Interim Report January–June 2013

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, approximately 900 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.

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Nordea Bank Finland Group

Result summary January-June 2013

The first half of 2013 showed a decrease of 25% in total income to EUR 1,122m (1,499). Total expenses were nearly unchanged and amounted to EUR 529m (523). Net loan losses increased slightly. (The comparison figures in brackets refer to the first six months of 2012.)

NBF's operating profit decreased 41% compared to the same period last year and amounted to EUR 557m (945). Return on equity was 9.2% (12.3) and the cost/income ratio 47% (35). Net profit decreased 41% to EUR 418m (707).

Macroeconomic trend

The general economic outlook underpinned the improvement trend and recent sentiment surveys have shown some improvement from low levels. The Nordic economies showed continued robustness although with persisting internal divergences between countries. The Swedish and Norwegian economies extended the recent developments with positive growth. However, manufacturing sentiment and retail sales over the quarter were more mixed. The Danish economy remains more effected by the European recession, but grew marginally in the first quarter. Also, the Danish housing market showed stabilisation with housing prices rising.

Market performance in Finland in January–June 2013

The Finnish economy detracted 0.1% in Q1 2013 compared to the previous quarter and 2.2% compared to one year ago, and Q2 did not bring any essential change. The recession has continued for a good year, and the economic weakness is broad-based. Due to subdued international demand and weaker competitiveness, exports are likely to decrease for the second year in a row. Imports will also decrease, but this is mainly a symptom of weak domestic demand. Lower production has undermined investment and employment. With households' purchasing power remaining flat, there is not much room for private consumption to increase. The consumption and investment outlook will remain weak in H2 as well. Exports are, however, expected to pick up gradually with increased international demand in 2014.

Income

Net interest income decreased 11% compared to the first half last year and amounted to EUR 566m (636). Lending volumes increased 4% year-on-year. Excluding reverse repurchase agreements, lending decreased 3%. Deposits and borrowings from the public increased 2% year-on-year. Excluding repurchase agreements, total deposits were down 4%. Lending margins were higher than in the first half of 2012, while deposit margins decreased from last year.

Net fee and commission income was EUR -90m (161) mainly due to higher commission expenses. Commission income was slightly lower than in the first half of 2012 and amounted to EUR 369m (374). Payment related and lending -related commissions developed positively. Commission expenses more than doubled due to the guarantee fee paid to Nordea Bank AB and the Finnish Bank tax.

Net result from items at fair value decreased 9% to EUR 623m (684).

Profit from companies accounted for under the equity method increased to EUR 6m (1).

Other operating income was stable at EUR 17m.

Expenses

Total operating expenses increased slightly and amounted to EUR 529m (523).

Staff costs decreased 2% to EUR 279m (285), explained mainly by a lower number of employees. The number of employees has decreased by around 270 from the first half of 2012 and by around 110 compared to the year-end 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.

Other operating expenses were somewhat higher than in the corresponding period last year and totalled EUR 230m (215). IT expenses increased partly due to the transfer of IT employees to the Finnish branch of Nordea Bank AB in March 2012.

Depreciation of tangible and intangible assets decreased to EUR 20m (23).

The cost/income ratio was 47% in the first half of 2013.

Loan losses

Net loan losses increased somewhat to EUR 36m (31) corresponding to a loan loss ratio of 7 basis points (6). The positive impact of the guarantee between NBF and Nordea Bank AB was EUR 34m. The credit quality is solid with strongly rated customers and a largely stable effect from migration for both corporate and retail portfolios.

Taxes

The effective tax rate for the first half of 2013 was approximately 25% (25).

Net profit

Net profit decreased 41% to EUR 418m (707), corresponding to a return on equity of 9.2% compared to 12.3% in the first half of last year.

Balance sheet

(Comparison figures in brackets refer to December 2012 figures.)

The total assets of NBF amounted to EUR 307bn (342).

Total loans to the public increased 8% compared to the end of 2012. Excluding repurchase agreements, lending decreased 2%.

Deposits and borrowings from the public increased from the year-end level and amounted to EUR 73bn (70). Excluding repurchase agreements, deposits were stable at EUR 53bn.

Capital position and capital management

At the end of June, NBF’s risk-weighted assets (RWA) were EUR 52.0bn excluding transition rules, compared to EUR 40.7bn at year-end 2012 and EUR 74.3bn one year ago. Including transition rules risk-weighted assets amounted to EUR 55.6bn.

The Tier 1 ratio was 15.9% and the total capital ratio was 16.7% excluding transition rules. Including transition rules the tier 1 ratio was 14.9% and total capital ratio 15.7%. Profit for the period has not been included in Tier 1.

Credit portfolio

Total lending was EUR 108bn (101) at the end of June 2013. The share of lending to corporate customers was 65%.

Impaired loans gross were largely unchanged and amounted to EUR 1,907m at the end of June 2013 compared to EUR 1,904m at the end of December 2012. Individually assessed impaired loans, net, amounted to EUR 1,204m (1,247), representing 0.79% of total loans before allowances. At year-end 2012 the ratio was 0.90%.

Off-balance sheet commitments

The total amount of off-balance sheet commitments was largely unchanged and amounted to EUR 32.9bn compared to 33.0bn at year-end 2012. Volumes of derivatives totalled EUR 6,592bn (6,697).

Changes in group structure

During the first half of the year one new subsidiary was established in Lithuania. Additionally, SIA Realm acquired one Latvian company for the purpose of assets taken over.

The wholly-owned subsidiary of Nordea Finance Finland Ltd, Kiinteistö Oy Lahden Aleksanterinkatu 19-21, was sold in May 2013. The sale resulted in a sales profit of EUR 1m. One small subsidiary owned by Nordea Bank Finland Plc was sold in January 2013. Additionally, two Latvian SPE’s were sold in June 2013.

