and impairment.

Key ratios

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Loan loss ratio, basis points	40.6	50.8	65.9	86.0
- of which individual	50.4	49.8	83.9	84.0
- of which collective	-9.8	1.0	-18.0	2.0

Note 11
Taxes

Income tax expense

	Group		Parent company	
DKKm	2011	2010	2011	2010
Current tax[1]	-569	-687	-354	-580
Deferred tax[1]	-92	-390	-266	14
Total	**-661**	**-1,077**	**-620**	**-566**

[1] Of which relating to prior years (see below).

The tax on the operating profit differs from the theoretical amount that would arise using the tax rate of Denmark as follows:

	Group		Parent company	
DKKm	2011	2010	2011	2010
Profit before tax	2,849	4,557	2,305	2,665
Tax calculated at a tax rate of 25%	-712	-1,139	-576	-666
Tax-exempt income	139	54	17	94
Non-deductible expenses	-90	-29	-30	-28
Adjustments relating to prior years	17	44	-16	41
Not creditable foreign taxes	-15	-7	-15	-7
Tax charge	**-661**	**-1,077**	**-620**	**-566**
Average effective tax rate	23%	24%	27%	21%

	Group			
	Deferred tax assets		Deferred tax liabilities	
DKKm	2011	2010	2011	2010
Deferred tax related to:				
Tax losses carry forward	116	150	-	-
Loans to the public	-	-	471	545
Shares	-	-	41	27
Intangible assets	-	-	456	335
Property and equipment	-	-	-6	-27
Retirement benefit assets/obligations	-	-	57	43
Liabilities/provisions	-	-	-161	-122
Total	**116**	**150**	**858**	**801**
Of which expected to be settled after more than 1 year, gross	116	150	963	866

	Parent company			
	Deferred tax assets		Deferred tax liabilities	
DKKm	2011	2010	2011	2010
Deferred tax related to:				
Tax losses carry forward	-	-	-	-
Loans to the public	-	-	-	-
Shares	-	-	-20	-179
Intangible assets	-	-	451	325
Property and equipment	-	-	-24	-30
Retirement benefit assets/obligations	-	-	57	43
Liabilities/provisions	-	-	-159	-120
Total	**-**	**-**	**305**	**39**
Of which expected to be settled after more than 1 year, gross	-	-	429	103

Note 11
Taxes *(cont.)*

	Group		Parent company	
DKKm	2011	2010	2011	2010
Movements in deferred tax assets/liabilities, net are as follows:				
Amount at beginning of year (net)	-651	-261	-39	-53
Deferred tax relating to items recognised in other comprehensive income	-	-	-	-
Acquisition	-	-	-	-
Deferred tax in the income statement	-92	-390	-266	14
Amount at end of year (net)	**-742**	**-651**	**-305**	**-39**
Current tax assets	**101**	**1,071**	**-**	**1,279**
Of which expected to be settled after more than 1 year	-	-	-	-
Current tax liabilities	**199**	**172**	**219**	**170**
Of which expected to be settled after more than 1 year	199	-	199	-
Unrecognised deferred tax assets				
Unused tax losses carry forward	389	401	-	-
Unused tax credits	-	-	-	-
Total	**389**	**401**	**-**	**-**

There is no deferred tax relating to temporary differences associated with investments in group undertakings and associated undertakings except from private equity investments.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable. The tax asset recognised relates to Fionia Asset Company A/S.

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

Note 12
Commitments with the Board of Directors and the Executive Management

Loans to and charges or guarantees issued established for the members of the bank's Executive Management and Board of Directors and their family members:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Loans etc				
The Executive Management	7	5	0	0
The Board of Directors	-	5	-	0

Interest income on these loans to members of the bank's Executive Management and Board af Directors amounts to DKK 0.2m (DKK 0.3m) in the Group and DKK 0.0m (DKK 0.0m) in the parent company. The Executive Management consist of 4 members compared to 3 members in 2010.

Loans to members of the bank's Executive Management and Board of Directors consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on terms based on market conditions. At the end of 2011 interest on the loans was payable at the rate of 2.5-3.2% and 2.0-3.0% per year, respectively. Loans to family members of the Executive Management and the Board of Directors are granted on the same terms.

Loans etc. to members of the Executive Management and the Board of Directors in the parent company Nordea Bank AB consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on terms based on market conditions. At the end of 2011 the loans amounted to DKK 14m (DKK 11m) and interest on the loans was payable at a rate of 2-5%.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any member of the Executive Management and Board of Directors and their family members.

Note 13
Loans and impairment

Group	Credit institutions		The public[1]		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010	2011	2010
Loans, not impaired	84,150	77,898	596,850	673,301	681,000	751,199
Impaired loans:	-	-	18,387	13,236	18,387	13,236
- of which performing	-	-	12,673	9,386	12,673	9,386
- of which non-performing	-	-	5,714	3,850	5,714	3,850
Loans before allowances	**84,150**	**77,898**	**615,237**	**686,537**	**699,387**	**764,435**
Allowances for individually assessed impaired loans	-	-	-6,839	-5,247	-6,839	-5,247
- of which performing	-	-	-4,269	-3,153	-4,269	-3,153
- of which non-performing	-	-	-2,570	-2,094	-2,570	-2,094
Allowances for collectively assessed impaired loans	0	0	-1,316	-1,975	-1,316	-1,975
Allowances	**0**	**0**	**-8,155**	**-7,222**	**-8,155**	**-7,222**
Loans, carrying amount	**84,150**	**77,898**	**607,082**	**679,315**	**691,232**	**757,213**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans to the public, see Note 23 Leasing.

Note 13
Loans and impairment *(cont.)*

Parent company	Credit institutions		The public		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010	2011	2010
Loans, not impaired	136,648	148,437	262,435	359,246	399,083	507,683
Impaired loans:	-	-	11,522	8,082	11,522	8,082
- of which performing	-	-	7,376	5,085	7,376	5,085
- of which non-performing	-	-	4,146	2,997	4,146	2,997
Loans before allowances	**136,648**	**148,437**	**273,957**	**367,328**	**410,605**	**515,765**
Allowances for individually assessed impaired loans	-	-	-5,863	-4,579	-5,863	-4,579
- of which performing	-	-	-3,293	-2,484	-3,293	-2,484
- of which non-performing	-	-	-2,570	-2,095	-2,570	-2,095
Allowances for collectively assessed impaired loans	0	0	-1,084	-1,636	-1,084	-1,636
Allowances	**0**	**0**	**-6,947**	**-6,215**	**-6,947**	**-6,215**
Loans, carrying amount	**136,648**	**148,437**	**267,010**	**361,114**	**403,658**	**509,551**

Reconciliation of allowance accounts for impaired loans[2]

Group

	Credit institutions			The public		
DKKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2011	**-**	**0**	**0**	**-5,247**	**-1,975**	**-7,222**
Provisions	-	-	-	-4,427	-196	-4,623
Reversals	-	0	0	1,284	860	2,144
Changes through the income statement	**-**	**0**	**0**	**-3,143**	**664**	**-2,479**
Allowances used to cover write-offs	-	-	-	1,546	-	1,546
Translation differences	-	-	-	5	-5	0
Closing balance at 31 Dec 2011	**-**	**-**	**-**	**-6,839**	**-1,316**	**-8,155**
Opening balance at 1 Jan 2010	**-**	**0**	**0**	**-4,240**	**-1,894**	**-6,134**
Provisions	-	0	0	-3,127	-872	-3,999
Reversals	-	0	0	767	798	1,565
Changes through the income statement	**-**	**0**	**0**	**-2,360**	**-74**	**-2,434**
Allowances used to cover write-offs	-	-	-	1,353	-	1,353
Translation differences	-	-	-	0	-8	-8
Closing balance at 31 Dec 2010	**-**	**0**	**0**	**-5,247**	**-1,975**	**-7,222**

[2] See Note 10 Net loan losses.

Note 13
Loans and impairment *(cont.)*

Reconciliation of allowance accounts for impaired loans[2]

Group *(cont.)*

DKKm	Total Individually assessed	Total Collectively assessed	Total
Opening balance at 1 Jan 2011	**-5,247**	**-1,976**	**-7,222**
Provisions	-4,427	-196	-4,623
Reversals	1,284	860	2,144
Changes through the income statement	**-3,143**	**664**	**-2,479**
Allowances used to cover write-offs	1,546	0	1,546
Translation differences	5	-5	0
Closing balance at 31 Dec 2011	**-6,839**	**-1,316**	**-8,155**
Opening balance at 1 Jan 2010	**-4,240**	**-1,894**	**-6,134**
Provisions	-3,127	-872	-3,999
Reversals	767	798	1,565
Changes through the income statement	**-2,360**	**-74**	**-2,434**
Allowances used to cover write-offs	1,353	-	1,353
Translation differences	0	-8	-8
Closing balance at 31 Dec 2010	**-5,247**	**-1,976**	**-7,222**

[2] See Note 10 Net loan losses.

Parent company

	Credit institutions			The public		
DKKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2011	**0**	**0**	**0**	**-4,579**	**-1,636**	**-6,215**
Provisions	-	0	0	-3,763	-150	-3,913
Reversals	-	0	0	1,101	702	1,803
Changes through the income statement	**0**	**0**	**0**	**-2,662**	**552**	**-2,110**
Allowances used to cover write-offs	-	-	-	1,377	-	1,377
Other adjustments	-	-	-	-	-	-
Translation differences	-	-	-	0	0	0
Closing balance at 31 Dec 2011	**-**	**-**	**-**	**-5,863**	**-1,084**	**-6,947**
Opening balance at 1 Jan 2010	**-**	**0**	**0**	**-3,293**	**-1,399**	**-4,692**
Provisions	-	0	0	-2,668	-726	-3,394
Reversals	-	0	0	633	582	1,215
Changes through the income statement	**-**	**0**	**0**	**-2,035**	**-144**	**-2,179**
Allowances used to cover write-offs	-	-	-	1,180	-	1,180
Other adjustments	-	-	-	-410	-86	-496
Translation differences	-	-	-	-20	-8	-28
Closing balance at 31 Dec 2010	**-**	**0**	**0**	**-4,579**	**-1,636**	**-6,215**

DKKm	Total Individually assessed	Total Collectively assessed	Total
Opening balance at 1 Jan 2011	**-4,579**	**-1,636**	**-6,215**
Provisions	-3,763	-150	-3,913
Reversals	1,101	702	1,803
Changes through the income statement	**-2,662**	**552**	**-2,110**
Allowances used to cover write-offs	1,377	-	1,377
Other adjustments	-	-	-
Translation differences	0	0	0
Closing balance at 31 Dec 2011	**-5,863**	**-1,084**	**-6,947**
Opening balance at 1 Jan 2010	**-3,293**	**-1,399**	**-4,692**
Provisions	-2,668	-726	-3,394
Reversals	633	582	1,215
Changes through the income statement	**-2,035**	**-144**	**-2,179**
Allowances used to cover write-offs	1,180	-	1,180
Other adjustments	-410	-86	-496
Translation differences	-20	-8	-28
Closing balance at 31 Dec 2010	**-4,579**	**-1,636**	**-6,215**

Note 13
Loans and impairment *(cont.)*

Allowances and provisions

Group

	Credit institutions		The public		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010	2011	2010
Allowances for items in the balance sheet	0	0	-8,155	-7,222	-8,155	-7,222
Provisions for off-balance sheet items	-13	-11	-320	-2,031	-332	-2,042
Total allowances and provisions	**-13**	**-11**	**-8,475**	**-9,253**	**-8,488**	**-9,264**
Parent company						
Allowances for items in the balance sheet	0	0	-6,947	-6,215	-6,947	-6,215
Provisions for off-balance sheet items	-13	-11	-924	-2,633	-937	-2,644
Total allowances and provisions	**-13**	**-11**	**-7,871**	**-8,848**	**-7,884**	**-8,859**

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Key ratios (basis points)[1]	2011	2010	2011	2010
Impairment rate, gross	262.9	173.1	280.6	156.7
Impairment rate, net	165.1	104.5	137.8	67.9
Total allowance rate	116.6	94.5	169.2	120.5
Allowance in relation to impaired loans, %	37.2	39.6	50.9	56.7
Total allowances in relation to impaired loans, %	44.4	54.6	60.3	76.9
Non-performing loans, not impaired, DKKm	1,777	1,250	1,406	855

[1] For definitions, see Business definitions on page 110.

