

Interim Report January–June 2012
Nordea Bank Finland Plc

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, more than 1,000 branch office locations 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.

Nordea Bank Finland Group

Result summary January-June 2012

The first half of 2012 showed continued high total income, up by 17% to EUR 1,499m (1,283). Total expenses were stable at EUR 520m and net loan losses decreased somewhat. (The comparison figures in brackets refer to the first six months of 2011.)

NBF's operating profit increased by 31% compared to the same period last year and it amounted to EUR 948m (723). Return on equity was 12.3% (9.6) and the cost/income ratio 35% (41). Net profit increased by 33% to EUR 709 (532).

Macroeconomic development

The global economic growth outlook deteriorated during the second quarter and the Nordic economies have increasingly been influenced by the overall weak economic environment in Europe. Denmark remains the country most affected with only marginal positive GDP growth. Sweden and Finland still enjoyed positive economic growth in the past quarter but momentum has slowed during the year and falling projections for full-year 2012 indicate a potential further economic slowdown. Norway has maintained stronger growth with a very positive second quarter. Despite the recent developments, the overall strong fiscal position of the Nordic countries has kept the safe-haven status of the region intact.

Market development in Finland in the first half of 2012

The Finnish economy expanded in the first quarter of 2012 by 0.8% from the previous quarter and by 1.7% from the year earlier, considerably faster than in the euro zone in general. This growth spurt, however, was only temporary in nature. Goods exports recovered from an earlier drop, and private consumption was driven by car sales in anticipation of a car tax hike in April and an extra one-time-only wage increase. In the second quarter, the economy is expected to have contracted. The most recent exports data is poor, consistent with a fall in new manufacturing orders. Retail sales volumes have declined, suggesting a marked slowdown in private consumption, despite record low short market rates.

The labour market has remained strong, but is expected to weaken towards the end of the year. The Euro-zone debt crisis remains a source of uncertainty.

Income

Net interest income decreased by 3% compared to the first half last year and amounted to EUR 636m (656). Lending volumes increased by 11% year-on-year. Excluding reverse repurchase agreements growth in lending was 5%. Deposits and borrowings from the public increased by 11% year-on-year. Excluding repurchase agreements, total deposits were up 15%. Lending margins were higher than in the first half of 2011, while deposit margins decreased from last year.

Net fee and commission income increased by 11% and amounted to EUR 161m (145). Commission income increased by 6% mainly due to positive development in custody and issuer services. Payment and card commissions increased as well. Commission expenses increased by 3%.

Net result from items at fair value increased by 48% to EUR 684m (461). The customer-driven capital markets operations continued to be strong with increasing volumes.

Profit from companies accounted for under the equity method decreased slightly and amounted to EUR 1m (3).

Other operating income was EUR 17m compared to EUR 18m in the first half of 2011.

Expenses

Total operating expenses were stable and amounted to EUR 520m (521).

Staff costs decreased by 2% to EUR 282m (287) explained mainly by lower number of employees. The reduction in staff numbers which was announced last autumn has continued according to plan during the first half of 2012.

Throughout this report, "Nordea Bank Finland" and "NBF" refer to the parent company Nordea Bank Finland Plc, business identity code 1680235-8, with its subsidiaries. The registered office of the company is in Helsinki. Nordea Bank Finland Plc is a wholly owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. The business operations of the Nordea Group have been organised in three business areas, with full responsibility for their value chains: Retail Banking, Wholesale Banking and Wealth Management. The consolidated interim report of Nordea Bank AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view. This statutory interim report covers the operations of the legal entity Nordea Bank Finland Plc with its subsidiaries.

On 1 March 2012 NBF transferred around 300 IT employees to the Finnish branch of Nordea Bank AB (publ) (NBAB) as a result of the decision to centralise the Group's IT activities in NBAB. In future NBAB will be responsible for operating and developing the Nordea Group's IT systems. NBAB and NBF have entered into a service level agreement on the delivery of IT operations and development to the NBF Group.

The number of fulltime employees at 30 June 2012 fell by 749 to 8,407 (9,156) due to the New Normal plan and the transfer of employees to NBAB following from the centralisation of the IT activities.

Other operating expenses were slightly higher than in the corresponding period last year and totalled EUR 215m (213).