In order to meet its financial targets and according to its strategy to concentrate on markets where it can deliver a superior customer experience and significant scale benefits based on a leading market position, Nordea has on June 12 2013 signed an agreement to divest its Polish banking, financing and life insurance operations. The sale includes the wholly-owned subsidiary of Nordea Finance Finland Ltd, Nordea Finance Polska S.A. The transaction is expected to be completed during 2013 and is subject to regulatory approvals.

Nordea Bank Finland Plc bought 80% of the shares in Fidenta Oy on 1 July 2013. After the transaction NBF holds 100% of the shares in Fidenta Oy. The business operations of Fidenta Oy and around 130 employees were transferred to the Finnish branch of Nordea Bank AB (publ). Fidenta Oy will be merged to NBF Plc during the autumn of 2013.

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 any material impact on Nordea’s financial position. However, the macroeconomic development remains uncertain.

None of the above exposures and risks are 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 are considered likely to have any significant adverse effect on the Group or its financial position in the next six months.

Changes in the management

The Board of Directors of Nordea Bank Finland Plc comprises four members.

During the first half of 2013 the Board members were as follows:

1 Jan - 27 Jan 2013
Fredrik Rystedt, chairman (Board member until 15 Jan 2013)
Casper von Koskull, vice chairman
Carl-Johan Granvik
Gunn Wærsted

28 Jan 2013 -
Torsten Hagen Jørgensen, chairman as of 6 Feb 2013
Casper von Koskull, vice chairman
Carl-Johan Granvik
Gunn Wærsted

President’s deputy Pekka Nuuttila resigned from his position as per 28 February 2013. The Board elected Topi Manner President’s deputy as from 1 March 2013.

Stockholm, 17 July 2013
Board of Directors

Key financial figures

Income statement

EURm	**Jan-Jun 2013**	Jan-Jun 2012	Change %	Full year 2012
Net interest income	**566**	636	-11	1,258
Net fee and commission income	**-90**	161	-156	295
Net result from items at fair value	**623**	684	-9	1,217
Equity method	**6**	1		18
Other operating income	**17**	17	0	36
Total operating income	**1,122**	**1,499**	**-25**	**2,824**
Staff costs[1]	**-279**	-285	-2	-574
Other expenses	**-230**	-215	7	-447
Depreciation of tangible and intangible assets	**-20**	-23	-13	-50
Total operating expenses	**-529**	**-523**	**1**	**-1,071**
Profit before loan losses	**593**	**976**	**-39**	**1,753**
Net loan losses	**-36**	-31	16	-144
Operating profit	**557**	**945**	**-41**	**1,609**
Income tax expense[1]	**-139**	-238	-42	-428
Net profit for the period	**418**	**707**	**-41**	**1,181**

[1] 2012 figures restated due to the implementation of the amended IAS 19 Employees benefits, see Note 1.

Business volumes, key items

EURm	**30 Jun 2013**	30 Jun 2012	Change %	31 Dec 2012	Change %
Loans to the public	**108,379**	104,394	4	100,765	8
Deposits and borrowings from the public	**72,982**	71,623	2	70,212	4
Equity[1]	**9,045**	11,343	-20	9,217	-2
Total assets[1]	**306,598**	389,687	-21	341,912	-10

[1] 2012 figures restated due to the implementation of the amended IAS 19 Employees benefits, see Note 1.

Ratios and key figures

	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Return on equity[3], %	**9.2**	12.3	11.3
Cost/income ratio[3], %	**47**	35	38
Loan loss ratio, basis points	**7**	6	14
Core Tier 1 capital ratio, excl. transition rules[1,2], %	**15.9**	13.8	18.0
Tier 1 capital ratio, excl. transition rules[1,2], %	**15.9**	13.8	18.0
Total capital ratio, excl. transition rules[1,2], %	**16.7**	14.3	18.8
Core Tier 1 capital ratio[1,2], %	**14.9**	13.8	18.0
Tier 1 capital ratio[2], %	**14.9**	13.8	18.0
Total capital ratio[2], %	**15.7**	14.3	18.8
Tier 1 capital[2], EURm	**8,276**	10,210	8,246
Risk-weighted assets incl. transition rules[1], EURm	**55,587**	74,254	45,733
Number of employees (full-time equivalents)[1]	**8,142**	8,407	8,252

[1] End of period
[2] The capital ratios for 2012 have not been restated due to the implementation of the amended IAS 19 Employee benefits.
[3] 2012 figures restated due to the implementation of the amended IAS 19 Employees benefits, see Note 1.

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 2013	Jan-Jun 2012	Full year 2012
Operating income				
Interest income		*909*	*1,261*	*2,337*
Interest expense		*-343*	*-625*	*-1,079*
Net interest income		566	636	1,258
Fee and commission income		*369*	*374*	*741*
Fee and commission expense		*-459*	*-213*	*-446*
Net fee and commission income	3	-90	161	295
Net result from items at fair value	4	623	684	1,217
Profit from companies accounted for under the equity method		6	1	18
Other operating income		17	17	36
Total operating income		**1,122**	**1,499**	**2,824**
Operating expenses				
General administrative expenses:				
Staff costs[1]		-279	-285	-574
Other expenses		-230	-215	-447
Depreciation, amortisation and impairment charges of tangible and intangible assets		-20	-23	-50
Total operating expenses		**-529**	**-523**	**-1,071**
Profit before loan losses		**593**	**976**	**1,753**
Net loan losses	6	-36	-31	-144
Operating profit		**557**	**945**	**1,609**
Income tax expense[1]		-139	-238	-428
Net profit for the period		**418**	**707**	**1,181**
Attributable to:				
Shareholders of Nordea Bank Finland Plc		417	706	1,179
Non-controlling interests		1	1	2
Total		**418**	**707**	**1,181**

[1] 2012 figures restated due to the implementation of the amended IAS 19 Employees benefits, see Note 1.