Note 14
Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Issued by public bodies	26,802	44,263	26,802	44,263
Issued by other borrowers	81,850	73,407	187,311	147,112
Total	**108,652**	**117,670**	**214,113**	**191,375**
Of which financial instruments pledged as collateral (Note 15)	-8,095	-17,837	-31,472	-31,254
Total	**100,557**	**99,833**	**182,641**	**160,121**
Listed and unlisted securities incl. financial instruments pledged as collateral				
Listed securities	108,652	117,670	214,113	191,375
Unlisted securities	-	-	-	-
Total	**108,652**	**117,670**	**214,113**	**191,375**

Note 15
Financial instruments pledged as collateral

Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

	Group		Parent company	
DKKm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Repurchase agreements	8,095	17,837	31,472	31,254
Securities lending agreements	4,833	3,642	4,833	3,642
Total	**12,928**	**21,479**	**36,305**	**34,896**

Transferred assets that are still recognised in the balance sheet and associated liabilities

The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. Therefore, these assets and the associated liabilities are included in the tables below.

	Group		Parent company	
DKKm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Repurchase agreements				
Interest-bearing securities	8,095	17,837	31,472	31,254
Shares	-	-	-	-
Securities lending agreements				
Interest-bearing securities	-	-	-	-
Shares	4,833	3,642	4,833	3,642
Securitisations				
Interest-bearing securities	172	637	-	-
Other	-	-	-	-
Total	**13,100**	**22,116**	**36,305**	**34,896**
Liabilities associated with the assets				
Repurchase agreements				
Deposits by credit institutions	7,504	11,620	31,066	24,950
Deposits and borrowings from the public	636	5,729	636	5,729
Securities lending agreements				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Other	7	31	7	31
Securitisations				
Debt securities in issue	161	612	-	-
Other	-	-	-	-
Total	**8,308**	**17,992**	**31,709**	**30,710**

For information on reverse repos, see Note 42.

Note 16
Shares

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Shares	12,128	13,751	12,127	13,751
Shares taken over for protection of claims	162	80	162	80
Fund units, equity related	4,164	4,634	4,005	4,077
Fund units, interest related	2,495	2,126	2,495	2,126
Total	**18,949**	**20,591**	**18,789**	**20,034**
Of which financial instruments pledged as collateral (Note 15)	-4,833	-3,642	-4,833	-3,642
Total	**14,116**	**16,949**	**13,956**	**16,392**
Of which expected to be settled after more than 1 year	2,819	3,475	2,818	2,919
Listed and unlisted shares incl. financial instruments pledged as collateral				
Listed shares	12,939	14,569	12,939	14,569
Unlisted shares	6,010	6,022	5,850	5,465
Total	**18,949**	**20,591**	**18,789**	**20,034**

Note 17
Derivatives and hedge accounting

DKKm, 31 Dec 2011	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	528	2,860	736,179	528	2,860	736,179
FRAs	7	14	6,000	7	14	6,000
Futures and forwards	2,935	2,541	357,496	2,935	2,541	357,496
Options	34	42	95	34	42	95
Other	-	-	-	-	-	-
Total	**3,504**	**5,457**	**1,099,770**	**3,504**	**5,457**	**1,099,770**
Equity derivatives						
Equity swaps	-	-	-	-	-	-
Futures and forwards	175	186	3,617	175	186	3,617
Options	38	37	0	38	37	0
Other	-	-	-	-	-	-
Total	**213**	**223**	**3,617**	**213**	**223**	**3,617**
Foreign exchange derivatives						
Currency and interest rate swaps	3	118	22	3	118	22
Currency forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**3**	**118**	**22**	**3**	**118**	**22**
Credit derivatives						
Credit default swaps	285	1,493	9,293	285	1,493	9,293
Total	**285**	**1,493**	**9,293**	**285**	**1,493**	**9,293**
Total derivatives held for trading	**4,005**	**7,291**	**1,112,702**	**4,005**	**7,291**	**1,112,702**

Note 17
Derivatives and hedge accounting *(cont.)*

DKKm, 31 Dec 2011	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	251	546	154,705	251	546	154,705
Options	-	-	-	-	-	-
Total	**251**	**546**	**154,705**	**251**	**546**	**154,705**
Equity derivatives						
Options	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange derivatives						
Currency and interest rate swaps	16	85	107,442	16	85	107,442
Currency forwards	-	-	-	-	-	-
Total	**16**	**85**	**107,442**	**16**	**85**	**107,442**
Total derivatives used for hedge accounting	**267**	**631**	**262,147**	**267**	**631**	**262,147**
Of which						
- Fair value hedges	267	631	262,147	267	631	262,147
- Cash flow hedges	-	-	-	-	-	-
Total derivatives held for trading	4,005	7,291	1,112,702	4,005	7,291	1,112,702
Total derivatives used for hedge accounting	267	631	262,147	267	631	262,147
Total derivatives	**4,272**	**7,922**	**1,374,849**	**4,272**	**7,922**	**1,374,849**

Note 17
Derivatives and hedge accounting *(cont.)*

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
DKKm, 31 Dec 2010	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	238	3,184	902,292	238	3,184	902,292
FRAs	3	6	4,000	3	6	4,000
Futures and forwards	3,770	917	465,485	3,770	917	465,485
Options	79	78	184	79	78	184
Other	-	-	-	-	-	-
Total	**4,090**	**4,185**	**1,371,961**	**4,090**	**4,185**	**1,371,961**
Equity derivatives						
Equity swaps	-	-	-	-	-	-
Futures and forwards	127	123	3,593	127	123	3,593
Options	12	12	0	12	12	0
Other	-	-	-	-	-	-
Total	**139**	**135**	**3,593**	**139**	**135**	**3,593**
Foreign exchange derivatives						
Currency and interest rate swaps	39	204	134,902	39	204	134,902
Currency forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**39**	**204**	**134,902**	**39**	**204**	**134,902**
Credit derivatives						
Credit default swaps	157	2,053	5,591	157	2,053	5,591
Total	**157**	**2,053**	**5,591**	**157**	**2,053**	**5,591**
Total derivatives held for trading	**4,425**	**6,577**	**1,516,047**	**4,425**	**6,577**	**1,516,047**

Note 17
Derivatives and hedge accounting *(cont.)*

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
DKKm, 31 Dec 2010	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	24	427	13,654	24	427	13,654
Options	-	-	-	-	-	-
Total	**24**	**427**	**13,654**	**24**	**427**	**13,654**
Equity derivatives						
Options	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange derivatives						
Currency and interest rate swaps	182	73	14,801	182	73	14,801
Currency forwards	-	-	-	-	-	-
Total	**182**	**73**	**14,801**	**182**	**73**	**14,801**
Total derivatives used for hedge accounting	**206**	**500**	**28,455**	**206**	**500**	**28,455**
Of which						
- Fair value hedges	206	500	28,455	206	500	28,455
- Cash flow hedges	-	-	-	-	-	-
Total derivatives held for trading	4,425	6,577	1,516,047	4,425	6,577	1,516,047
Total derivatives used for hedge accounting	206	500	28,455	206	500	28,455
Total derivatives	**4,631**	**7,077**	**1,544,502**	**4,631**	**7,077**	**1,544,502**

Note 18
Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Carrying amount at beginning of year	293	310	293	310
Changes during the year:				
Revaluation of hedged items	130	-17	130	-17
Carrying amount at end of year	**423**	**293**	**423**	**293**

Liabilities

DKKm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Carrying amount at beginning of year	-12	82	-12	82
Changes during the year:				
Revaluation of hedged items	192	-94	192	-94
Carrying amount at end of year	**180**	**-12**	**180**	**-12**
Net carrying amount at end of year	**243**	**305**	**243**	**305**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset or a liability.

Note 19
Investments in group undertakings

Parent company

DKKm	31 Dec 2011	31 Dec 2010
Acquisition value at beginning of year	16,579	10,349
Acquisitions during the year	13	6,072
Reclassification	0	149
Adjustment to equity lower of cost	-6	9
Acquisition value at end of year	**16,585**	**16,579**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**16,585**	**16,579**
Of which listed shares	-	-

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

Note 19
Investments in group undertakings *(cont.)*

Group companies

31 Dec 2011	Number of shares	Carrying amount 2011 DKKm	Carrying amount 2010 DKKm	Voting power of holding %	Domicile	Registration number
Fionia Asset Company A/S	148,742,586	8,464	8,464	100	Copenhagen	31934745
Ejendomsselskabet Vestre Stationsvej 7, Odense A/S[1]	600,000	-	-	100	Glostrup	31346533
Nordea Finans Danmark A/S	20,006	483	483	100	Høje-Taastrup	89805910
Nordea Kredit Realkreditaktieselskab	17,172,500	7,428	7,428	100	Copenhagen	15134275
Danbolig A/S	1	13	19	100	Copenhagen	13186502
Structured Finance Servicer A/S	2	2	2	100	Copenhagen	24606910
NJK1 ApS	34,562,926	171	159	100	Copenhagen	32771610
Nordea Finance Ltd.	2	24	24	100	London	1654761
Hermes Mortgage Ltd.	5,000	-	-	100	London	1620201
Nordea Nominees Ltd.	20,002	-	-	100	London	1096657
Unidanmark Asset Company Ltd.	20,000	-	-	100	London	984871
Nordea Trade Services Ltd.	2	-	-	100	Hong-Kong	04548614-003-10-0-09-7
Total		**16,585**	**16,579**			

[1] Vestre Stationsvej 7, Odense A/S and Ejendomsselskabet Fjordsgade 10, Odense A/S is merged as at 1 January 2011.

Special Purpose Entities (SPE's) - Consolidated

DKKm, 31 Dec 2011	Purpose	Duration	Nordea's investment	Total assets
CMO Denmark A/S[1]	Collateralised mortgage obligation	> 5 years	0	0
Kalmar Structured Finance A/S[2]	Credit Linked Note	Between 1-5 years	17	172
Total			**17**	**172**

[1] Collateralised Mortgage Obligations Denmark A/S (CMO Denmark A/S) was established with the purpose to issue CMOs in order to meet specific customer preferences in terms of credit risk, interest rate risk, prepayment risk, maturity etc. The SPE purchased a pool of mortgage bonds and reallocated the risks through tranching a similar bond issue (CMOs). At year-end 2011 the total notional of outstanding bonds was DKK 0m available to investors. Nordea holds bonds issued by CMO Denmark A/S as part of offering a secondary market for the bonds. The investment amounted to DKK 0m as of year-end 2011.

[2] Kalmar Structured Finance A/S was established to allow customers to invest in structured products in the global credit markets. The SPE enters into credit default swaps (CDS) and hereby acquires a credit risk on an underlying portfolio of names (like corporate names) and at the same time the SPE issues credit linked notes (CLN) with a similar credit risk that reflects the terms in the CDSs. Nordea is the counterpart in the derivative transactions. The total notional of outstanding CLNs in this category was DKK 172m at year-end 2011. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to DKK 17m at year-end 2011.

Note 20
Investments in associated undertakings

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Acquisition value at beginning of year	521	410	160	114
Acquisitions during the year	400	22	400	53
Sales during the year	-	-14	-	-14
Share in earnings	103	219	-	-
Share of other comprehensive income	-	-	-	-
Dividend received	-125	-190	-	-
Adjustment to equity lower of cost	-	-	-	7
Reclassifications	-	-	-	-
Other operating income	-	60	-	-
Translation differences	10	14	-	-
Acquisition value at end of year	**909**	**521**	**560**	**160**
Accumulated impairment charges at beginning of year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**909**	**521**	**560**	**160**
Of which listed shares	-	-	-	-

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

The associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

DKKm	Group 31 Dec 2011	Group 31 Dec 2010
Total assets	7,225	6,507
Total liabilities	5,429	4,758
Operating income	403	357
Operating profit	232	293

Nordea's share of contingent liabilities in associated undertakings amounts to DKK 0.5m (DKK 0.4m).

DKKm	Registration number	Domicile	Voting power of holding %	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Credit institutions							
LR-realkredit	26045304	Copenhagen	39	28	92	28	27
Total				**28**	**92**	**28**	**27**
Other							
Fleggaard Busleasing GmbH	134650777	Harrislee	39	6	6	-	-
Agro & Ferm A/S	29636672	Esbjerg	34	0	0	0	0
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	33	65	65	11	11
Axcel IKU Invest A/S	24981800	Copenhagen	33	11	11	11	11
Multidata Holding A/S	27226027	Ballerup	29	65	75	9	9
KIFU-AX II A/S	25893662	Copenhagen	25	21	21	21	21
Nets Holding A/S	27225993	Ballerup	21	680	217	460	61
E-nettet Holding A/S	28308019	Copenhagen	20	11	12	-	-
Nordea Fleet (NF-fleet A/S)	29185263	Taastrup	20	2	2	-	-
Bankernes Kontantservice A/S	33077599	Copenhagen	20	20	20	20	20
Total				**881**	**429**	**532**	**133**
Total				**909**	**521**	**560**	**160**

The statutory information is available on request from Nordea Investor Relations.