Depreciation of tangible and intangible assets increased to EUR 23m (21).

The cost/income ratio was 35% in the first half of 2012.

Loan losses

Net loan losses in the first half of 2012 decreased somewhat to EUR 31m (39) corresponding to a loan loss ratio of 6 basis points (11). Overall the credit quality in the loan portfolio remained solid.

Taxes

The effective tax rate for the first half of 2012 was approximately 25% compared to 26% in the first half of 2011.

Net profit

Net profit increased by 33% to EUR 709m (532), corresponding to a return on equity of 12.3% compared to 9.6% in the first half of last year.

Balance sheet

(Comparison figures in brackets refer to December 2011 figures)

The total assets of NBF amounted to EUR 390bn (399).

Total loans to the public increased by 5% compared with the end of 2011. Excluding repurchase agreements the increase was 2%.

Deposits and borrowings from the public increased from the year-end level and amounted to EUR 72bn (68). Excluding repurchase agreements deposits totalled EUR 55bn (54).

Capital position and capital management

At the end of June, NBF's risk-weighted assets (RWA) were EUR 74.3bn excluding transition rules, compared to EUR 80.6bn at year-end 2011 and EUR 71.0bn one year ago. As transition rules had no effect on RWA, the reported RWA decreased by EUR 6.3bn compared with end 2011 figures.

The Tier 1 ratio was 13.8% and the total capital ratio was 14.3%. Profit for the period has not been included in Tier 1.

Credit portfolio

Total lending was EUR 104bn (99) at the end of June 2012. The share of lending to corporate customers was 64%.

Impaired loans gross increased to EUR 1,902m at the end of June 2012 compared to EUR 1,498m at the end of December 2011. Individually assessed impaired loans, net, amounted to EUR 1,282m (922), representing 0.76% of total loans before allowances. At year-end 2011 the ratio was 0.51%.

Off-balance sheet commitments

The total amount of off-balance sheet commitments decreased to EUR 35.4bn compared to 37.8bn at year-end 2011. The volumes of derivatives have continued to grow and they amounted to EUR 7,475bn (6,992).

Changes in group structure

During the first half of the year one new subsidiary has been established in Lithuania.

Risks and uncertainties

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

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

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

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

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

Stockholm, 18 July 2012
Board of Directors

Key financial figures

Income statement

EURm	Jan-Jun 2012	Jan-Jun 2011	Change %	Full year 2011
Net interest income	636	656	-3	1,355
Net fee and commission income	161	145	11	309
Net result from items at fair value	684	461	48	937
Equity method	1	3	-67	9
Other operating income	17	18	-6	34
Total operating income	1,499	1,283	17	2,644
Staff costs	-282	-287	-2	-592
Other expenses	-215	-213	1	-457
Depreciation of tangible and intangible assets	-23	-21	10	-43
Total operating expenses	-520	-521	0	-1,092
Profit before loan losses	979	762	28	1,552
Net loan losses	-31	-39	-21	-70
Impairment of securities held as financial non-current assets	0	0		-
Operating profit	948	723	31	1,482
Income tax expense	-239	-191	25	-381
Net profit for the period	709	532	33	1,101

Business volumes, key items

EURm	30 Jun 2012	30 Jun 2011	Change %	31 Dec 2011	Change %
Loans to the public	104,394	93,754	11	99,331	5
Deposits and borrowings from the public	71,623	64,750	11	68,260	5
Equity	11,364	11,044	3	11,620	-2
Total assets	389,704	280,185	39	399,287	-2

Ratios and key figures

	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Return on equity, %	12.3	9.6	9.6
Cost/income ratio, %	35	41	41
Loan loss ratio, basis points	6	11	9
Tier 1 capital ratio ¹ , %	13.8	14.4	12.8
Total capital ratio ¹ , %	14.3	15.1	13.4
Tier 1 capital ¹ , EURm	10,210	10,221	10,310
Risk-weighted assets incl. transition rules, EURm	74,254	71,028	80,567
Number of employees (full-time equivalents) ¹	8,407	9,156	8,828

¹ End of period

Formulas used

Return on equity, %:

100 x (Operating profit after taxes) / (Shareholders' equity (average for beginning and end of year))

Cost/income ratio, %:

100 x (Total operating expenses/Total operating income)