Statement of comprehensive income

EURm	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Net profit for the period	**418**	**707**	**1,181**
Items that may be reclassified subsequently to the income statement			
Currency translation differences during the period	0	-15	-6
Available-for-sale investments[1]:			
Valuation gains/losses during the period	13	28	24
Tax on valuation gains/losses during the period	-2	-7	-7
Cash flow hedges:			
Valuation gains/losses during the period	16	31	-46
Tax on valuation gains/losses during the period	-4	-8	11
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	1	-	-50
Tax on remeasurement of defined benefit plans	0	-	12
Other comprehensive income, net of tax	**24**	**29**	**-62**
Total comprehensive income	**442**	**736**	**1,119**
Attributable to:			
Shareholders of Nordea Bank Finland Plc	441	735	1,117
Non-controlling interests	1	1	2
Total	**442**	**736**	**1,119**

[1]Valuation gains/losses related to hedged risks under fair value hedge accounting are accounted for directly in the income statement.

Balance sheet

EURm	Note	30 Jun 2013	31 Dec 2012	30 Jun 2012
Assets				
Cash and balances with central banks		25,837	30,004	14,967
Loans to central banks	7	745	809	9,514
Loans to credit institutions	7	42,847	36,018	54,070
Loans to the public	7	108,379	100,765	104,394
Interest-bearing securities		31,192	36,269	28,326
Financial instruments pledged as collateral		7,959	8,078	6,215
Shares		747	838	1,327
Derivatives	12	78,182	117,213	156,992
Fair value changes of the hedged items in portfolio hedge of interest rate risk		74	124	145
Investments in associated undertakings		65	79	79
Intangible assets		103	108	120
Property and equipment		93	96	103
Investment property		104	104	86
Deferred tax assets		45	37	10
Current tax assets		0	1	282
Retirement benefit assets		81	80	101
Other assets		9,393	10,320	12,380
Prepaid expenses and accrued income		752	969	576
Total assets		**306,598**	**341,912**	**389,687**
Liabilities				
Deposits by credit institutions		87,938	74,666	83,141
Deposits and borrowings from the public		72,982	70,212	71,623
Debt securities in issue		42,849	48,999	49,947
Derivatives	12	74,580	115,836	154,617
Fair value changes of the hedged items in portfolio hedge of interest rate risk		414	637	434
Current tax liabilities		10	4	2
Other liabilities		17,248	20,690	17,022
Accrued expenses and prepaid income		921	946	871
Deferred tax liabilities		58	58	59
Provisions		76	83	83
Retirement benefit obligations		50	50	30
Subordinated liabilities		427	514	515
Total liabilities		**297,553**	**332,695**	**378,344**
Equity				
Non-controlling interests		3	4	5
Share capital		2,319	2,319	2,319
Share premium reserve		599	599	599
Other reserves		2,812	2,788	2,888
Retained earnings		3,312	3,507	5,532
Total equity		**9,045**	**9,217**	**11,343**
Total liabilities and equity		**306,598**	**341,912**	**389,687**
Assets pledged as security for own liabilities		38,249	39,244	38,399
Other assets pledged		-	-	-
Contingent liabilities		16,271	16,419	17,411
Credit commitments[1]		15,963	15,956	17,057
Other commitments		651	633	965

[1] Including unutilised portion of approved overdraft facilities of EUR 8,210m (31 Dec 2012: 8,565m, 30 Jun 2012: 8,986m).

Statement of changes in equity

EURm	Share capital[1]	Share premium reserve	Other reserves	Cash flow hedges	Available-for-sale invest-ments	Defined benefit plans	Retained earnings	Total	Non-control-ling interests	Total equity
	Attributable to shareholders of Nordea Bank Finland Plc									
			Other reserves:							
Opening balance at 1 Jan 2013	**2,319**	**599**	**2,848**	**-35**	**13**	**-38**	**3,507**	**9,213**	**4**	**9,217**
Total comprehensive income				12	11	1	417	**441**	1	**442**
Share-based payments							1	**1**		**1**
Dividend for 2012							-625	**-625**		**-625**
Other changes							12	**12**	-2	**10**
Closing balance at 30 Jun 2013	**2,319**	**599**	**2,848**	**-23**	**24**	**-37**	**3,312**	**9,042**	**3**	**9,045**

EURm	Share capital[1]	Share premium reserve	Other reserves	Cash flow hedges	Available-for-sale invest-ments	Defined benefit plans	Retained earnings	Total	Non-control-ling interests	Total equity
	Attributable to shareholders of Nordea Bank Finland Plc									
			Other reserves:							
Reported opening balance at 1 Jan 2012	**2,319**	**599**	**2,848**	**-**	**-4**	**-**	**5,853**	**11,615**	**5**	**11,620**
Restatement due to changed accounting policy							-19	**-19**		**-19**
Restated opening balance at 1 Jan 2012	**2,319**	**599**	**2,848**	**-**	**-4**	**-**	**5,834**	**11,596**	**5**	**11,601**
Total comprehensive income				-35	17	-38	1,173	**1,117**	2	**1,119**
Share-based payments							2	**2**		**2**
Dividend for 2011							-3,500	**-3,500**		**-3,500**
Other changes			0				-2	**-2**	-3	**-5**
Closing balance at 31 Dec 2012	**2,319**	**599**	**2,848**	**-35**	**13**	**-38**	**3,507**	**9,213**	**4**	**9,217**

[1] Total shares registered were 1,030.8 million (31 Dec 2012: 1,030.8 million, 30 Jun 2012: 1,030.8 million).
[2] Related to the amended IAS 19. See Note 1 for more information.