Note 21
Intangible assets

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Goodwill[1, 2]				
Roskilde Bank	135	135	135	135
Fionia Bank	1,177	1,177	1,177	1,177
Goodwill, total	**1,312**	**1,312**	**1,312**	**1,312**
Internally developed software	1,353	1,054	1,323	1,023
Other intangible assets	375	425	375	425
Total	**3,040**	**2,791**	**3,010**	**2,761**
Goodwill				
Acquisition value at beginning of year	1,312	1,071	1,312	135
Acquisitions during the year	-	241	-	1,177
Acquisition value at end of year	**1,312**	**1,312**	**1,312**	**1,312**
Accumulated amortisation at beginning of year	-	-	-	-
Amortisation according to plan for the year	-	-	-	-
Accumulated amortisation at end of year	**-**	**-**	**-**	**-**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**1,312**	**1,312**	**1,312**	**1,312**
Internally developed software				
Acquisition value at beginning of year	1,249	890	1,177	825
Acquisitions during the year	367	359	354	352
Sales/disposals during year	-3	-	-3	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**1,613**	**1,249**	**1,528**	**1,177**
Accumulated amortisation at beginning of year	-178	-126	-138	-102
Amortisation according to plan for the year	-62	-52	-49	-36
Accumulated amortisation on sales/disposals during the year	2	-	2	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-238**	**-178**	**-185**	**-138**
Accumulated impairment charges at beginning of year	-17	-11	-17	-11
Impairment charges during the year	-4	-6	-4	-6
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-21**	**-17**	**-21**	**-17**
Total	**1,353**	**1,054**	**1,323**	**1,023**

[1] The goodwill has been allocated to the cash generating unit Banking Denmark.
[2] Excluding goodwill in associated undertakings.

Note 21
Intangible assets *(cont.)*

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Other intangible assets				
Acquisition value at beginning of year	493	493	474	113
Acquisitions during the year	2	-	2	361
Sales/disposals during the year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**495**	**493**	**476**	**474**
Accumulated amortisation at beginning of year	-68	-16	-49	-16
Amortisation according to plan for the year	-52	-52	-52	-33
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-120**	**-68**	**-101**	**-49**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**375**	**425**	**375**	**425**

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

Impairment test
A cash-generating unit, defined as the operating segment, is the basis for the goodwill impairment test.

The impairment test is performed for each cash-generating unit by comparing the carrying amount of the net assets, including goodwill, with the recoverable amount. The recoverable amount is the value in use and is estimated based on discounted cash flows. Cash flows have been estimated for 30 years.

Cash flows in the near future (between 2 and 3 years) are based on financial forecasts, derived from forecast margins, volumes, sales and cost development. These input variables are based on historical data adjusted to reflect Nordea's assumptions about the future. Cash flows for the period beyond the forecasting period are based on estimated sector growth rates. For impairment testing, a growth rate of 4% has been used for all cash-generating units. Growth rates are based on historical data, updated to reflect the current situation.

Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at a rate based on the long-term risk-free interest rate plus a risk premium. The post-tax discount rate used for the impairment test 2011 is 9% (9.5%), which equals a pre-tax rate of 11.9% (12.4%).

The impairment tests conducted in 2011 did not indicate any need for goodwill impairment. See Note 1 section 15 for more information.

A reasonably possible change in key assumptions, an increase in the discount rate of 1 percentage point or a reduction in the future growth rate of 2 percentage points, would not result in an impairment in any of the cash-generating units.

Note 22
Property and equipment

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Property and equipment	763	683	457	379
of which buildings for own use	293	283	14	14
Equipment				
Acquisition value at beginning of year	1,035	877	958	794
Acquisitions during the year	168	224	168	210
Through mergers and business combinations	-	-	-	13
Sales/disposals during the year	-27	-68	-23	-49
Reclassifications	69	2	69	-10
Translation differences	-	-	-	-
Acquisition value at end of year	**1,245**	**1,035**	**1,172**	**958**
Accumulated depreciation at beginning of year	-636	-557	-593	-532
Accumulated depreciation on sales/disposals during the year	22	50	17	44
Reclassifications	-11	-5	-11	-
Depreciations according to plan for the year	-150	-124	-142	-105
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-775**	**-636**	**-729**	**-593**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**470**	**400**	**443**	**365**
Land and buildings				
Acquisition value at beginning of year	324	301	22	22
Acquisitions during the year	12	23	-	-
Through mergers and business combinations	-	-	-	-
Sales/disposals during the year	-39	-	-6	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**297**	**324**	**16**	**22**
Accumulated depreciation at beginning of year	-41	-39	-8	-7
Accumulated depreciation on sales/disposals during the year	38	-	6	-
Reclassifications	-	-	-	-
Depreciation according to plan for the year	-1	-2	-1	-1
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-4**	**-41**	**-2**	**-8**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**293**	**283**	**14**	**14**

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

Note 23
Leasing

Nordea as a lessor

Finance leases

The Nordea Bank Danmark Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note 13) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments

	Group	
DKKm	31 Dec 2011	31 Dec 2010
Gross investments	6,830	6,838
Less unearned finance income	-457	-417
Net investments in finance leases	**6,373**	**6,421**
Less unguaranteed residual values accruing to the benefit of the lessor	-	-
Present value of future minimum lease payments receivable	**6,373**	**6,421**
Accumulated allowance for uncollectible minimum lease payments receivable	-	-

As of 31 December 2011 the gross investment and the net investment by remaining maturity were distributed as follows:

	Group	
DKKm	31 Dec 2011 Gross investment	31 Dec 2011 Net investment
2012	632	600
2013	849	802
2014	963	893
2015	1,639	1,562
2016	1,209	1,123
Later years	1,538	1,393
Total	**6,830**	**6,373**

Operating leases

Nordea Bank Danmark has not entered into operating lease agreements.

Note 23
Leasing *(cont.)*

Nordea as a lessee
Finance leases
NBD has only to a minor extent entered into finance lease agreements.

Nordea as a lessee
Operating leases
NBD has entered into operating lease agreements for premises and office equipment.

	Group		Parent company	
Leasing expenses during the year, DKKm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Leasing expenses during the year	546	477	553	491
of which minimum lease payments	528	460	535	475
of which contingent rents	18	16	18	16
Leasing income during the year regarding sub-lease payments	40	17	61	25
Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:				
2012	342		342	
2013	218		218	
2014	217		217	
2015	212		212	
2016	160		160	
Later years	155		155	
Total	**1,304**		**1,304**	

Total sub-lease payments expected to be received under non-cancellable sub-leases amount to DKK 0m for the Group and DKK 0m for the parent company.

Note 24
Investment property

Movement in the balance sheet

	Group		Parent company	
DKKm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Carrying amount at beginning of year	199	91	43	37
Acquisitions during the year	431	148	49	9
Sales/disposals during the year	-288	-39	-43	-2
Net gains or losses from fair value adjustments	-	-	-	-
Transfers/reclassifications during the year	-	-	-	-
Translation differences	-	-	-	-
Carrying amount at end of year	**342**	**199**	**49**	**43**
Of which expected to be settled after more than 1 year.	-	-	-	-

Amounts recognised in the income statement[1]

Rental income	-	-	-	-
Direct operating expenses that generate rental income	-	-	-	-
Direct operating expenses that did not generate rental income	-6	-15	-4	-3
Total	**-6**	**-15**	**-4**	**-3**

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

The method applied when calculating fair value is a rate of return calculation based on internal models. As a supplement to these values, appraisals were obtained from independent external valuers for parts of the investment property.

Note 25
Other assets

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Claims on securities settlement proceeds[1]	61,338	81,716	92,976	137,376
Other	1,788	2,446	747	1,079
Total	**63,126**	**84,162**	**93,723**	**138,455**
Of which expected to be settled after more than 1 year	18	58	18	58

[1] The amount reflects trade date accounting and primarily relates to receivables on sold bonds at year-end.

Note 26
Prepaid expenses and accrued income

Accrued interest income	1,256	2,816	1,397	2,856
Prepaid expenses	653	542	474	467
Total	**1,909**	**3,358**	**1,871**	**3,323**
Of which expected to be settled after more than 1 year	106	44	-	-

Note 27
Deposits by credit institutions

Central banks	3,748	2,541	3,748	2,541
Other banks	137,817	234,004	137,817	235,467
Other credit institutions	3,784	3,260	33,246	39,892
Total	**145,349**	**239,805**	**174,811**	**277,900**

Note 28
Deposits and borrowings from the public

Deposits from the public	311,426	304,393	313,600	305,471
Borrowings from the public	1,696	42,549	1,774	42,549
Total	**313,122**	**346,942**	**315,374**	**348,020**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of DKK 29,234m (DKK 28,829m) are also included in Deposits.

Note 29
Debt securities in issue

Bond loans	287,257	271,709	-	-
Total	**287,257**	**271,709**	**-**	**-**

Note 30
Other liabilities

Liabilities on securities settlement proceeds[1]	61,107	29,225	171,191	171,291
Sold, not held, securities	15,953	36,644	39,710	36,644
Other	10,880	12,447	9,956	11,520
Total	**87,940**	**78,316**	**220,857**	**219,455**
Of which expected to be settled after more than 1 year	204	167	90	97

[1] The amount reflects trade date accounting and primarily relates to payables on purchased bonds at year-end.

Note 31
Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Accrued interest	4,415	5,507	588	2,033
Other accrued expenses	1,827	1,677	1,742	1,608
Prepaid income	58	123	54	109
Total	**6,300**	**7,307**	**2,384**	**3,750**
Of which expected to be settled after more than 1 year	96	48	96	48

Note 32
Provisions

Reserve for restructuring costs	317	33	315	33
Transfer risks, off-balance	13	15	13	15
Individually assessed, off-balance-sheet	320	216	762	558
Collectively assessed, off-balance sheet	-	-	162	259
Other	5	1,815	5	1,813
Total	**655**	**2,079**	**1,257**	**2,678**

Movement in the balance sheet

DKKm, 31 Dec 2011	Restructuring	Transfer risks	Off balance sheet	Other	Total
Group					
At beginning of year	33	15	216	1,815	2,079
New provisions made	317	3	185	5	510
Provisions utilised	-	-	-24	-1,815	-1,839
Reversals	-33	-5	0	-	-38
Reclassifications	-	-	-56	-	-56
Translation differences	-	-	-	-	-
At end of year	**317**	**13**	**320**	**5**	**655**
Of which expected to be settled after more than 1 year	0	13	140	4	157
Parent company					
At beginning of year	33	15	817	1,813	2,678
New provisions made	315	3	352	5	675
Provisions utilised	-	-	-24	-1,813	-1,837
Reversals	-33	-5	-166	-	-204
Reclassifications	-	-	-56	-	-56
Translation differences	-	-	-	-	-
At end of year	**315**	**13**	**924**	**5**	**1,257**
Of which expected to be settled after more than 1 year	0	13	765	1	779

NBD's transfer risk exposure is dominated by a few countries and is primarily short term and trade related. Provision for Transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 13. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually and collectively assessed off-balance sheet items (ie guarantees and L/C's) amounted to DKK 320m (DKK 216m) in NBD Group and DKK 924m (DKK 817m) in parent company.

Other provisions in NBD Group and parent company in 2010 primarily refers to state guarantee fees DKK 1,812m.

Note 33
Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Defined benefit plans, net asset	197	136	197	136
Total	**197**	**136**	**197**	**136**

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

Funded schemes	2011	2010
Members	57	59
Average member age	74	73

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions (%)	2011	2010
Discount rate	3.5	4.0
Salary increase	3.5	3.5
Inflation	2.0	2.0
Expected return on assets before taxes	4.5	5.0

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase vice versa.

Asset composition
The combined return on assets in 2011 was 2.6% (8.6%). At the end of the year, the equity exposure in pension funds/foundations represented 8% (12%) of total assets.