Loan loss ratio

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

Income statement

EURm	Note	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Operating income				
<i>Interest income</i>		1,261	1,206	2,647
<i>Interest expense</i>		-625	-550	-1,292
Net interest income		636	656	1,355
<i>Fee and commission income</i>		374	352	703
<i>Fee and commission expense</i>		-213	-207	-394
Net fee and commission income	3	161	145	309
Net result from items at fair value	4	684	461	937
Profit from companies accounted for under the equity method		1	3	9
Other operating income		17	18	34
Total operating income		1,499	1,283	2,644
Operating expenses				
General administrative expenses:				
Staff costs		-282	-287	-592
Other expenses		-215	-213	-457
Depreciation, amortisation and impairment charges of tangible and intangible assets		-23	-21	-43
Total operating expenses		-520	-521	-1,092
Profit before loan losses		979	762	1,552
Net loan losses	6	-31	-39	-70
Impairment of securities held as financial non-current assets		0	0	-
Operating profit		948	723	1,482
Income tax expense		-239	-191	-381
Net profit for the period		709	532	1,101
Attributable to:				
Shareholders of Nordea Bank Finland Plc		708	531	1,099
Non-controlling interests		1	1	2
Total		709	532	1,101

Statement of comprehensive income

EURm	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Net profit for the period	709	532	1,101
Currency translation differences during the period	-15	-4	6
Available-for-sale investments:			
Valuation gains/losses during the period	28	-7	-7
Tax on valuation gains/losses during the period	-7	2	2
Cash flow hedges:			
Valuation gains/losses during the period	31	-	-
Tax on valuation gains/losses during the period	-8	-	-
Other comprehensive income, net of tax	29	-9	1
Total comprehensive income	738	523	1,102
Attributable to:			
Shareholders of Nordea Bank Finland Plc	737	522	1,100
Non-controlling interests	1	1	2
Total	738	523	1,102

Balance sheet

EURm	Note	30 Jun 2012	31 Dec 2011	30 Jun 2011
Assets				
Cash and balances with central banks		14,967	286	4,449
Loans to central banks	7	9,514	31,726	3,313
Loans to credit institutions	7	54,070	47,624	51,503
Loans to the public	7	104,394	99,331	93,754
Interest-bearing securities		28,326	30,866	24,987
Financial instruments pledged as collateral		6,215	8,346	10,142
Shares		1,327	1,312	1,194
Derivatives	10	156,992	170,228	81,880
Fair value changes of the hedged items in portfolio hedge of interest rate risk		145	138	41
Investments in associated undertakings		79	79	78
Intangible assets		120	106	97
Property and equipment		103	124	123
Investment property		86	71	49
Deferred tax assets		3	16	13
Current tax assets		282	132	82
Retirement benefit assets		125	120	109
Other assets		12,380	8,078	7,689
Prepaid expenses and accrued income		576	704	682
Total assets		389,704	399,287	280,185
Liabilities				
Deposits by credit institutions		83,141	76,007	58,786
Deposits and borrowings from the public		71,623	68,260	64,750
Debt securities in issue		49,947	49,153	44,361
Derivatives	10	154,617	168,436	80,638
Fair value changes of the hedged items in portfolio hedge of interest rate risk		434	195	-93
Current tax liabilities		2	0	13
Other liabilities		17,022	24,128	19,360
Accrued expenses and prepaid income		871	810	731
Deferred tax liabilities		59	53	48
Provisions		83	97	66
Retirement benefit obligations		26	25	29
Subordinated liabilities		515	503	452
Total liabilities		378,340	387,667	269,141
Equity				
Non-controlling interests		5	5	5
Share capital		2,319	2,319	2,319
Share premium reserve		599	599	599
Other reserves		2,888	2,844	2,843
Retained earnings		5,553	5,853	5,278
Total equity		11,364	11,620	11,044
Total liabilities and equity		389,704	399,287	280,185
Assets pledged as security for own liabilities		38,399	35,016	39,827
Other assets pledged		-	-	-
Contingent liabilities		17,411	19,041	18,463
Credit commitments ¹		17,057	17,949	17,769
Other commitments		965	776	796

¹ Including unutilised portion of approved overdraft facilities of EUR 8,986m (31 Dec 2011: 9,197m, 30 Jun 2011: 9,582m).