Statement of changes in equity, *continued*

	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 invest-ments	Defined benefit plans	Retained earnings	**Total**	**Non-control-ling interests**	**Total equity**
Reported opening balance at 1 Jan 2012	**2,319**	**599**	**2,848**	**-**	**-4**	**-**	**5,853**	**11,615**	**5**	**11,620**
Restatement due to changed accounting policy							-19	**-19**		**-19**
Opening balance at 1 Jan 2012	**2,319**	**599**	**2,848**	**-**	**-4**	**-**	**5,834**	**11,596**	**5**	**11,601**
Total comprehensive income			0	23	21		691	**735**	1	**736**
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**	-	**5,532**	**11,338**	**5**	**11,343**

[1] Total shares registered were 1,030.8 million (31 Dec 2012: 1,030.8 million, 30 Jun 2012: 1,030.8 million).
[2] Related to the amended IAS 19. See Note 1 for more information.

Cash flow statement

EURm	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Operating activities			
Operating profit	557	945	1,609
Adjustments for items not included in cash flow	614	-1,320	-1,764
Income taxes paid	-148	-385	-286
Cash flow from operating activities before changes in operating assets and liabilities	1,023	-760	-441
Changes in operating assets and liabilities	-1,187	5,296	19,161
Cash flow from operating activities	-164	4,536	18,720
Investing activities			
Sale/acquisition of business operations	21	0	19
Property and equipment	-18	25	-19
Intangible assets	-5	-21	-28
Net investments in debt securities, held to maturity	0	306	344
Other financial fixed assets	0	2	17
Cash flow from investing activities	-2	312	333
Financing activities			
Issued/amortised subordinated liabilities	-28	13	-3
Dividend paid	-625	-1,000	-3,500
Other changes	-25	40	-23
Cash flow from financing activities	-678	-947	-3,526
Cash flow for the period	**-844**	**3,901**	**15,527**
Cash and cash equivalents at beginning of the period	**32,859**	**17,981**	**17,981**
Translation difference	-171	-902	649
Cash and cash equivalents at end of the period	**32,186**	**22,784**	**32,859**
Change	**-844**	**3,901**	**15,527**

Cash and cash equivalents	30 Jun	30 Jun	31 Dec
The following items are included in cash and cash equivalents (EURm):	2013	2012	2012
Cash and balances with central banks	25,837	14,967	30,004
Loans to credit institutions, payable on demand	6,349	7,817	2,855

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 Standards Interpretations Committee (IFRS IC), 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 are presented 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 2012 Annual Report, except for the presentation of defined benefit plans as described below.

The new standard IFRS 13 "Fair Value Measurement" was implemented in the first quarter 2013 but has not had any significant impact on the measurement of assets or liabilities. The additional disclosures required by IFRS 13 are presented in Note 9 and Note 10.

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. Nordea implemented these changes in the first quarter 2013 (IAS 32 early adopted). There was no impact from the amendment to IAS 32, while the additional disclosures required by IFRS 7 are presented in Note 11.

IAS 19 "Employee Benefits"

The amended IAS 19 "Employee Benefits" was implemented 1 January 2013. A detailed description of these changes is included in the Annual Report 2012, Note 1 "Accounting policies" section 3 "Changes in IFRSs not yet applied by Nordea". The comparative figures on the balance sheet and income statement have been restated accordingly and are disclosed in the table below. The impact on the first half 2013 was not significant.

At transition 1 January 2013 the negative impact on equity was EUR 62m, after income tax, and the core tier 1 capital was reduced by EUR 41m, including the impact from changes in deferred tax assets.

Income statement	Jan-Jun 2012		Full year 2012	
EURm	New policy	Old policy	New policy	Old policy
Staff costs	-285	-282	-574	-567
Taxes	-238	-239	-428	-430
Net profit for the year	707	709	1,181	1,186

Balance sheet	31 Dec 2012		30 Jun 2012		1 Jan 2012	
EURm	New policy	Old policy	New policy	Old policy	New policy	Old policy
Deferred tax assets	37	16	10	3	22	16
Retirement benefit asset	80	136	101	125	99	120
Retirement benefit obligation	50	23	30	26	29	25
Other reserves[1]	2,788	2,826	2,888	2,888	2,844	2,844
Retained earnings	3,507	3,531	5,532	5,553	5,834	5,853

[1] Impact through "Other comprehensive income "

Impact on capital adequacy from new or amended IFRS standards

Two IFRS standards potentially affecting capital adequacy have been adopted by IASB but have not yet been implemented by Nordea.

IFRS 9 “Financial Instruments” (Phase I) is not expected to have a significant impact on Nordea’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 on Nordea’s balance sheet at transition. It is furthermore expected that changes will be made to the standard before the standard becomes effective.

Nordea’s current assessment is that IFRS 10 “Consolidated Financial Statements” will not have any significant impact on Nordea’s income statement, but the fact that Nordea may have to start consolidating some mutual funds can have an impact on the balance sheet and equity if those entities hold Nordea shares that will have to be eliminated in the Nordea Group. It is not expected that mutual funds will be consolidated for capital adequacy purposes and there would consequently not be any impact on the capital adequacy.