Asset composition in funded schemes (%)	2011	2010
Equity	8	12
Bonds	70	65
Other plan assets	22	23
Of which Nordea Bank AB shares	0	0

Note 33
Retirement benefit obligations *(cont.)*

Amounts recognised in the balance sheet

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Pension Benefit Obligations	975	862	975	862
Plan assets	954	927	954	927
Total surplus/deficit(-)	**-21**	**65**	**-21**	**65**
Of which unrecognised actuarial gains/losses(-)	-218	-71	-218	-71
Of which recognised in the balance sheet	**197**	**136**	**197**	**136**
- of which retirement benefit assets	227	173	227	173
- of which retirement benefit obligations	30	37	30	37
- of which related to unfunded plans (PBO)	30	37	30	37

Overview of surplus or deficit in the plans

	Total	Total	Total	Total	Total
DKKm	2011	2010	2009	2008	2007
Pension Benefit Obligations	975	862	815	809	770
Plan assets	954	927	886	826	822
Funded status - surplus/deficit(-)	**-21**	**65**	**71**	**17**	**52**

Changes in the Pension Benefit Obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Pension Benefit Obligations at 1 Jan	862	815	862	815
Service cost	3	5	3	5
Interest cost	33	31	33	31
Pensions paid	-59	-58	-59	-58
Curtailments and settlements	-	-	-	-
Past service cost	-	-	-	-
Actuarial gains(-)/losses	136	69	136	69
Pension Benefit Obligations at 31 Dec	**975**	**862**	**975**	**862**
Changes in the fair value of assets				
Assets at 1 Jan	927	886	927	886
Expected return on assets	36	40	36	40
Pensions paid	-50	-48	-50	-48
Contributions	53	11	53	11
Actuarial gains/losses(-)	-12	38	-12	38
Plan assets at 31 Dec	**954**	**927**	**954**	**927**
Actual return on plan assets	**24**	**78**	**24**	**78**

Overview of actuarial gains/losses

	Total	Total	Total	Total	Total
DKKm	2011	2010	2009	2008	2007
Effects of changes in actuarial assumptions	0	0	0	-66	25
Experience adjustments	-148	-31	26	8	-23
- of which on plan assets	-12	38	48	5	-22
- of which on plan liabilities	-136	-69	-22	3	-1
Actuarial gains/losses	**-148**	**-31**	**26**	**-58**	**2**

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is DKK -1m (DKK 4m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 7).

Note 33
Retirement benefit obligations *(cont.)*

Recognised net defined benefit cost, DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Service cost	-3	-5	-3	-5
Interest cost	-33	-31	-33	-31
Expected return on assets	36	40	36	40
Recognised actuarial gains(-)/losses	-1	-	-1	-
Pension cost on defined benefit plans	**-1**	**4**	**-1**	**4**

The pension cost is in line with what was expected at the start of the year. The net pension cost on defined benefit plans is expected to be on the same level in 2012. NBD expects to contribute DKK 1m to its defined benefit plans in 2012.

Key management personnel
Nordea Bank Danmark has pension obligations regarding present and former members of the Executive Management. Defined benefit plans for the Executive Management are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as obligations except for DKK 30m (DKK 37m) booked as Retirement benefit obligations in the bank at the end of the year. Nordea Bank Danmark has no pensions obligations related to the Board of Directors and the employees that have significant influence on NBD's risk profile.

Note 34
Subordinated liabilities

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	-	-	-	-
Hybrid capital loans	-	-	-	-
Other subordinated loans	20,258	9,504	20,258	9,504
Total	**20,258**	**9,504**	**20,258**	**9,504**

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

Pursuant to the Danish Financial Business Act repayment of subordinated loans may not take place at the initiative of the lender nor without the approval of the Danish Financial Supervisory Authority.

At 31 December 2011 six loans - with terms specified below - were outstanding.

Issued by	Year of issue / maturity	Call date	Nom. value EURm	Book value DKKm	Interest rate (coupon)
Nordea Bank Danmark A/S	2007/2015	27 September 2012	300	2,230	Floating rate
Nordea Bank Danmark A/S	2009/2017	28 May 2014	275	2,044	Floating rate
Nordea Bank Danmark A/S	2009/2017	17 December 2014	200	1,487	Floating rate
Nordea Bank Danmark A/S	2010/2018	24 June 2015	200	1,487	Floating rate
Nordea Bank Danmark A/S	2011/2019	14 February 2016	1,450	10,780	Floating rate
Nordea Bank Danmark A/S	2011/2019	26 May 2016	300	2,230	Floating rate

Note 35
Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010[3]	2011	2010[3]
Assets pledged for own liabilities				
Securities related to repurchase agreements and securities lending[1]	12,928	21,479	36,305	34,896
Loans to the public	322,922	324,284	-	-
Other pledged assets[2]	9,780	7,440	9,780	7,440
Total	**345,630**	**353,203**	**46,085**	**42,336**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	9,534	13,169	33,096	26,499
Deposits and borrowings from the public	636	5,729	636	5,729
Derivatives	4,741	3,112	4,741	3,112
Debt securities in issue	287,095	271,097	-	-
Other liabilities and commitments	7	31	7	31
Total	**302,013**	**293,138**	**38,480**	**35,751**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note 42 Obtained collaterals which are permitted to be sold or repledged.
[2] Other pledged assets mainly relating to bonds and cash had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.
[3] The comparative figures for 2010 have been restated to ensure consistency between the years.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities lending. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months.

Loans to the public have been registered as collateral for issued covered bonds and mortgage bonds in line with local legislation. In the event of the company´s insolvency, the holders of these bonds have priority to the assets registered as collateral.

Note 36
Other assets pledged

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Other assets pledged[1]				
Lease agreements	-	-	-	-
Securities etc	-	-	-	-
Other assets pledged	-	-	-	-
Total	**-**	**-**	**-**	**-**
The above pledges pertain to the following liability and commitment items[2]				
Deposits by credit institutions	-	-	-	-
Other liabilities and commitments	-	-	-	-
Total	**-**	**-**	**-**	**-**

[1] Collaterals pledged on behalf of other items other than the company’s own liabilities, eg, on behalf of a third party or on behalf of the company’s own contingent liabilities are accounted for under this item.
[2] For undertakings of the company itself or for a third party.

Note 37
Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Guarantees				
Loan guarantees	8,137	11,136	95,218	104,976
Other guarantees	16,662	17,294	16,635	17,682
Documentary credits	3,270	2,517	3,270	2,517
Other contingent liabilities	118	146	118	146
Total	**28,187**	**31,093**	**115,241**	**125,321**

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

As from the accounting period 2005 Nordea Bank Danmark A/S is taxed jointly with the Danish companies, branches etc of the Nordea Group, according to the new rules for joint taxation for 2005, and is liable for that part of the tax of the jointly taxed income concerning the company until payment to Nordea Bank Danmark A/S has taken place.

In terms of payroll tax and VAT, Nordea Bank Danmark A/S is registered jointly with Nordea, Branch of Nordea Bank AB, Sweden, the Danish PE agency of Nordea Bank Finland and with the majority of the Danish subsidiary undertakings in the Nordea Bank AB Group and these companies are jointly and severally liable for such taxes.

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age.

Other guarantees include guarantees to the Danish guarantee scheme.

Legal proceedings
Within the framework of the normal business operations, the NBD 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 NBD Group or its financial position.

Note 38
Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2011	2010	2011	2010
Credit commitments[1]	180,215	176,798	187,383	184,105
Other commitments	-	-	-	-
Total	**180,215**	**176,798**	**187,383**	**184,105**

[1] Including unutilised portion of approved overdraft facilities.

For information about derivatives, see Note 17 and about reverse repos, see Note 42.

Note 39
Capital adequacy

Calculation of total capital base

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Equity	31,854	32,982	22,003	23,631
Minority interest	1,253	1,234	-	-
Equity method	-	-	9,841	9,326
Fair value adjustment of owner occupied property	20	20	20	20
Retirement benefit assets	-218	-71	-218	-71
Equity reported to the Danish FSA	**32,910**	**34,165**	**31,646**	**32,905**
Proposed/actual dividend	-	-3,350	-	-3,350
Deferred tax assets	-116	-150	-	-
Intangible assets	-3,040	-2,791	-3,010	-2,761
IRB provisions excess (+)/shortfall (–)	-358	-171	-	-
Deduction for investments in credit institutions (50%)	-63	-74	-63	-74
Transferred to Tier 2 capital	-20	-20	-20	-20
Other items, net	-	12	-	11
Tier 1 capital (net after deduction)	**29,312**	**27,621**	**28,552**	**26,711**
– of which hybrid capital	-	-	-	-
Tier 2 capital	**20,278**	**9,525**	**20,278**	**9,525**
– of which perpetual subordinated loans	-	-	-	-
IRB provisions excess (+)/shortfall (–)	-358	-171	170	391
Deduction for investments in credit institutions (50%)	-63	-74	-63	-74
Other deduction	-	-	-	-
Total capital base	**49,169**	**36,900**	**48,938**	**36,553**

Capital requirement and RWA

Group DKKm	31 Dec 2011 Capital requirement	31 Dec 2011 RWA	31 Dec 2010 Capital requirement	31 Dec 2010 RWA
Credit risk	**20,272**	**253,400**	**21,898**	**273,730**
IRB foundation	18,755	234,432	19,901	248,763
- of which corporate	12,103	151,283	13,112	163,901
- of which institutions	388	4,856	594	7,430
- of which retail	6,043	75,535	5,877	73,466
- of which retail SME	192	2,406	143	1,783
- of which retail real estate	2,756	34,444	3,117	38,960
- of which retail other	3,095	38,685	2,618	32,723
- of which other	221	2,758	317	3,966
Standardised	1,517	18,968	1,997	24,967
- of which sovereign	54	676	522	6,526
- of which retail	306	3,821	13	164
- of which other	1,158	14,471	1,462	18,277
Market risk[1]	**550**	**6,877**	**708**	**8,850**
- of which trading book, Internal Approach	293	3,660	275	3,437
- of which trading book, Standardised Approach	257	3,217	433	5,413
- of which banking book, Standardised Approach	0	0	0	0
Operational risk	**2,295**	**28,692**	**2,178**	**27,224**
- of which standardised	2,295	28,692	2,178	27,224
Total	**23,118**	**288,969**	**24,784**	**309,804**
Adjustment for transition rules				
Additional capital requirement according to transition rules	8,306	103,824	7,919	98,993
Total	**31,423**	**392,793**	**32,704**	**408,797**

[1] The comparison figures are not restated with respect to CRD III.

Note 39
Capital adequacy *(cont.)*

Parent company DKKm	31 Dec 2011 Capital requirement	31 Dec 2011 RWA	31 Dec 2010 Capital requirement	31 Dec 2010 RWA
Credit risk	**19,555**	**244,435**	**21,740**	**271,751**
IRB foundation	14,846	185,578	16,543	206,785
- of which corporate	9,805	122,562	10,907	136,339
- of which institutions	362	4,530	591	7,393
- of which retail	4,555	56,942	4,898	61,227
- of which retail SME	191	2,391	136	1,699
- of which retail real estate	395	4,933	461	5,762
- of which retail other	3,969	49,618	4,301	53,767
- of which other	124	1,544	146	1,826
Standardised	4,709	58,857	5,197	64,966
- of which sovereign	54	676	329	4,110
- of which retail	0	0	13	166
- of which other	4,654	58,181	4,855	60,690
Market risk[1]	**446**	**5,573**	**684**	**8,554**
- of which trading book, Internal Approach	293	3,660	275	3,437
- of which trading book, Standardised Approach	153	1,913	409	5,117
- of which banking book, Standardised Approach	0	0	0	0
Operational risk	**2,164**	**27,054**	**1,940**	**24,249**
- of which standardised	2,164	27,054	1,940	24,249
Total	**22,165**	**277,062**	**24,364**	**304,554**
Adjustment for transition rules				
Additional capital requirement according to transition rules	4,276	53,455	4,709	58,862
Total	**26,441**	**330,517**	**29,073**	**363,416**

[1] The comparison figures are not restated with respect to CRD III.

Capital situation

Generally, Nordea Group has the ability to transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by the local regulator and are of importance when governing the capital position within the Group. The guarantee shemes introduced within EU during 2008 has under certain circumstances limited the transferability of capital with impact on cross border financial groups. There are no such restrictions directly affecting NBD as per end of 2011.

More Capital Adequacy information for the Group can be found in the Risk, liquidity and capital management section pages 8-19. The qualitative disclosures in the Risk, liquidity and capital management section covers also the parent company where applicable.