Statement of changes in equity

Attributable to shareholders of Nordea Bank Finland Plc									
Other reserves:									
EURm	Share capital ¹	Share premium reserve	Other reserves	Cash flow hedges	Available -for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at 1 Jan 2012	2,319	599	2,848	-	-4	5,853	11,615	5	11,620
Total comprehensive income			0	23	21	693	737	1	738
Share-based payments						0	0		0
Dividend for 2011						-1,000	-1,000		-1,000
Other changes						7	7	-1	6
Closing balance at 30 Jun 2012	2,319	599	2,848	23	17	5,553	11,359	5	11,364

Attributable to shareholders of Nordea Bank Finland Plc									
Other reserves:									
EURm	Share capital ¹	Share premium reserve	Other reserves	Cash flow hedges	Available -for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at 1 Jan 2011	2,319	599	2,848	-	1	5,451	11,218	6	11,224
Total comprehensive income					-5	1,105	1,100	2	1,102
Share-based payments						2	2		2
Dividend for 2010						-700	-700		-700
Other changes			0			-5	-5	-3	-8
Closing balance at 31 Dec 2011	2,319	599	2,848	-	-4	5,853	11,615	5	11,620

Attributable to shareholders of Nordea Bank Finland Plc									
Other reserves:									
EURm	Share capital ¹	Share premium reserve	Other reserves	Cash flow hedges	Available -for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at 1 Jan 2011	2,319	599	2,848	-	1	5,451	11,218	6	11,224
Total comprehensive income					-5	529	524	-1	523
Share-based payments						1	1		1
Dividend for 2010						-700	-700		-700
Other changes			-1			-3	-4		-4
Closing balance at 30 Jun 2011	2,319	599	2,847	-	-4	5,278	11,039	5	11,044

¹ Total shares registered were 1,030.8 million (31 Dec 2011: 1,030.8 million, 30 Jun 2011: 1,030.8 million).

Cash flow statement

EURm	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
<i>Operating activities</i>			
Operating profit	948	723	1,482
Adjustments for items not included in cash flow	-1,323	289	-386
Income taxes paid	-385	-172	-422
Cash flow from operating activities before changes in operating assets and liabilities	-760	840	674
Changes in operating assets and liabilities	5,296	-2,421	-205
Cash flow from operating activities	4,536	-1,581	469
<i>Investing activities</i>			
Sale/acquisition of business operations	0	-13	-8
Property and equipment	25	1	-24
Intangible assets	-21	-19	-33
Net investments in debt securities, held to maturity	306	3,314	3,226
Other financial fixed assets	2	-	19
Cash flow from investing activities	312	3,283	3,180
<i>Financing activities</i>			
Issued/amortised subordinated liabilities	13	-22	19
Dividend paid	-1,000	-700	-700
Other changes	40	-8	-11
Cash flow from financing activities	-947	-730	-692
Cash flow for the period	3,901	972	2,957
Cash and cash equivalents at beginning of the period	17,981	14,947	14,947
Translation difference	-902	38	-77
Cash and cash equivalents at end of the period	22,784	15,881	17,981
Change	3,901	972	2,957
Cash and cash equivalents	30 Jun	30 Jun	31 Dec
The following items are included in cash and cash equivalents (EURm):	<u>2012</u>	<u>2011</u>	<u>2011</u>
Cash and balances with central banks	14,967	4,449	286
Loans to credit institutions, payable on demand	7,817	11,432	17,695

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

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

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

Notes to the financial statements

Note 1 Accounting policies

NBF's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain rules in the Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervisory Authority's regulations and guidelines and the Decree of the Ministry of Finance on the financial statements and consolidated financial statements of credit institutions, have also been applied. These statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim report is unaudited.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within "Net fee and commission income" (Note 3) and the definition of impaired loans in Loans and impairment (Note 7) and the presentation of loans to central banks on the balance sheet. These changes are further described below. Loans to central banks have been separated from loans to credit institutions and are reported on a new line on the balance sheet as from the first half 2012. The comparative figures have been restated accordingly.

The recognition of repurchase and reverse repurchase agreements was furthermore changed in 2011. The comparative figures for Q2 2011 have been restated accordingly and the impact is disclosed in the below table.