Note 2 Segment reporting

	Operating segments					
	Retail Banking		Wholesale Banking		Group Corporate Centre	
EURm	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012
Total operating income	771	715	627	748	40	103
Operating profit	301	272	495	621	33	113
Loans to the public	57,991	57,909	49,434	46,790	-34	-45
Deposits and borrowings from the public	37,241	38,491	35,007	31,754	741	1,494

	Total Operating segments		Reconciliation		Total Group	
EURm	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012
Total operating income	1,438	1,566	-316	-67	1,122	1,499
Operating profit	829	1,006	-272	-61	557	945
Loans to the public	107,391	104,654	988	-260	108,379	104,394
Deposits and borrowings from the public	72,989	71,739	-7	-116	72,982	71,623

Break-down of Retail Banking

	Retail Banking Nordic[1]		Retail Banking Poland & Baltic countries[2]		Retail Banking Other[3]		**Retail Banking**	
EURm	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012
Total operating income	667	621	111	101	-7	-7	771	715
Operating profit	272	235	44	45	-15	-8	301	272
Loans to the public	43,330	43,101	8,302	8,448	6,359	6,360	57,991	57,909
Deposits and borrowings from the public	33,923	35,189	3,299	2,892	19	410	37,241	38,491

[1]Retail Banking Nordic includes banking operations in Finland
[2]Retail Banking Baltic countries include banking operations in Estonia, Latvia and Lithuania.
[3]Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT.

Note 2, continued

Break-down of Wholesale Banking

	Corporate & Institutional Banking		Shipping, Offshore & Oil Services	
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
EURm	2013	2012	2013	2012
Total operating income	226	245	72	72
Operating profit	151	179	32	32
Loans to the public	8,082	9,423	514	630
Deposits and borrowings from the public	6,173	6,618	139	138

	Capital Markets unallocated		Wholesale Banking Other[4]		**Wholesale Banking**	
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
EURm	2013	2012	2013	2012	2013	2012
Total operating income	301	402	28	29	627	748
Operating profit	289	383	23	27	495	621
Loans to the public	35,552	29,138	5,286	7,599	49,434	46,790
Deposits and borrowings from the public	20,404	16,637	8,291	8,361	35,007	31,754

[4]Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT

Reconciliation between total operating segments and financial statements

	Operating profit		Loans to the public		Deposits and borrowings from the public	
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
EURm	2013	2012	2013	2012	2013	2012
Total Operating segments	829	1,006	107,391	104,654	72,989	71,739
Group functions[1] and unallocated items	-272	-61	988	-260	-7	-116
Total	**557**	**945**	**108,379**	**104,394**	**72,982**	**71,623**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources and Group 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 section “Business area” in this report are that the information to CODM is prepared using plan exchange rates and to that different allocation principles between operating segments have been applied.

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 2013	Jan-Jun 2012	Full year 2012
Asset management commissions	29	25	52
Life insurance	5	3	6
Brokerage, securities issues and corporate finance	23	40	75
Custody and issuer services	13	24	33
Deposits	3	3	7
Total savings and investments	73	95	173
Payments	96	97	196
Cards	62	46	97
Total payments and cards	158	143	293
Lending	56	43	88
Guarantees and documentary payments	66	73	146
Total lending related commissions	122	116	234
Other commission income	16	20	41
Fee and commission income	**369**	**374**	**741**
Savings and investments	-158	-164	-323
Payments	-5	-5	-10
Cards	-29	-27	-55
Other commission expenses	-267	-17	-58
Fee and commission expenses	**-459**	**-213**	**-446**
Net fee and commission income	**-90**	**161**	**295**

Note 4 Net result from items at fair value

EURm	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Shares/participations and other share-related instruments	45	229	264
Interest-bearing securities and other interest-related instruments	-204	121	520
Other financial instruments	127	193	297
Foreign exchange gains/losses	657	143	140
Investment properties	-2	-2	-4
Total	**623**	**684**	**1,217**

Note 5 Other expenses

EURm	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Information technology	-83	-70	-150
Marketing and entertainment	-14	-16	-31
Postage, transportation, telephone and office expenses	-23	-24	-46
Rents, premises and real estate expenses	-45	-45	-92
Other	-65	-60	-128
Total	**-230**	**-215**	**-447**

Note 6 Net loan losses

EURm	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Loan losses divided by class			
Loans to credit institutions	0	0	0
Loans to the public	-36	-38	-158
- of which provisions	-119	-113	-264
- of which write-offs	-49	-51	-159
- of which allowances used for covering write-offs	63	22	92
- of which reversals	57	93	146
- of which recoveries	12	11	27
Off-balance sheet items	0	7	14
Total	**-36**	**-31**	**-144**

Key ratios

	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Loan loss ratio, basis points[1]	7	6	14
- of which individual	8	14	20
- of which collective	-1	-8	-6

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

Note 7 Loans and impairment

EURm	30 Jun 2013	Total 31 Dec 2012	30 Jun 2012
Loans, not impaired	150,897	136,523	166,885
Impaired loans	1,907	1,904	1,902
- Performing	978	947	1,049
- Non-performing	929	957	853
Loans before allowances	**152,804**	**138,427**	**168,787**
Allowances for individually assessed impaired loans	-703	-657	-620
- Performing	-425	-407	-390
- Non-performing	-278	-250	-230
Allowances for collectively assessed impaired loans	-130	-178	-189
Allowances	**-833**	**-835**	**-809**
Loans, carrying amount	**151,971**	**137,592**	**167,978**