Note 40
Classification of financial instruments

Group

DKKm, 31 Dec 2011	Loans	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	7,863	-	-	-	-	-	-	7,863
Loans to credit institutions	27,581	-	23,917	32,652	-	-	-	84,150
Loans to the public	255,818	-	7,054	344,210	-	-	-	607,082
Interest-bearing securities[1]	-	-	81,825	-	-	18,732	-	100,557
Financial instruments pledged as collateral	-	-	12,928	-	-	-	-	12,928
Shares[1]	-	-	14,116	-	-	-	-	14,116
Derivatives	-	-	4,005	-	267	-	-	4,272
Fair value changes of the hedged items in portfolio hedge of interest rate risk	423	-	-	-	-	-	-	423
Investments in group undertakings	-	-	-	-	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	909	909
Intangible assets	-	-	-	-	-	-	3,040	3,040
Property and equipment	-	-	-	-	-	-	763	763
Investment property	-	-	-	-	-	-	342	342
Deferred tax assets	-	-	-	-	-	-	116	116
Current tax assets	-	-	-	-	-	-	101	101
Retirement benefit assets	-	-	-	-	-	-	227	227
Other assets	63,126	-	-	-	-	-	-	63,126
Prepaid expenses and accrued income	833	-	1,076	-	-	-	-	1,909
Total	**355,644**	**-**	**144,921**	**376,862**	**267**	**18,732**	**5,498**	**901,924**

DKKm, 31 Dec 2011	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	15,872	-	-	129,477	-	145,349
Deposits and borrowings from the public	1,345	47,994	-	263,783	-	313,122
Debt securities in issue	-	287,096	-	161	-	287,257
Derivatives	7,291	-	631	-	-	7,922
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	180	-	180
Current tax liabilities	-	-	-	-	199	199
Other liabilities	15,953	-	-	71,987	-	87,940
Accrued expenses and prepaid income	7	4,211	-	255	1,827	6,300
Deferred tax liabilities	-	-	-	-	858	858
Provisions	-	-	-	-	655	655
Retirement benefit obligations	-	-	-	-	30	30
Subordinated liabilities	-	-	-	20,258	-	20,258
Total	**40,468**	**339,301**	**631**	**486,101**	**3,569**	**870,070**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See Note 43 Investments, customer bearing the risk.

Note 40
Classification of financial instruments *(cont.)*

Group

DKKm, 31 Dec 2010	Loans	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3,213	-	-	-	-	-	-	3,213
Loans to credit institutions	14,992	-	60,530	2,376	-	-	-	77,898
Loans to the public	257,569	-	101,045	320,701	-	-	-	679,315
Interest-bearing securities[1]	-	16,598	83,235	-	-	-	-	99,833
Financial instruments pledged as collateral	-	-	21,479	-	-	-	-	21,479
Shares[1]	-	-	16,949	-	-	-	-	16,949
Derivatives	-	-	4,425	-	206	-	-	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	305	-	-	-	-	-	-	305
Investments in group undertakings	-	-	-	-	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	521	521
Intangible assets	-	-	-	-	-	-	2,791	2,791
Property and equipment	-	-	-	-	-	-	683	683
Investment property	-	-	-	-	-	-	199	199
Deferred tax assets	-	-	-	-	-	-	150	150
Current tax assets	-	-	-	-	-	-	1,071	1,071
Retirement benefit assets	-	-	-	-	-	-	173	173
Other assets	84,162	-	-	-	-	-	-	84,162
Prepaid expenses and accrued income	3,122	-	236	-	-	-	-	3,358
Total	**363,363**	**16,598**	**287,899**	**323,077**	**206**	**-**	**5,588**	**996,731**

DKKm, 31 Dec 2010	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	85,827	18,279	-	135,699	-	239,805
Deposits and borrowings from the public	42,313	42,753	-	261,876	-	346,942
Debt securities in issue	-	271,097	-	612	-	271,709
Derivatives	6,577	-	500	-	-	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	172	172
Other liabilities	36,644	-	-	41,672	-	78,316
Accrued expenses and prepaid income	13	3,644	-	1,973	1,677	7,307
Deferred tax liabilities	-	-	-	-	801	801
Provisions	-	-	-	-	2,079	2,079
Retirement benefit obligations	-	-	-	-	37	37
Subordinated liabilities	-	-	-	9,504	-	9,504
Total	**171,374**	**335,773**	**500**	**451,336**	**4,766**	**963,749**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See Note 43 Investments, customer bearing the risk.

Note 40
Classification of financial instruments *(cont.)*

Parent company

DKKm, 31 Dec 2011	Loans	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	7,863	-	-	-	-	-	-	7,863
Loans to credit institutions	43,796	-	60,200	32,652	-	-	-	136,648
Loans to the public	256,503	-	7,054	3,453	-	-	-	267,010
Interest-bearing securities[1]	-	3,794	160,115	-	-	18,732	-	182,641
Financial instruments pledged as collateral	-	-	36,305	-	-	-	-	36,305
Shares[1]	-	-	13,956	-	-	-	-	13,956
Derivatives	-	-	4,005	-	267	-	-	4,272
Fair value changes of the hedged items in portfolio hedge of interest rate risk	423	-	-	-	-	-	-	423
Investments in group undertakings	-	-	-	-	-	-	16,585	16,585
Investments in associated undertakings	-	-	-	-	-	-	560	560
Intangible assets	-	-	-	-	-	-	3,010	3,010
Property and equipment	-	-	-	-	-	-	457	457
Investment property	-	-	-	-	-	-	49	49
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	227	227
Other assets	93,723	-	-	-	-	-	-	93,723
Prepaid expenses and accrued income	597	-	1,227	-	-	-	47	1,871
Total	**402,905**	**3,794**	**282,862**	**36,105**	**267**	**18,732**	**20,935**	**765,600**

DKKm, 31 Dec 2011	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	44,016	-	-	130,795	-	174,811
Deposits and borrowings from the public	1,345	47,994	-	266,035	-	315,374
Debt securities in issue	-	-	-	-	-	-
Derivatives	7,291	-	631	-	-	7,922
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	180	-	180
Current tax liabilities	-	-	-	-	219	219
Other liabilities	39,710	-	-	181,147	-	220,857
Accrued expenses and prepaid income	-	-	-	642	1,742	2,384
Deferred tax liabilities	-	-	-	-	305	305
Provisions	-	-	-	-	1,257	1,257
Retirement benefit obligations	-	-	-	-	30	30
Subordinated liabilities	-	-	-	20,258	-	20,258
Total	**92,362**	**47,994**	**631**	**599,057**	**3,553**	**743,597**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See Note 43 Investments, customer bearing the risk.

Note 40
Classification of financial instruments *(cont.)*

Parent company

DKKm, 31 Dec 2010	Loans	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3,213	-	-	-	-	-	-	3,213
Loans to credit institutions	26,581	-	119,480	2,376	-	-	-	148,437
Loans to the public	257,512	-	101,045	2,557	-	-	-	361,114
Interest-bearing securities[1]	-	16,598	143,523	-	-	-	-	160,121
Financial instruments pledged as collateral	-	-	34,896	-	-	-	-	34,896
Shares[1]	-	-	16,392	-	-	-	-	16,392
Derivatives	-	-	4,425	-	206	-	-	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	305	-	-	-	-	-	-	305
Investments in group undertakings	-	-	-	-	-	-	16,579	16,579
Investments in associated undertakings	-	-	-	-	-	-	160	160
Intangible assets	-	-	-	-	-	-	2,761	2,761
Property and equipment	-	-	-	-	-	-	379	379
Investment property	-	-	-	-	-	-	43	43
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	1,279	1,279
Retirement benefit assets	-	-	-	-	-	-	173	173
Other assets	138,455	-	-	-	-	-	-	138,455
Prepaid expenses and accrued income	2,327	-	996	-	-	-	-	3,323
Total	**428,393**	**16,598**	**420,757**	**4,933**	**206**	**-**	**21,374**	**892,261**

DKKm, 31 Dec 2010	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	120,758	18,279	-	138,863	-	277,900
Deposits and borrowings from the public	42,313	42,753	-	262,954	-	348,020
Debt securities in issue	-	-	-	-	-	-
Derivatives	6,577	-	500	-	-	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	170	170
Other liabilities	36,644	-	-	182,811	-	219,455
Accrued expenses and prepaid income	13	-	-	2,129	1,608	3,750
Deferred tax liabilities	-	-	-	-	39	39
Provisions	-	-	-	-	2,678	2,678
Retirement benefit obligations	-	-	-	-	37	37
Subordinated liabilities	-	-	-	9,504	-	9,504
Total	**206,305**	**61,032**	**500**	**596,261**	**4,532**	**868,630**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See Note 43 Investments, customer bearing the risk.

Note 40
Classification of financial instruments *(cont.)*

Loans designated at fair value through profit or loss

DKKm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Carrying amount	376,862	323,077	36,105	4,933
Maximum exposure to credit risk	376,862	323,077	36,105	4,933
Carrying amount of credit derivatives used to mitigate the credit risk	-	-	-	-

Financial liabilities designated at fair value through profit or loss

Changes in fair values attributable to changes in credit risk
The financial liabilities designated at fair value through profit or loss are issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab, DKK 291bn (DKK 275bn) and the funding of the Markets operation, DKK 48bn (DKK 61bn). The funding of Markets is generally of such a short term nature that the effect of changes in own credit risk is not significant. For the issued mortgage bonds in Nordea Kredit Realkreditaktieselskab a change in the liability's credit risk and price will have a corresponding effect on the value of the loan. The reason is that a change in the price of the bonds will be offset by the opposite change in the value of the prepayment option of the loan.

The fair value of bonds issued in Nordea Kredit Realkreditaktieselskab decreased in 2011 by DKK approximately 2bn (decrease of DKK approximately 2bn) due to changes in own credit risk. The cumulative change since designation was a decrease of DKK approximately 5bn (decrease of DKK approximately 4bn). The calculation method of the estimated fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates, which are the average yield on Danish and German government bonds and for variable rate loans, the swap rate. The calculation method is subject to uncertainty related to a number of assumptions and estimates.

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

DKKm, 31 Dec 2011	Group Carrying amount	Group Amount to be paid at maturity	Parent company Carrying amount	Parent company Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	339,301	328,778	47,994	47,994

DKKm, 31 Dec 2010				
Financial liabilities at fair value through profit or loss	335,773	335,661	61,032	61,032

Note 41
Assets and liabilities at fair value

Group

DKKm	31 Dec 2011 Carrying amount	31 Dec 2011 Fair value	31 Dec 2010 Carrying amount	31 Dec 2010 Fair value
Assets				
Cash and balances with central banks	7,863	7,863	3,213	3,213
Loans to credit institutions	84,150	84,150	77,898	77,898
Loans to the public	607,082	607,082	679,315	679,315
Interest-bearing securities[1]	100,557	100,557	99,833	99,833
Financial instruments pledged as collateral	12,928	12,928	21,479	21,479
Shares[1]	14,116	14,116	16,949	16,949
Derivatives	4,272	4,272	4,631	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	423	423	305	305
Investments in group undertakings	-	-	-	-
Investments in associated undertakings	909	909	521	521
Intangible assets	3,040	3,040	2,791	2,791
Property and equipment	763	783	683	703
Investment property	342	342	199	199
Deferred tax assets	116	116	150	150
Current tax assets	101	101	1,071	1,071
Retirement benefit assts	227	227	173	173
Other assets	63,126	63,126	84,162	84,162
Prepaid expenses and accrued income	1,909	1,909	3,358	3,358
Total assets	**901,924**	**901,944**	**996,731**	**996,751**
Liabilities				
Deposits by credit institutions	145,349	145,349	239,805	239,805
Deposits and borrowings from the public	313,122	313,122	346,942	346,942
Debt securities in issue	287,257	287,257	271,709	271,709
Derivatives	7,922	7,922	7,077	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	180	180	-	-
Current tax liabilities	199	199	172	172
Other liabilities	87,940	87,940	78,316	78,316
Accrued expenses and prepaid income	6,300	6,300	7,307	7,307
Deferred tax liabilities	858	858	801	801
Provisions	655	655	2,079	2,079
Retirement benefit obligations	30	30	37	37
Subordinated liabilities	20,258	20,258	9,504	9,504
Total liabilities	**870,070**	**870,070**	**963,749**	**963,749**

[1] Include investments in interest-bearing securities and shares financed by customers' portfolio schemes. See Note 43 Investments, customer bearing the risk.