EURm	30 Jun 2011	
	New policy	Old policy
Reverse repurchase agreements		
Loans to credit institutions	51,503	54,875
Loans to the public	93,754	100,959
Other liabilities	19,360	29,937
Repurchase agreements		
Deposits by credit institutions	58,786	61,955
Deposits and borrowing from the public	64,750	71,772
Other assets	7,689	17,880

Definition of impaired loans

The definition of impaired loans has been changed and the disclosure includes all loans that have been written down either individually, for individually significant loans, or as part of a portfolio, for individually insignificant loans. The income statement and balance sheet are unaffected by this change. The comparative figures have been restated accordingly and are disclosed in the below table.

EURm	30 Jun 2011		31 Dec 2011	
	New policy	Old policy	New policy	Old policy
Impaired loans	1,632	2,078	1,498	1,922
- Performing	841	1,207	729	1,075
- Non-performing	791	871	769	847

Categorisation of commissions

The categorisation of commissions within "Net fee and commission income" has been changed. Similar classes of commissions have been consolidated through that commissions received for securities issues, corporate finance activities and issuer services have been reclassified from "Payments" and "Other commission income" to the renamed lines "Brokerage, securities issues and corporate finance" and "Custody and issuer services". The comparable figures have been restated accordingly and are disclosed in the below table.

EURm	Jan-Jun 2011		Full year 2011	
	New policy	Old policy	New policy	Old policy
Brokerage, securities issues and corporate finance	42	14	73	25
Custody and issuer services	15	11	26	21
Other commission income	15	47	31	84

Hedge accounting

NBF has started using cash flow hedge accounting, which means that the effective portion of derivatives used in these hedges are recognised in other comprehensive income and recycled to profit or loss when the actual cash flows occur.

Note 2 Segment reporting

	Operating segments					
	Retail Banking		Wholesale Banking		Group Corporate Centre	
	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011
EURm						
Total operating income	731	722	771	566	53	71
Operating profit	291	238	646	466	63	85
Loans to the public	51,219	49,483	46,616	38,298	-45	-17
Deposits and borrowings from the public	37,980	36,185	31,754	27,943	1,494	701

	Total Operating segments		Reconciliation		Total Group	
	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011
	EURm					
Total operating income	1,555	1,359	-56	-76	1,499	1,283
Operating profit	1,000	789	-52	-66	948	723
Loans to the public	97,790	87,764	6,604	5,990	104,394	93,754
Deposits and borrowings from the public	71,228	64,829	395	-79	71,623	64,750

Break-down of Retail Banking and Wholesale Banking

	Total operating income		Operating profit		Loans to the public		Deposits and borrowings from the public	
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
	2012	2011	2012	2011	2012	2011	2012	2011
EURm								
Retail Banking Nordic ¹	629	622	248	203	43,998	42,324	35,189	34,261
Retail Banking Poland & Baltic countries ¹	100	96	48	33	7,221	7,159	2,791	1,892
Retail Banking Other ²	2	4	-5	2	0	0		32
Retail Banking	731	722	291	238	51,219	49,483	37,980	36,185
Corporate & Institutional Banking	227	207	177	146	9,060	8,516	6,033	4,743
Shipping, Offshore & Oil Services	78	74	38	55	845	682	550	143
Capital Markets unallocated	401	220	385	213	29,138	21,742	16,637	16,932
Wholesale Banking Other ³	65	65	46	52	7,573	7,358	8,534	6,125
Wholesale Banking	771	566	646	466	46,616	38,298	31,754	27,943

¹ Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden, while Retail Banking Poland & Baltic countries includes banking operations in Estonia, Latvia, Lithuania, and Poland.

² Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT within the main business area Retail Banking.

³ Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT within the main business area Wholesale Banking.

Note 2, continued

Reconciliation between total operating segments and financial statements

EURm	Operating profit		Loans to the public		Deposits and borrowings from the public	
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
	2012	2011	2012	2011	2012	2011
Total Operating segments	1,000	789	97,790	87,764	71,228	64,829
Group functions ¹ and unallocated items	-52	-66	6,604	5,990	395	-79
Total	948	723	104,394	93,754	71,623	64,750

¹ Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Executive Management.