EURm	Central banks and credit institutions 30 Jun 2013	31 Dec 2012	30 Jun 2012	The public 30 Jun 2013	31 Dec 2012	30 Jun 2012
Loans, not impaired	43,592	36,828	63,584	107,305	99,695	103,301
Impaired loans	25	24	25	1,882	1,880	1,877
- Performing	-	-	-	978	947	1,049
- Non-performing	25	24	25	904	933	828
Loans before allowances	**43,617**	**36,852**	**63,609**	**109,187**	**101,575**	**105,178**
Allowances for individually assessed impaired loans	-25	-25	-25	-678	-632	-595
- Performing	-	-	-	-425	-407	-390
- Non-performing	-25	-25	-25	-253	-225	-205
Allowances for collectively assessed impaired loans	-	0	0	-130	-178	-189
Allowances	**-25**	**-25**	**-25**	**-808**	**-810**	**-784**
Loans, carrying amount	**43,592**	**36,827**	**63,584**	**108,379**	**100,765**	**104,394**

Allowances and provisions

EURm	30 Jun 2013	31 Dec 2012	30 Jun 2012
Allowances for items in the balance sheet	-833	-835	-809
Provisions for off balance sheet items	-33	-32	-41
Total allowances and provisions	**-866**	**-867**	**-850**

Key ratios

	30 Jun 2013	31 Dec 2012	30 Jun 2012
Impairment rate, gross[1], basis points	125	138	113
Impairment rate, net[2], basis points	79	90	76
Total allowance rate[3], basis points	55	60	48
Allowances in relation to impaired loans[4], %	37	35	33
Total allowances in relation to impaired loans[5], %	44	44	43
Non-performing, not impaired[6], EURm	63	127	66

[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	25,837						25,837
Loans to central banks	345		400				745
Loans to credit institutions	35,260		7,587				42,847
Loans to the public	72,827		35,552				108,379
Interest-bearing securities		2,394	17,908			10,890	31,192
Financial instruments pledged as collateral			7,959				7,959
Shares			728	19			747
Derivatives			77,516		666		78,182
Fair value changes of the hedged items in portfolio hedge of interest rate risk	74						74
Other assets	3,543			5,590			9,133
Prepaid expenses and accrued income	306						306
Total 30 Jun 2013	**138,192**	**2,394**	**147,650**	**5,609**	**666**	**10,890**	**305,401**
Total 31 Dec 2012	135,744	2,373	177,585	8,390	842	15,652	340,586
Total 30 Jun 2012	147,282	2,554	221,167	8,492	671	8,496	388,662

EURm	Held for trading	Fair value option	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	24,044			63,894	87,938
Deposits and borrowings from the public	20,404			52,578	72,982
Debt securities in issue	8,382			34,467	42,849
Derivatives	74,185		395		74,580
Fair value changes of the hedged items in portfolio hedge of interest rate risk				414	414
Other liabilities	6,262	5,828		5,057	17,147
Accrued expenses and prepaid income				405	405
Subordinated liabilities				427	427
Total 30 Jun 2013	**133,277**	**5,828**	**395**	**157,242**	**296,742**
Total 31 Dec 2012	163,356	5,802	399	162,327	331,884
Total 30 Jun 2012	204,323	5,279	345	167,834	377,781

Note 9 Fair value of financial assets and liabilities

	30 Jun 2013	
EURm	Carrying amount	Fair value
Financial assets		
Cash and balances with central banks	25,837	25,837
Loans to central banks	745	745
Loans to credit institutions	42,847	42,967
Loans to the public	108,379	108,502
Interest-bearing securities	31,192	31,199
Financial instruments pledged as collateral	7,959	7,959
Shares	747	747
Derivatives	78,182	78,182
Fair value changes of the hedged items in portfolio hedge of interest rate risk	74	74
Other assets	9,133	9,133
Prepaid expenses and accrued income	306	306
Total	**305,401**	**305,651**
Financial liabilities		
Deposits by credit institutions	87,938	87,623
Deposits and borrowings from the public	72,982	72,968
Debt securities in issue	42,849	42,210
Derivatives	74,580	74,580
Fair value changes of the hedged items in portfolio hedge of interest rate risk	414	414
Other liabilities	17,146	17,146
Accrued expenses and prepaid income	405	405
Subordinated liabilities	427	456
Total	**296,741**	**295,802**

The determination of fair value is described in the Annual Report 2012, Note 41 "Assets and liabilities at fair value".

Note 10 Financial assets and liabilities at fair value on the balance sheet

Categorisation into the fair value hierarchy

30 Jun 2013, 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
Financial Assets[1]	**26,380**	**135,960**	**2,475**	**164,815**
Loans to central banks		400		400
Loans to credit institutions		7,587		7,587
Loans to the public		35,552		35,552
Interest-bearing securities	19,825	8,682	291	28,798
Financial instruments pledged as collateral	6,184	1,775		7,959
Shares	282		465	747
Derivatives	89	76,374	1,719	78,182
Other assets		5,590		5,590
Prepaid expenses and accrued income				-
Financial Liabilities[1]	**4,176**	**133,615**	**1,709**	**139,500**
Deposits by credit institutions		24,044		24,044
Deposits and borrowings from the public		20,404		20,404
Debt securities in issue		8,382		8,382
Derivatives	62	72,831	1,687	74,580
Other liabilities	4,114	7,954	22	12,090
Accrued expenses and prepaid income				-

[1] Are measured at fair value on a recurring basis at the end of each reporting period.

Measurement of offsetting positions

Financial assets and liabilities with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed for that particular risk or paid to transfer the net liability exposed for that particular risk. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual Report 2012, Note 41 "Asset and liabilities at fair value".