Note 41
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm	31 Dec 2011 Carrying amount	31 Dec 2011 Fair value	31 Dec 2010 Carrying amount	31 Dec 2010 Fair value
Assets				
Cash and balances with central banks	7,863	7,863	3,213	3,213
Loans to credit institutions	136,648	136,648	148,437	148,437
Loans to the public	267,010	267,010	361,114	361,114
Interest-bearing securities	182,641	182,641	160,121	160,121
Financial instruments pledged as collateral	36,305	36,305	34,896	34,896
Shares	13,956	13,956	16,392	16,392
Derivatives	4,272	4,272	4,631	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	423	423	305	305
Investments in group undertakings	16,585	16,585	16,579	16,579
Investments in associated undertakings	560	560	160	160
Intangible assets	3,010	3,010	2,761	2,761
Property and equipment	457	477	379	399
Investment property	49	49	43	43
Deferred tax assets	-	-	-	-
Current tax assets	-	-	1,279	1,279
Retirement benefit assets	227	227	173	173
Other assets	93,723	93,723	138,455	138,455
Prepaid expenses and accrued income	1,871	1,871	3,323	3,323
Total assets	**765,600**	**765,620**	**892,261**	**892,281**
Liabilities				
Deposits by credit institutions	174,811	174,811	277,900	277,900
Deposits and borrowings from the public	315,374	315,374	348,020	348,020
Debt securities in issue	-	-	-	-
Derivatives	7,922	7,922	7,077	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	180	180	-	-
Current tax liabilities	219	219	170	170
Other liabilities	220,857	220,857	219,455	219,455
Accrued expenses and prepaid income	2,384	2,384	3,750	3,750
Deferred tax liabilities	305	305	39	39
Provisions	1,257	1,257	2,678	2,678
Retirement benefit obligations	30	30	37	37
Subordinated liabilities	20,258	20,258	9,504	9,504
Total liabilities	**743,597**	**743,597**	**868,630**	**868,630**

Estimation of fair value for financial instruments

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

The carrying amounts on loans and deposits are adjusted for the value of the fixed interest term, unless the interest rate risk is hedged, in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term. The fair value of the hedged interest rate risk is included in the balance sheet item "Fair value changes of the hedged items in portfolio hedge of interest rate risk".

Fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings, investments in group undertakings, intangible assets, property and equipment and provisions.

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

Note 41
Assets and liabilities at fair value *(cont.)*

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

	Group		Parent company	
DKKm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Amount at beginning of year	-	-	-	-
Deferred profit/loss on new transactions	-	-	-	-
Recognised in the income statement during the year	-	-	-	-
Amount at end of year	-	**-**	**-**	**-**

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

It is the use of model parameters and the extent of unobservability that defines the fair value hierarchy levels. For bonds the categorisation into the three levels are based on the internal pricing methodology. The bonds can either be directly quoted in active markets (level 1) or measured using a methodology giving a quote based on observable inputs (level 2). Level 3 bonds are characterised by illiquidity.

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

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

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

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

Note 41
Assets and liabilities at fair value *(cont.)*

Group

DKKm, 31 Dec 2011	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	56,569	-	56,569
Loans to the public	-	351,264	-	351,264
Debt securities	87,094	13,258	205	100,557
Financial instruments pledged as collateral	12,928	-	-	12,928
Shares	8,222	-	5,894	14,116
Derivatives	3,425	847	-	4,272
Other assets	-	-	-	-
Prepaid expenses and accrued income	-	1,076	-	1,076
Liabilities				
Deposits by credit institutions	-	15,872	-	15,872
Deposits and borrowings from the public	-	49,339	-	49,339
Debt securities in issue	287,096	-	-	287,096
Derivatives	1,285	6,637	-	7,922
Other liabilities	-	15,953	-	15,953
Accrued expenses and prepaid income	-	4,218	-	4,218

DKKm, 31 Dec 2010	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	62,906	-	62,906
Loans to the public	-	421,746	-	421,746
Debt securities	56,644	25,458	1,133	83,235
Financial instruments pledged as collateral	18,278	3,201	-	21,479
Shares	10,742	-	6,207	16,949
Derivatives	3,950	681	-	4,631
Other assets	-	-	-	-
Prepaid expenses and accrued income	-	236	-	236
Liabilities				
Deposits by credit institutions	-	104,106	-	104,106
Deposits and borrowings from the public	-	85,066	-	85,066
Debt securities in issue	271,097	-	-	271,097
Derivatives	2,860	4,217	-	7,077
Other liabilities	-	36,644	-	36,644
Accrued expenses and prepaid income	-	3,657	-	3,657

Note 41
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm, 31 Dec 2011	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	92,852	-	92,852
Loans to the public	-	10,507	-	10,507
Debt securities	177,042	1,600	205	178,847
Financial instruments pledged as collateral	24,647	11,658	-	36,305
Shares	8,220	-	5,736	13,956
Derivatives	3,425	847	-	4,272
Other assets	-	-	-	-
Prepaid expenses and accrued income	-	1,227	-	1,227
Liabilities				
Deposits by credit institutions	-	44,016	-	44,016
Deposits and borrowings from the public	-	49,339	-	49,339
Debt securities in issue	-	-	-	-
Derivatives	1,285	6,637	-	7,922
Other liabilities	-	39,710	-	39,710
Accrued expenses and prepaid income	-	-	-	-

DKKm, 31 Dec 2010	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	121,856	-	121,856
Loans to the public	-	103,602	-	103,602
Debt securities	130,350	12,040	1,133	143,523
Financial instruments pledged as collateral	31,514	3,382	-	34,896
Shares	10,741	-	5,651	16,392
Derivatives	3,950	681	-	4,631
Other assets	-	-	-	-
Prepaid expenses and accrued income	-	996	-	996
Liabilities				
Deposits by credit institutions	-	139,037	-	139,037
Deposits and borrowings from the public	-	85,066	-	85,066
Debt securities in issue	-	-	-	-
Derivatives	2,860	4,217	-	7,077
Other liabilities	-	36,644	-	36,644
Accrued expenses and prepaid income	-	13	-	13

Transfers between level 1 and 2
During the year, Nordea Group transferred debt securities of DKK 289m from level 1 to level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value. The transfer was an outcome of a further developed fair value hierarchy classification due to a more detailed assessment of the liquidity in the market. The fair values were consequently obtained using valuation techniques using observable market inputs.

Note 41
Assets and liabilities at fair value *(cont.)*

Movements in level 3

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

Group

		Fair value gains/losses recognised in the income statement during the year	
DKKm, 31 Dec 2011	At 1 Jan 2011	Realised[2]	Unrealised[1, 2]
Debt securities	1,133	-	-8
Shares	6,207	131	-323
Derivatives (net of assets and liabilities)	-	-	-

DKKm, 31 Dec 2011 *(cont.)*	Purchases	Sales	Transfers into/out of level 3	Translation differences	At 31 Dec 2011
Debt securities	-	-920	-	-	205
Shares	588	-724	-	15	5,894
Derivatives (net of assets and liabilities)	-	-	-	-	-

		Fair value gains/losses recognised in the income statement during the year	
DKKm, 31 Dec 2010	At 1 Jan 2010	Realised[2]	Unrealised[1, 2]
Debt securities	1,550	18	160
Shares	4,005	390	984
Derivatives (net of assets and liabilities)	509	-	-

DKKm, 31 Dec 2010 *(cont.)*	Purchases	Sales	Transfers into/out of level 3	Translation differences	At 31 Dec 2010
Debt securities	442	-985	-52	-	1,133
Shares	1,572	-739	-	-5	6,207
Derivatives (net of assets and liabilities)	-	-	-509	-	-

[1] Relates to those assets and liabilities held at the end of the reporting period.
[2] A total of DKK -200m (DKK 1,552m) is included in net result from items at fair value (see Note 4).

Note 41
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm, 31 Dec 2011	At 1 Jan 2011	Fair value gains/losses recognised in the income statement during the year: Realised[2]	Unrealised[1, 2]
Debt securities	1,133	-	-8
Shares	5,651	32	86
Derivatives (net of assets and liabilities)	-	-	-

DKKm, 31 Dec 2011 *(cont.)*	Purchases	Sales	Transfers into/out of level 3	Translation differences	At 31 Dec 2011
Debt securities	-	-920	-	-	205
Shares	576	-624	-	15	5,736
Derivatives (net of assets and liabilities)	-	-	-	-	-

DKKm, 31 Dec 2010	At 1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised[2]	Unrealised[1, 2]
Debt securities	1,550	18	160
Shares	4,005	25	586
Derivatives (net of assets and liabilities)	509	-	-

DKKm, 31 Dec 2010 *(cont.)*	Purchases	Sales	Transfers into/out of level 3	Translation differences	At 31 Dec 2010
Debt securities	442	-985	-52	-	1,133
Shares	1,572	-374	-158	-5	5,651
Derivatives (net of assets and liabilities)	-	-	-509	-	-

[1] Relates to those assets and liabilities held at the end of the reporting period.
[2] A total of DKK 110m (DKK 789m) is included in net result from items at fair value (see Note 4).

Note 41
Assets and liabilities at fair value *(cont.)*

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions
Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. Portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques. For further information see Note 1 section 10 "Determination of fair value of financial instruments".

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

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

	Group			Parent company		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
DKKm, 31 Dec 2011	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Debt securities	205	10	-10	205	10	-10
Shares	5,894	610	-610	5,736	595	-595
DKKm, 31 Dec 2010						
Debt securities	1,133	57	-57	1,133	57	-57
Shares	6,207	646	-646	5,651	591	-591

In order to calculate the effect on level 3, fair values from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs that are based on pricing model assumptions or unobservability of market data inputs are replaced by alternative estimates or assumptions and impact on valuation computed. The majority of the effect on the Derivatives is related to various types of correlations or correlation related inputs in credit derivatives, interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased with reasonable changes in market movements.

Note 42
Obtained collaterals which are permitted to be sold or repledged

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

	Group		Parent company	
DKKm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	36,544	161,575	65,291	220,525
of which repledged or sold	15,966	113,911	21,080	134,877
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
of which repledged or sold	-	-	-	-
Total	**36,544**	**161,575**	**65,291**	**220,525**

Note 43
Investments, customer bearing the risk

Nordea Bank Danmark A/S's assets and liabilities include customers' portfolio schemes, the return on which correlates directly with the assets financed by these portfolio schemes. Since the assets and liabilities legally belong to Nordea Bank Danmark, these assets and liabilities are included in the bank's balance sheet. A breakdown is shown below:

	Group		Parent company	
DKKm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Assets				
Interest-bearing securities	14,713	13,860	14,713	13,860
Shares	12,597	13,611	12,597	13,611
Other assets	1,924	4,501	1,924	4,501
Total assets	**29,234**	**31,972**	**29,234**	**31,972**
Liabilities				
Deposits and borrowings from the public	29,234	28,829	29,234	28,829
Other liabilities	-	3,143	-	3,143
Total liabilities	**29,234**	**31,972**	**29,234**	**31,972**
Return to participants in portfolio schemes	-423	2,934	-423	2,934

Note 44
Maturity analysis for assets and liabilities

Group

Remaining maturity

DKKm, 31 Dec 2011	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		7,863	-	-	-	-	-	7,863
Loans to credit institutions	13	46,177	37,100	128	599	146	-	84,150
Loans to the public	13	74,439	16,337	7,825	62,077	446,404	-	607,082
Interest bearing securities	14	-	30,699	54,025	4,589	11,244	-	100,557
Financial instruments pledged as collateral	15	-	1,721	11,207	-	-	-	12,928
Shares	16	-	-	-	-	-	14,116	14,116
Derivatives	17	-	3,129	292	556	295	-	4,272
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	1	18	265	139	-	423
Total assets with fixed maturities		**128,479**	**88,987**	**73,495**	**68,086**	**458,228**	**14,116**	**831,391**
Non-financial assets	11, 19, 20, 21, 22, 23, 24, 33	-	-	-	-	-	5,498	5,498
Other assets	25	-	-	-	-	-	63,126	63,126
Prepaid expenses and accured income	26	-	-	-	-	-	1,909	1,909
Total assets		**128,479**	**88,987**	**73,495**	**68,086**	**458,228**	**84,649**	**901,924**
Deposits by credit institutions	27	58,817	75,593	3,738	5,120	2,081	-	145,349
Deposits and borrowings from the public	28	208,390	51,749	3,397	605	48,981	-	313,122
- of which Deposits		208,390	50,053	3,397	605	48,981	-	311,426
- of which Borowings		-	1,696	-	-	-	-	1,696
Debt securities in issue	29	-	48,675	52,008	42,652	143,922	-	287,257
- of which Debt securities in issue		-	48,675	52,008	42,652	143,922	-	287,257
- of which Other		-	-	-	-	-	-	-
Derivatives	17	-	4,330	1,044	1,987	561	-	7,922
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	1	23	156	-	-	180
Subordinated liabilities	34	-	-	2,230	18,028	-	-	20,258
Total liabilities with fixed maturities		**267,207**	**180,348**	**62,440**	**68,548**	**195,545**	**-**	**774,088**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	1,742	1,742
Other liabilities	30	-	-	-	-	-	87,940	87,940
Accrued expenses and prepaid income	31	-	-	-	-	-	6,300	6,300
Equity		-	-	-	-	-	31,854	31,854
Total liabilities and equity		**267,207**	**180,348**	**62,440**	**68,548**	**195,545**	**127,836**	**901,924**

Mortgage loans are match-funded and is undertaken on the basis of the statutory balance principle. The majority of these loans are long-term loans and is therefore categorised as >5 years in the Maturity analysis, while the debt securities in issue are allocated through the maturity distribution in comparison to the re-financing period.