Measurement of operating segments' performance

The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In NBF the CODM has been defined as Group Executive Management. The main differences compared to the business area reporting are that the information to CODM is prepared using plan rates and to that different allocation principles between operating segments have been applied.

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

Compared with the 2011 Annual Report there have been no changes in the basis of segmentation.

Financial results are presented for the two main business areas Retail Banking and Wholesale Banking, with further breakdown on operating segments, and the operating segment Group Corporate Centre. Other operating segments below the quantitative thresholds in IFRS 8 are included in Other operating segments. Group functions and eliminations as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Note 3 Net fee and commission income

EURm	Jan-Jun	Jan-Jun	Full year
	2012	2011	2011
Asset management commissions	25	28	52
Life insurance	3	2	5
Brokerage, securities issues and corporate finance	40	42	73
Custody and issuer services	24	15	26
Deposits	3	3	6
Total savings and investments	95	90	162
Payments	97	89	187
Cards	46	43	87
Total payments and cards	143	132	274
Lending	43	43	90
Guarantees and documentary payments	73	72	146
Total lending related commissions	116	115	236
Other commission income	20	15	31
Fee and commission income	374	352	703
Savings and investments	-164	-163	-301
Payments	-5	-4	-10
Cards	-27	-23	-47
Other commission expenses	-17	-17	-36
Fee and commission expenses	-213	-207	-394
Net fee and commission income	161	145	309

Note 4 Net result from items at fair value

EURm	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Shares/participations and other share-related instruments	229	18	78
Interest-bearing securities and other interest-related instruments	121	384	726
Other financial instruments	193	46	42
Foreign exchange gains/losses	143	13	93
Investment properties	-2	0	-2
Total	684	461	937

Note 5 Other expenses

EURm	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Information technology ¹	-70	-69	-160
Marketing and entertainment	-16	-18	-36
Postage, transportation, telephone and office expenses	-24	-24	-50
Rents, premises and real estate expenses	-45	-45	-91
Other	-60	-57	-120
Total	-215	-213	-457

¹ Refers to IT operations, service expenses and consultant fees. Total IT-related costs including staff etc., were EUR 101m in the first half of 2012 (EUR 106m in the first half of 2011).

Note 6 Net loan losses

EURm	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Loan losses divided by class			
Loans to credit institutions	0	0	0
Loans to the public	-38	-43	-69
- of which provisions	-113	-128	-211
- of which write-offs	-51	-41	-166
- of which allowances used for covering write-offs	22	25	109
- of which reversals	93	91	172
- of which recoveries	11	10	27
Off-balance sheet items	7	4	-1
Total	-31	-39	-70

Key ratios

	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Loan loss ratio, basis points ¹	6	11	9
- of which individual	14	24	21
- of which collective	-8	-13	-12

¹ Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Note 7 Loans and impairment

EURm	Total		
	30 Jun 2012	31 Dec 2011	30 Jun 2011
Loans, not impaired	166,885	177,995	147,831
Impaired loans	1,902	1,498	1,632
- Performing	1,049	729	841
- Non-performing	853	769	791
Loans before allowances	168,787	179,493	149,463
Allowances for individually assessed impaired loans	-620	-576	-622
- Performing	-390	-351	-392
- Non-performing	-230	-225	-230
Allowances for collectively assessed impaired loans	-189	-236	-271
Allowances	-809	-812	-893
Loans, carrying amount	167,978	178,681	148,570

EURm	Central banks and credit institutions			The public		
	30 Jun 2012	31 Dec 2011	30 Jun 2011	30 Jun 2012	31 Dec 2011	30 Jun 2011
Loans, not impaired	63,584	79,350	54,807	103,301	98,645	93,024
Impaired loans	25	25	34	1,877	1,473	1,598
- Performing	-	-	10	1,049	729	831
- Non-performing	25	25	24	828	744	767
Loans before allowances	63,609	79,375	54,841	105,178	100,118	94,622
Allowances for individually assessed impaired loans	-25	-25	-25	-595	-551	-597
- Performing	-	-	-	-390	-351	-392
- Non-performing	-25	-25	-25	-205	-200	-205
Allowances for collectively assessed impaired loans	0	0	0	-189	-236	-271
Allowances	-25	-25	-25	-784	-787	-868
Loans, carrying amount	63,584	79,350	54,816	104,394	99,331	93,754