Transfers between Level 1 and 2

During the period, NBF transferred interest bearing securities (including financial instruments pledged as collateral) of EUR 77m from Level 1 to Level 2 and EUR 492m from Level 2 to Level 1 of the fair value hierarchy. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10, continued

Movements in Level 3

30 Jun 2013, EURm	1 Jan 2013	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Purchases/ Issues	Sales	Settlements	Transfers into Level 3	30 Jun 2013
Interest-bearing securities	277	4	5	102	-92	-5	-	291
Shares	527	15	-15	23	-85	-	-	465
Derivatives (net)	269	189	-237	-	-	-189	-	32
Other liabilities	-	2	-2	295	-	-294	21	22

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBF transferred other liabilities of EUR 21m from Level 2 to Level 3. The reason for the transfer from Level 2 to Level 3 was that observable market data were no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

Valuation principles in Nordea are determined in and approved by the Group Valuation Committee (GVC). GVC issues guiding policies to the business units on how to establish a robust valuation process and minimise the valuation uncertainty. The GVC also serves as escalation point.

The valuation process in Nordea consists of several steps. The first step is the initial end of day (EOD) marking of mid-prices. The mid-prices are either fixed by front office or received from external sources. The second step is the control part, which is performed by independent control units. The cornerstone in the control is the independent price verification (IPV). The IPV test comprises verification of the correctness of prices and other parameters used in the net present value (NPV) calculation, the adequacy of the valuation models, including an assessment of whether to use quoted prices or valuation models, and the reliability of the assumptions and parameters used in the fair value adjustments (FVA) covering mainly liquidity (bid/offer spread) and credit adjustments.

The verification of the correctness of prices and other parameters is carried out daily. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis. This quality assessment is used in the measurement of the valuation uncertainty.

The FVAs and the deferrals of day 1 P/L on Level 3 trades are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

Valuation techniques and inputs used in the fair value measurements in Level 3

30 Jun 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Derivatives				
Interest rate derivatives	816	Option model	Correlations	-6/5
			Volatilities	
Equity derivatives	408	Option model	Correlations	-16/9
			Volatilities	
			Dividend	
Foreign exchange derivatives	375	Option model	Correlations	+/-0
			Volatilities	
Credit derivatives	84	Credit derivat model	Correlations	-7/8
			Recovery rates	
Other	36	Option model	Correlations	+/-0
			Volatilities	
Total	**1,719**			**-29/22**

The valuation of derivatives relies on a number of assumptions and modelling choices. For instruments categorised as level 3 these assumptions lead to uncertainty about the valuation. To account for this a range of different modelling approaches are applied to determine an uncertainty interval around the reported fair value. The different approaches applied target various aspects of derivatives pricing.

Note 10, continued

Two common components of derivative valuation models are volatility of underlying risk factors and correlation between the relevant risk factors. Each of these is addressed by applying different assumptions to input and/or the choice of modelling approach. Besides these common factors a number of asset class specific factors are addressed. These include equity dividend expectations, recovery assumptions for credit derivatives and inflation expectations. The table on previous page shows for each class of derivatives the reasonable ranges around fair value for level 3 products. The fair values are presented as the net of assets and liabilities.

30 Jun 2013, EURm	Fair value	Valuation techniques
Shares		
Private equity funds	267	Net asset value[1]
Hedge funds	187	Net asset value[1]
Other	11	-
Total	**465**	

30 Jun 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities				
Mortgage and other credit institutions	239	Discounted cash flow	Credit spread	-17/17
Corporates	52	Discounted cash flow	Credit spread	-5/5
Total	**291**			**-22/22**

[1] The fair values are based on prices and net assets values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. The dominant measurement methodology, used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association).

Sensitivity analysis of Level 3 financial instruments

		Effect of reasonably possible alternative assumptions	
30 Jun 2013, EURm	Carrying amount	Favourable	Unfavourable
Assets			
Interest-bearing securities	291	23	-23
Shares	465	37	-37
Derivatives (net)	32	22	-29
Other (net)	22	2	-2

The method used to calculate the sensitivities is described in the Annual Report 2012, Note 41 "Assets and liabilities at fair value".

Deferred Day 1 profit

EURm	Derivatives (net)
Opening balance at 1 Jan 2013	43
Deferred profit on new transactions	7
Recognised in the income statement during the year	-7
Closing balance at 30 Jun 2013	**43**

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. In such cases valuation models are applied to estimate the exit price and if significant unobservable parameters are used such instruments are categorised as level 3 instruments and any day-1 profit is deferred. If exit prices are available in active markets for the same instrument such prices are used. For more information see the Annual Report 2012, Note 1 "Accounting policies".

Note 11 Financial instruments set off on balance or subject to netting agreements

30 Jun 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	136,131	-59,607	76,524	-62,928	-	-4,212	9,383
Reverse repurchase agreements	43,538	-	43,538	-21,839	-21,108	-	591
Total	**179,669**	**-59,607**	**120,062**	**-84,767**	**-21,108**	**-4,212**	**9,975**

30 Jun 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	132,595	-59,607	72,988	-62,928	-	-4,935	5,125
Repurchase agreements	44,449	-	44,449	-21,839	-22,445	-	165
Total	**177,044**	**-59,607**	**117,437**	**-84,767**	**-22,445**	**-4,935**	**5,289**

[1] All amounts are measured at fair value.
[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

30 Jun 2012, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	224,744	-70,538	154,205	-140,629	-	-4,268	9,308
Reverse repurchase agreements	40,047	-	40,047	-15,458	-23,673	-	916
Total	**264,791**	**-70,538**	**194,252**	**-156,087**	**-23,673**	**-4,268**	**10,224**

[1] All amounts are measured at fair value.
[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Note 11, continued

30 Jun 2012, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	222,458	-70,538	151,920	-140,629		-7,269	4,022
Repurchase agreements	36,085	-	36,085	-15,458	-20,154		473
Total	**258,543**	**-70,538**	**188,005**	**-156,087**	**-20,154**	**-7,269**	**4,495**