Note 44
Maturity analysis for assets and liabilities *(cont.)*

Group

Remaining maturity

DKKm, 31 Dec 2010	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		3,213	-	-	-	-	-	3,213
Loans to credit institutions	13	13,866	59,975	3,007	840	210	-	77,898
Loans to the public	13	80,824	107,319	13,267	58,373	419,532	-	679,315
Interest bearing securities	14	-	20,051	40,470	14,930	24,382	-	99,833
Financial instruments pledged as collateral	15	-	6,115	7,811	2,847	4,706	-	21,479
Shares	16	-	-	-	-	-	16,949	16,949
Derivatives	17	-	4,092	252	136	151	-	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	1	24	174	106	-	305
Total assets with fixed maturities		**97,903**	**197,553**	**64,831**	**77,300**	**449,087**	**16,949**	**903,623**
Non-financial assets	11, 19, 20, 21, 22, 23, 24, 33	-	-	-	-	-	5,588	5,588
Other assets	25	-	-	-	-	-	84,162	84,162
Prepaid expenses and accured income	26	-	-	-	-	-	3,358	3,358
Total assets		**97,903**	**197,553**	**64,831**	**77,300**	**449,087**	**110,057**	**996,731**
Deposits by credit institutions	27	66,365	163,761	9,679	-	-	-	239,805
Deposits and borrowings from the public	28	201,299	93,564	2,933	757	48,389	-	346,942
- of which Deposits		201,062	51,251	2,933	757	48,389	-	304,392
- of which Borowings		237	42,313	-	-	-	-	42,550
Debt securities in issue	29	-	52,258	30,130	33,928	155,393	-	271,709
- of which Debt securities in issue		-	52,258	30,130	33,928	155,393	-	271,709
- of which Other		-	-	-	-	-	-	-
Derivatives	17	-	4,013	950	1,773	341	-	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	-	-	-	-	-	-
Subordinated liabilities	34	-	-	2,236	7,268	-	-	9,504
Total liabilities with fixed maturities		**267,664**	**313,596**	**45,928**	**43,726**	**204,123**	**-**	**875,037**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	3,089	3,089
Other liabilities	30	-	-	-	-	-	78,316	78,316
Accrued expenses and prepaid income	31	-	-	-	-	-	7,307	7,307
Equity		-	-	-	-	-	32,982	32,982
Total liabilities and equity		**267,664**	**313,596**	**45,928**	**43,726**	**204,123**	**121,694**	**996,731**

Note 44
Maturity analysis for assets and liabilities *(cont.)*

Parent company

Remaining maturity

DKKm, 31 Dec 2011	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		7,863	-	-	-	-	-	7,863
Loans to credit institutions	13	73,009	62,766	128	599	146	-	136,648
Loans to the public	13	80,464	23,646	6,599	51,423	104,878	-	267,010
Interest bearing securities	14	-	49,118	103,260	8,771	21,492	-	182,641
Financial instruments pledged as collateral	15	-	4,833	31,472	-	-	-	36,305
Shares	16	-	-	-	-	-	13,956	13,956
Derivatives	17	-	3,129	292	556	295	-	4,272
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	1	18	265	139	-	423
Total assets with fixed maturities		**161,336**	**143,493**	**141,769**	**61,614**	**126,950**	**13,956**	**649,118**
Non-financial assets	11, 19, 20, 21, 22, 23, 24, 33	-	-	-	-	-	20,888	20,888
Other assets	25	-	-	-	-	-	93,723	93,723
Prepaid expenses and accured income	26	-	-	-	-	-	1,871	1,871
Total assets		**161,336**	**143,493**	**141,769**	**61,614**	**126,950**	**130,438**	**765,600**
Deposits by credit institutions	27	60,134	103,737	3,738	5,120	2,082	-	174,811
Deposits and borrowings from the public	28	209,840	52,551	3,397	605	48,981	-	315,374
- of which Deposits		209,840	50,777	3,397	605	48,981	-	313,600
- of which Borowings		-	1,774	-	-	-	-	1,774
Debt securities in issue	29	-	-	-	-	-	-	-
- of which Debt securities in issue		-	-	-	-	-	-	-
- of which Other		-	-	-	-	-	-	-
Derivatives	17	-	4,330	1,044	1,987	561	-	7,922
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	1	23	156	-	-	180
Subordinated liabilities	34	-	-	2,230	18,028	-	-	20,258
Total liabilities with fixed maturities		**269,974**	**160,619**	**10,432**	**25,896**	**51,624**	**-**	**518,546**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	1,811	1,811
Other liabilities	30	-	-	-	-	-	220,857	220,857
Accrued expenses and prepaid income	31	-	-	-	-	-	2,384	2,384
Equity		-	-	-	-	-	22,003	22,003
Total liabilities and equity		**269,974**	**160,619**	**10,432**	**25,896**	**51,624**	**247,055**	**765,600**

Note 44
Maturity analysis for assets and liabilities *(cont.)*

Parent company

Remaining maturity

DKKm, 31 Dec 2010	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		3,213	-	-	-	-	-	3,213
Loans to credit institutions	13	25,455	118,926	3,007	840	209	-	148,437
Loans to the public	13	86,295	114,376	12,130	48,641	99,672	-	361,114
Interest bearing securities	14	-	32,159	64,909	23,946	39,107	-	160,121
Financial instruments pledged as collateral	15	-	9,919	12,669	4,674	7,634	-	34,896
Shares	16	-	-	-	-	-	16,392	16,392
Derivatives	17	-	4,092	252	136	151	-	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	1	24	174	106	-	305
Total assets with fixed maturities		**114,963**	**279,473**	**92,991**	**78,411**	**146,879**	**16,392**	**729,109**
Non-financial assets	11, 19, 20, 21, 22, 23, 24, 33	-	-	-	-	-	21,374	21,374
Other assets	25	-	-	-	-	-	138,455	138,455
Prepaid expenses and accured income	26	-	-	-	-	-	3,323	3,323
Total assets		**114,963**	**279,473**	**92,991**	**78,411**	**146,879**	**179,544**	**892,261**
Deposits by credit institutions	27	68,295	199,926	9,679	-	-	-	277,900
Deposits and borrowings from the public	28	202,377	93,564	2,933	757	48,389	-	348,020
- of which Deposits		202,140	51,251	2,933	757	48,389	-	305,470
- of which Borowings		237	42,313	-	-	-	-	42,550
Debt securities in issue	29	-	-	-	-	-	-	-
- of which Debt securities in issue		-	-	-	-	-	-	-
- of which Other		-	-	-	-	-	-	-
Derivatives	17	-	4,013	950	1,773	341	-	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	-	-	-	-	-	-
Subordinated liabilities	34	-	-	2,236	7,268	-	-	9,504
Total liabilities with fixed maturities		**270,672**	**297,503**	**15,798**	**9,798**	**48,730**	**-**	**642,501**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	2,924	2,924
Other liabilities	30	-	-	-	-	-	219,455	219,455
Accrued expenses and prepaid income	31	-	-	-	-	-	3,750	3,750
Equity		-	-	-	-	-	23,631	23,631
Total liabilities and equity		**270,672**	**297,503**	**15,798**	**9,798**	**48,730**	**249,760**	**892,261**

Note 45
Related-party transactions

The information below is presented from a Bank Group and NBD perspective, meaning that the information shows the effect from related-party transactions on the Bank Group and NBD figures.

Group

	Shareholders with significant influence		Other Nordea Group Companies		Associated undertakings		Other related parties[1]	
DKKm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Assets								
Loans	216	1,471	26,582	35,529	680	884	0	0
Interest-bearing securities	-	-	1,305	2,617	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Derivatives	13	0	750	587	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	-	-
Total assets	**229**	**1,471**	**28,637**	**38,733**	**680**	**884**	**0**	**0**
Liabilities								
Deposits	2,228	946	115,020	200,310	427	301	87	112
Debt securities in issue	8,525	7,542	42,491	32,774	-	-	-	-
Derivatives	3	-	4,433	3,918	-	-	-	-
Subordinated liabilities	20,258	9,504	-	-	-	-	-	-
Total liabilities	**31,014**	**17,992**	**161,944**	**237,002**	**427**	**301**	**87**	**112**
Off balance								
Contingent liabilities	-	-	-	-	10	10	-	-
Net interest income and interest expense								
Interest income	4	60	60	60	14	18	0	0
Interest expense	-742	-388	-1,619	-1,225	-2	-1	-1	-1
Net interest income and expense	**-738**	**-328**	**-1,559**	**-1,165**	**12**	**17**	**-1**	**-1**

[1] Close family members to key management personnel in NBD as well as companies significantly influenced by key management personnel or by close family members to key management personnel in NBD are considered to be related parties to NBD. If transactions with these related parties are made in NBD's and the related parties' ordinary course of business and on the same criteria and terms as those for comparable transactions with parties of similar standing, and if they did not involve more than normal risk-taking, the transactions are not included in the table.

Note 45
Related-party transactions *(cont.)*

Parent company

DKKm	Group undertakings 31 Dec 2011	Group undertakings 31 Dec 2010	Other Nordea Group Companies[1] 31 Dec 2011	Other Nordea Group Companies[1] 31 Dec 2010	Associated undertakings 31 Dec 2011	Associated undertakings 31 Dec 2010	Other related parties 31 Dec 2011	Other related parties 31 Dec 2010
Assets								
Loans	77,408	83,229	24,856	39,162	255	255	0	0
Interest-bearing securities	108,962	57,896	1,305	2,617	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Derivatives	-	-	763	587	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	-	-
Investments in group undertakings	-	-	-	-	-	-	-	-
Total assets	**186,370**	**141,125**	**26,924**	**42,366**	**255**	**255**	**0**	**0**
Liabilities								
Deposits	31,713	39,173	117,248	201,256	427	301	87	112
Debt securities in issue	-	-	-	-	-	-	-	-
Derivatives	-	-	4,436	3,918	-	-	-	-
Subordinated liabilities	-	-	20,258	9,504	-	-	-	-
Total liabilities	**31,713**	**39,173**	**141,942**	**214,678**	**427**	**301**	**87**	**112**
Off balance[2]								
Contingent liabilities	87,273	94,478	-	0	10	10	-	-
Net interest income and interest expense								
Interest income	480	304	38	96	0	0	-	-
Interest expenses	-378	-203	-1,751	-1,153	-2	-1	-1	-1
Net interest income and expense	**102**	**101**	**-1,713**	**-1,057**	**-2**	**-1**	**-1**	**-1**

[1] Including figures for shareholders with significant influence.

[2] Nordea Bank Danmark A/S provides on an ongoing basis 5-year and 10-year guarantees in favour of its wholly-owned mortgage banking subsidiary Nordea Kredit Realkreditaktieselskab, typically to cover the top 25% of the principal of mortgage loans disbursed. This guarantee commitment is computed on the basis of the remaining cash balance and amounted to DKK 72,566m at end 2011 (DKK 71,061m).

Compensation and loans to Board of Directors and the Executive Management (Key management personnel)
Compensation to Board of Directors and the Executive Management are specified in Note 7.
Loans to Board of Directors and the Executive Management and their family members are specified in Note 12.

Related-party transactions (arms length basis)
Material transactions recognised during 2011 between Nordea Bank Danmark A/S and group companies include the following:

- Services rendered to Nordea Bank Finland Plc regarding trading, sale, controlling and settlement of financial instruments.

- Derivates with Nordea Bank Finland Plc for hedging market and credit risk.

- Services regarding IT activities and liquidity management with Nordea Bank AB (publ.), Nordea Bank Norge ASA and Nordea Bank Finland Plc.

Otherwise, Nordea Bank Danmark's activities with companies in the Nordea Group include lending, deposits, debt securities in issue, trading in securities, derivatives, guarantees etc as part of its normal banking business.