Allowances and provisions

EURm	30 Jun 2012	31 Dec 2011	30 Jun 2011
Allowances for items in the balance sheet	-809	-812	-893
Provisions for off balance sheet items	-41	-47	-42
Total allowances and provisions	-850	-859	-935

Key ratios

	30 Jun 2012	31 Dec 2011	30 Jun 2011
Impairment rate, gross ¹ , basis points	113	83	109
Impairment rate, net ² , basis points	76	51	68
Total allowance rate ³ , basis points	48	45	60
Allowances in relation to impaired loans ⁴ , %	33	38	38
Total allowances in relation to impaired loans ⁵ , %	43	54	55
Non-performing, not impaired ⁶ , EURm	66	53	58

¹ Individually assessed impaired loans before allowances divided by total loans before allowances.

² Individually assessed impaired loans after allowances divided by total loans before allowances.

³ Total allowances divided by total loans before allowances.

⁴ Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

⁵ Total allowances divided by total impaired loans before allowances.

⁶ Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	14,967						14,967
Loans to central banks and credit institutions	52,674		10,910				63,584
Loans to the public	75,256		29,138				104,394
Interest-bearing securities		2,554	17,276			8,496	28,326
Financial instruments pledged as collateral			6,215				6,215
Shares			1,307	20			1,327
Derivatives			156,321		671		156,992
Fair value changes of the hedged items in portfolio hedge of interest rate risk	145						145
Other assets	3,892			8,461			12,353
Prepaid expenses and accrued income	348			11			359
Total 30 Jun 2012	147,282	2,554	221,167	8,492	671	8,496	388,662
Total 31 Dec 2011	148,884	2,793	228,716	6,688	376	10,936	398,393
Total 30 Jun 2011	131,843	2,724	158,072	3,793	105	3,532	300,069

EURm	Held for trading	Fair value option	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	19,446			63,695	83,141
Deposits and borrowings from the public	16,638			54,985	71,623
Debt securities in issue	7,505			42,442	49,947
Derivatives	154,272		345		154,617
Fair value changes of the hedged items in portfolio hedge of interest rate risk				434	434
Other liabilities	6,462	5,223		5,327	17,012
Accrued expenses and prepaid income		56		436	492
Subordinated liabilities				515	515
Total 30 Jun 2012	204,323	5,279	345	167,834	377,781
Total 31 Dec 2011	214,560	13,772	324	158,434	387,090
Total 30 Jun 2011	140,856	13,012	300	135,192	289,360

Note 9 Financial instruments

Determination of fair value from quoted market prices or valuation techniques

30 Jun 2012, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets	27,412	208,177	3,237	238,826
Loans to central banks and credit institutions		10,910		10,910
Loans to the public		29,138		29,138
Debt securities ¹	26,718	4,993	276	31,987
Shares	586		741	1,327
Derivatives	108	154,664	2,220	156,992
Other assets		8,461		8,461
Prepaid expenses and accrued income		11		11
Liabilities	5,530	202,522	1,895	209,947
Deposits by credit institutions		19,446		19,446
Deposits and borrowings from the public		16,638		16,638
Debt securities in issue		7,505		7,505
Derivatives	85	152,637	1,895	154,617
Other liabilities	5,445	6,240		11,685
Accrued expenses and prepaid income		56		56

¹ Of which EUR 25,772m relates to Interest-bearing securities (the portion held at fair value in Note 8). EUR 6,215m relates to the balance sheet item Financial instruments pledged as collateral.

Note 10 Derivatives

Fair value EURm	30 Jun 2012		31 Dec 2011		30 Jun 2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	140,202	136,731	149,461	147,576	66,801	65,498
Equity derivatives	552	529	573	819	682	755
Foreign exchange derivatives	12,713	14,464	16,756	16,904	12,201	12,203
Credit derivatives	1,558	1,458	1,686	1,514	1,133	969
Commodity derivatives	1,161	1,072	1,375	1,296	954	906
Other derivatives	135	18	2	3	4	7
Total	156,321	154,272	169,853	168,112	81,775	80,338

Derivatives used for hedging

Interest rate derivatives	585	192	301	179	94	153
Equity derivatives	-	-	-	-	0	0
Foreign exchange derivatives	86	153	74	145	11	147
Total	671	345	375	324	105	300