[1] All amounts are measured at fair value.
[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Enforceable master netting arrangements and similar agreements
The fact that financial instruments are being accounted for on a gross basis on the balance sheet, would not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally financial instruments (derivatives, repos and securities lending transactions), would be subject to master netting agreements, and as a consequence Nordea would be allowed to benefit from netting both in the ordinary course of business and in the case of default towards its counter parties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

Note 12 Derivatives

Fair value	30 Jun 2013		31 Dec 2012		30 Jun 2012	
EURm	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	65,284	60,986	102,498	99,086	140,202	136,731
Equity derivatives	760	734	669	639	552	529
Foreign exchange derivatives	10,431	11,417	12,006	14,547	12,713	14,464
Credit derivatives	619	673	637	655	1,558	1,458
Commodity derivatives	394	350	528	488	1,161	1,072
Other derivatives	28	25	33	22	135	18
Total	**77,516**	**74,185**	**116,371**	**115,437**	**156,321**	**154,272**
Derivatives used for hedging						
Interest rate derivatives	619	158	775	211	585	192
Equity derivatives	-	-	-	-	-	-
Foreign exchange derivatives	47	237	67	188	86	153
Total	**666**	**395**	**842**	**399**	**671**	**345**
Total fair value						
Interest rate derivatives	65,903	61,144	103,273	99,297	140,787	136,923
Equity derivatives	760	734	669	639	552	529
Foreign exchange derivatives	10,478	11,654	12,073	14,735	12,799	14,617
Credit derivatives	619	673	637	655	1,558	1,458
Commodity derivatives	394	350	528	488	1,161	1,072
Other derivatives	28	25	33	22	135	18
Total	**78,182**	**74,580**	**117,213**	**115,836**	**156,992**	**154,617**

Nominal amount	30 Jun	31 Dec	30 Jun
EURm	2013	2012	2012
Derivatives held for trading			
Interest rate derivatives	5,484,531	5,624,650	6,335,937
Equity derivatives	26,416	21,398	16,427
Foreign exchange derivatives	936,463	954,180	1,008,925
Credit derivatives	50,703	47,053	68,711
Commodity derivatives	6,037	7,828	12,175
Other derivatives	420	311	375
Total	**6,504,570**	**6,655,420**	**7,442,550**
Derivatives used for hedging			
Interest rate derivatives	85,824	38,886	30,775
Equity derivatives	-	-	-
Foreign exchange derivatives	1,998	2,569	1,514
Total	**87,822**	**41,455**	**32,289**
Total nominal amount			
Interest rate derivatives	5,570,355	5,663,536	6,366,712
Equity derivatives	26,416	21,398	16,427
Foreign exchange derivatives	938,461	956,749	1,010,439
Credit derivatives	50,703	47,053	68,711
Commodity derivatives	6,037	7,828	12,175
Other derivatives	420	311	375
Total	**6,592,392**	**6,696,875**	**7,474,839**

Note 13 Capital adequacy

The capital base figures for 2012 have not been restated due to the implementation of IAS 19 Employee Benefits.

Capital Base EURm	30 Jun 2013[1]	31 Dec 2012	30 Jun 2012[1]
Core tier 1 capital	8,276	8,246	10,210
Tier 1 capital	8,276	8,246	10,210
Total capital base	8,703	8,607	10,609

[1] Excluding profit

Capital requirement EURm	30 Jun 2013 Capital requirement	30 Jun 2013 RWA	31 Dec 2012 Capital requirement	31 Dec 2012 RWA	30 Jun 2012 Capital requirement	30 Jun 2012 RWA
Credit risk	**3,275**	**40,936**	**2,872**	**35,899**	**4,986**	**62,324**
IRB	1,766	22,080	1,163	14,538	3,221	40,262
- of which corporate	1,128	14,102	408	5,103	2,305	28,807
- of which institutions	303	3,791	439	5,492	587	7,338
- of which retail	317	3,964	299	3,732	310	3,879
of which real estate	223	2,783	184	2,299	181	2,262
of which retail other	94	1,181	115	1,433	129	1,618
- of which other	18	223	17	210	19	238
Standardised	1,508	18,856	1,709	21,362	1,765	22,062
- of which sovereign	6	80	20	245	21	264
- of which retail	321	4,007	331	4,132	337	4,212
of which residential real estate	68	847	69	863	67	841
of which other	253	3,160	262	3,269	270	3,371
- of which other	1,182	14,769	1,359	16,985	1,407	17,586
Market risk	**478**	**5,973**	**379**	**4,732**	**546**	**6,829**
- of which trading book, Internal Approach	325	4,058	306	3,829	411	5,134
- of which trading book, Standardised Approach	153	1,914	72	903	136	1,694
Operational risk	**405**	**5,060**	**408**	**5,101**	**408**	**5,101**
Standardised	405	5,060	408	5,101	408	5,101
Sub total	**4,158**	**51,969**	**3,659**	**45,732**	**5,940**	**74,254**
Adjustment for transition rules						
Additional capital requirement according to transition rules	289	3,618	-	-	-	-
Total	**4,447**	**55,587**	**3,659**	**45,733**	**5,940**	**74,254**

Capital ratio	30 Jun 2013[1]	31 Dec 2012	30 Jun 2012[1]
Core tier 1 capital ratio, %	14.9	18.0	13.8
Tier 1 capital ratio, %	14.9	18.0	13.8
Capital base ratio, %	15.7	18.8	14.3

[1] Excluding profit

Analysis of capital requirements

Exposure class, 30 Jun 2013	Average risk weight (%)	Capital requirement (EURm)
Corporate	47	1,128
Institutions	21	303
Retail IRB	12	317
Sovereign	0	6
Other	28	1,520
Total credit risk	**21**	**3,275**