Note 46
The Danish Financial Supervisory Authority's ratio system

	Nordea Bank Danmark Group				
%	2011	2010	2009	2008	2007
Capital ratios[1]					
Total capital ratio	12.5	9.0	9.6	8.6	9.2
Tier 1 capital ratio	7.5	6.8	7.1	6.5	6.9
Earnings					
Pre-tax return on equity	8.8	14.4	7.3	12.0	19.7
Post-tax return on equity	6.8	11.0	4.8	9.1	15.1
Income/cost ratio (not %)	1.2	1.3	1.1	1.4	1.7
Market risk					
Interest rate risk/tier 1 capital	1.2	1.9	5.3	2.1	0.9
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	3.7	2.2	2.3	1.6	0.8
Indicator 2/tier 1 capital	0.0	0.0	0.0	0.0	0.0
Liquidity					
Excess cover relative to statutory liquidity requirements	85.3	84.6	128.2	59.3	113.3
Credit risk					
Total amount of large exposures/capital base	26.0	73.6	91.0	68.7	70.7
Impairment ratio	1.3	1.3	1.0	0.5	0.4
Impairment ratio for the year	0.5	0.4	0.5	0.2	0.0
Growth in loans and receivables for the year/loans and receivables at beginning of year	-10.6	1.4	9.2	15.0	10.2
Gearing of loans and receivables relative to equity at end of year (not %)	19.1	20.6	22.2	20.3	18.0

	Nordea Bank Danmark A/S				
%	2011	2010	2009	2008	2007
Capital ratios[1]					
Total capital ratio	14.8	10.1	11.2	9.4	9.9
Tier 1 capital ratio	8.6	7.3	8.2	7.0	7.4
Earnings					
Pre-tax return on equity	10.1	11.6	4.8	8.9	17.9
Post-tax return on equity	7.4	9.1	2.6	6.6	13.3
Income/cost ratio (not %)	1.2	1.2	1.1	1.2	1.6
Market risk					
Interest rate risk/tier 1 capital	1.2	2.0	5.2	2.1	0.9
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	3.6	2.7	1.8	1.1	0.7
Indicator 2/tier 1 capital	0.0	0.1	0.0	0.0	0.0
Liquidity					
Loans and receivables+impairment charges/deposits	86.9	106.0	134.8	119.0	112.3
Excess cover relative to statutory liquidity requirements	121.5	107.5	128.2	84.8	144.0
Credit risk					
Total amount of large exposures/capital base	26.1	69.4	82.9	77.6	81.7
Impairment ratio	2.0	1.8	1.3	0.7	0.5
Impairment ratio for the year	0.6	0.6	0.7	0.3	0.1
Growth in loans and receivables for the year/loans and receivables at beginning of year	-26.1	-2.1	5.8	18.6	9.2
Gearing of loans and receivables relative to equity at end of year (not %)	12.1	15.3	16.6	15.1	9.9

[1] Including transition rules.

Note 47
Credit risk disclosures

Group
Credit risk management and credit risk analysis etc is described in the Risk, liquidity and capital management section pages 8-19 of the Directors´ report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2011, which is available at www.nordea.com. Much of the information in this note is collected from the Pillar 3 report in order to fulfill the disclosure requirement regarding credit risk in the Annual Report.

The Pillar 3 report contains the disclosures required by the Capital Requirements Directive (CRD), which is based on the Basel II framework. The pillar 3 disclosure is aligned to how Nordea manages credit risk and is believed to be the best way to explain the credit risk exposures in Nordea. Credit risk exposures occur in different forms and are divided into the following types:

Exposure types

DKKm	31 Dec 2011	31 Dec 2010
On-balance sheet items	749,276	695,037
Off-balance sheet items	73,667	90,203
Securities financing	78	3,941
Derivatives	14,781	3,169
Exposure At Default (EAD)	**837,802**	**792,349**

Tables presented in this note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Exposure classes split by exposure type

31 Dec 2011, DKKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	81,652	837	-	-	82,489
Institutions	45,694	1,099	78	14,779	61,650
Corporate	248,682	44,060	-	2	292,744
Retail	354,015	26,852	-	0	380,867
Other	19,233	819	-	-	20,052
Total exposure	**749,276**	**73,667**	**78**	**14,781**	**837,802**

31 Dec 2010, DKKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	29,522	903	850	0	31,276
Institutions	78,361	2,084	514	2,734	83,693
Corporate	237,032	57,488	2,577	432	297,529
Retail	336,618	29,701	-	2	366,321
Other	13,504	26	-	-	13,530
Total exposure	**695,037**	**90,203**	**3,941**	**3,169**	**792,349**

Note 47
Credit risk disclosures *(cont.)*

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2011, DKKm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	82,996	82,489	1,684	-
Institutions	65,125	61,650	349	12
Corporate	404,645	292,744	2,707	111,996
Retail	392,223	380,867	84	274,177
Other	26,467	20,052	-	-
Total exposure	**971,456**	**837,802**	**4,824**	**386,185**

31 Dec 2010, DKKm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	40,632	31,276	2,149	-
Institutions	87,474	83,693	-	11
Corporate	389,998	297,529	1,119	104,736
Retail	378,977	366,321	66	267,188
Other	13,924	13,530	-	1
Total exposure	**911,005**	**792,349**	**3,334**	**371,936**

Collateral distribution

	31 Dec 2011	31 Dec 2010
Other physical collateral	3%	3%
Receivables	0%	0%
Residential real estate	70%	71%
Commercial real estate	26%	25%
Financial collateral	1%	1%

Restructured loans

DKKm	31 Dec 2011	31 Dec 2010
Loans before restructuring, carrying amount	334	-
Loans after restructuring, carrying amount	273	-

Assets taken over for protection of claims[1]

DKKm	31 Dec 2011	31 Dec 2010
Current assets, carrying amount:		
Land and buildings	305	181
Shares and other participations	162	80
Total	**467**	**261**

[1] In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Act. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are at the latest disposed when full recovery is reached.

Note 47
Credit risk disclosures *(cont.)*

Past due loans, excl. impaired loans

DKKm	31 Dec 2011 Corporate customers	31 Dec 2011 Household customers	31 Dec 2010 Corporate customers	31 Dec 2010 Household customers
6-30 days	4,628	1,644	5,935	1,578
31-60 days	502	107	2,713	145
61-90 days	524	175	384	187
>90 days	977	850	1,093	936
Total	**6,631**	**2,776**	**10,125**	**2,846**
Past due not impaired/loans in %	2.21	0.93	2.53	1.04

Loans to corporate customers, by size of loan

DKKm		31 Dec 2011	%	31 Dec 2010	%
0-10	(EURm)	146,930	49.0	159,228	39.8
10-50	(EURm)	49,535	16.5	48,679	12.2
50-100	(EURm)	27,558	9.2	26,152	6.5
100-250	(EURm)	42,251	14.1	54,325	13.6
250-500	(EURm)	29,618	9.9	34,504	8.6
500-	(EURm)	3,861	1.3	77,382	19.3
Total		**299,753**	**100**	**400,270**	**100**

Interest-bearing securities

DKKm	31 Dec 2011 At fair value	31 Dec 2011 At amortised cost	31 Dec 2010 At fair value	31 Dec 2010 At amortised cost
State and sovereigns[1]	26,790	-	44,252	-
Municipalities and other public bodies	12	-	11	-
Mortgage institutions	74,093	-	43,679	16,598
Other credit institutions	2,602	-	9,170	-
Corporates	5,155	-	3,960	-
Total	**108,652**	**-**	**101,072**	**16,598**

[1] Of which relating to Portugal, Italy, Ireland, Greece and Spain DKK 0m (DKK 2m) excluding investments where customers bear the risk.

NBD's portfolio of interest-bearing securities mainly consists of high graded securities.

Business definitions

These definitions apply to the descriptions in the Annual Report.

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

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction for expected shortfall.

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

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

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

Return on equity
Net profit for the year excluding 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.

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.

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

Abbreviations

AGM	Annual General Meeting
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRO	Chief Risk Officer
ECC	Executive Credit Committee
GEM	Group Executive Management

Proposed distribution of earnings

According to the parent company's balance sheet, the following amount is available for distribution by the Annual General Meeting of Shareholders:

DKKm	
Retained earnings	15,293
Net profit for the year	1,685
Total	**16,978**

The Board of Directors proposes that the 2011 earnings are distributed as follows:

DKKm	
Dividends paid to the shareholders	0
To be carried forward	16,978
Total	**16,978**

The parent company's distributable earnings amount to DKK 16,978m. After the proposed distribution of earnings, the parent company's unrestricted shareholders' equity amounts to DKK 16,978m.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of Nordea Bank Danmark A/S for the financial year 2011.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of financial companies. It is our opinion that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2011 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2011.

Further, in our opinion, the Directors' report provides a fair review of the development in the Group's and the parent company's operations and financial matters, the results of the Group's and the parent company's operations and financial position and describes the material risks and uncertainties affecting the Group and the parent company.

We propose to the Annual General Meeting that the annual report should be adopted.

Stockholm, 8 February 2012

Board of Directors

Ari Kaperi (Chairman)

Fredrik Rystedt

Gunn Wærsted

Anne Rømer

Executive Management

Michael Rasmussen (Chairman)

Peter Lybecker

Anders Jensen

Peter Nyegaard

Independent auditors' report

To the shareholders of Nordea Bank Danmark A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of Nordea Bank Danmark A/S for the financial year 1 January – 31 December 2011, page 22-111. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for financial institutions.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for financial institutions and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2011 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for financial institutions.

Statement on the Director's report
Pursuant to the Danish Financial Business Act, we have read the Director's report. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Director's report is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 8 February 2012

KPMG
Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen
State Authorised Public Accountant

Anders Duedahl-Olesen
State Authorised Public Accountant

Management

Board of Directors of Nordea Bank Danmark

Ari Kaperi
(Chairman and chairman of the audit committee)
External assignments
Vice Chairman of the Board of The Federation of Finnish Financial Services.
Member of the board of Varma Mutual Pension Insurance Company.
Member of the Supervisory Board of Luottokunta.
Member of the Advisory Board of Central Chamber of Commerce.
Member of the Advisory Board of Finnish Business and Policy Forum Eva/ETLA.
Member of the Advisory Board of Turku University Foundation.

Fredrik Rystedt
External assignments
Member of the Swedish Bankers' Associations Working Committee.

Gunn Wærsted
External assignments
Member of Finance Norway (FNO).
Member of The Norwegian Depositary Guaranty Fund.
Member of the Nomination Committee of Schibsted ASA.
Member of Corporate Assembly to Orkla ASA.
Member of the counsil of Det Norske Veritas (DnV).

Anne Rømer[1] (Member of the audit committee)
External assignments
None.

Executive Management of Nordea Bank Danmark

Michael Rasmussen
Internal assignments
Member of Nordea Bank AB's Group Executive Management and Head of Retail Banking.

External assignments
Chairman of the Board of Directors of the Danish Bankers Association.
Chairman of the Boards of Directors of the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets.
Member of the Boards of Directors of Multidata Holding A/S and Multidata A/S.
Member of the Board of Directors of Danmarks Skibskredit A/S.

Peter Lybecker
Internal assignments
Head of Development & Projects in Retail Banking.
Chairman of the Board of Directors of Fionia Asset Company A/S.
Deputy Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
Member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finance Finland Ltd.
Member of the Board of Directors of OJSC Nordea Bank Russia.
Member of the Board of Directors of Pensionskassen for direktører i Sparekassen SDS.

External assignments
Chairman of the Board of Directors of Nets Holding A/S.
Deputy Chairman of the Boards of Directors of Multidata Holding A/S and Multidata A/S.
Member of the Boards of Directors of the Danish Securities Council and Insead International Council.

Anders Jensen
Internal assignments
Head of Banking Denmark.
Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
Member of the Boards of Directors of Nordea Liv & Pension and Fionia Asset Company A/S.

External assignments
Chairman of the Board of Directors of Finanssektorens Arbejdsgiverforening.
Member of the Boards of Directors of Erhvervsakademiet Copenhagen Business School and FUHU.

Peter Nyegaard
Internal assignments
Member of Nordea Bank AB's Group Executive Management.
Chief Operating Officer of Wholesale Banking.
Member of the Boards of Directors of Structured Finance Servicer A/S and of OJSC Nordea Bank Russia.

External assignments
None.

[1] Independent member of the audit committee having special qualifications within accounting and audit. Educated as State Authorised Public Accountant and is working as director for Reporting, Consolidation and Controlling at Maersk Line.

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