Total fair value

Interest rate derivatives	140,787	136,923	149,762	147,755	66,895	65,651
Equity derivatives	552	529	573	819	682	755
Foreign exchange derivatives	12,799	14,617	16,830	17,049	12,212	12,350
Credit derivatives	1,558	1,458	1,686	1,514	1,133	969
Commodity derivatives	1,161	1,072	1,375	1,296	954	906
Other derivatives	135	18	2	3	4	7
Total	156,992	154,617	170,228	168,436	81,880	80,638

Nominal amount

EURm	30 Jun		31 Dec		30 Jun	
	2012		2011		2011	
Derivatives held for trading						
Interest rate derivatives	6,335,937		5,865,840		5,594,585	
Equity derivatives	16,427		16,495		15,370	
Foreign exchange derivatives	1,008,925		993,839		900,265	
Credit derivatives	68,711		62,749		56,714	
Commodity derivatives	12,175		16,547		19,658	
Other derivatives	375		91		112	
Total	7,442,550		6,955,561		6,586,704	

Derivatives used for hedging

Interest rate derivatives	30,775		28,011		24,233	
Equity derivatives	-		-		-	
Foreign exchange derivatives	1,514		8,093		12,630	
Total	32,289		36,104		36,863	

Total nominal amount

Interest rate derivatives	6,366,712		5,893,851		5,618,818	
Equity derivatives	16,427		16,495		15,370	
Foreign exchange derivatives	1,010,439		1,001,932		912,895	
Credit derivatives	68,711		62,749		56,714	
Commodity derivatives	12,175		16,547		19,658	
Other derivatives	375		91		112	
Total	7,474,839		6,991,665		6,623,567	

Note 11 Capital adequacy

Capital Base	30 Jun	31 Dec	30 Jun
EURm	2012 ¹	2011	2011 ¹
Core tier 1 capital	10,210	10,310	10,221
Tier 1 capital	10,210	10,310	10,221
Total capital base	10,609	10,805	10,696

¹ Excluding profit

Capital requirement	30 Jun	30 Jun	31 Dec	31 Dec	30 Jun	30 Jun
EURm	2012	2012	2011	2011	2011	2011
	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA
Credit risk	4,986	62,324	5,367	67,088	4,919	61,487
IRB	3,221	40,262	2,798	34,972	2,548	31,854
- of which corporate	2,305	28,807	1,838	22,972	1,715	21,432
- of which institutions	587	7,338	594	7,425	442	5,522
- of which retail	310	3,879	346	4,327	373	4,665
of which real estate	181	2,262	210	2,620	192	2,399
of which retail other	129	1,618	137	1,707	181	2,266
- of which other	19	238	20	248	19	236
Standardised	1,765	22,062	2,569	32,116	2,371	29,633
- of which sovereign	21	264	29	362	19	233
- of which retail	337	4,212	338	4,226	326	4,076
of which residential real estate	67	841	67	840	64	800
of which other	270	3,371	271	3,386	262	3,276
- of which other	1,407	17,586	2,202	27,527	2,026	25,324
Market risk	546	6,829	663	8,291	348	4,352
- of which trading book, Internal Approach	411	5,134	460	5,749	183	2,282
- of which trading book, Standardised Approach	136	1,694	203	2,542	165	2,070
Operational risk	408	5,101	415	5,189	415	5,189
Standardised	408	5,101	415	5,189	415	5,189
Sub total	5,940	74,254	6,445	80,567	5,682	71,028

Adjustment for transition rules

Additional capital requirement according to transition rules

	-	-	-	-	-	-
Total	5,940	74,254	6,445	80,567	5,682	71,028

Capital ratio	30 Jun	31 Dec	30 Jun
EURm	2012 ¹	2011	2011 ¹
Core tier 1 capital ratio, %	13.8	12.8	14.4
Tier 1 capital ratio, %	13.8	12.8	14.4
Capital base ratio, %	14.3	13.4	15.1

¹ Excluding profit

Analysis of capital requirements

Exposure class, 30 Jun 2012	Average risk weight (%)	Capital requirement (EURm)
Corporate	54	2,305
Institutions	21	587
Retail IRB	12	310
Sovereign	1	21
Other	36	1,763
Total credit risk	28	4,986