Nordea Press release

Copenhagen, Helsinki, Oslo, Stockholm, 30 January 2013

Fourth Quarter and Full Year Results 2012

Strong capital position, flat costs and growing income

CEO Christian Clausen's comment to the results:
"In 2012, we had more customers, more capital and higher profit than ever before. We are ahead of the plan that was established in 2011. On that foundation, we will shape the future of Nordea, with closer customer relationships, unchanged costs and increased return on equity.

85,000 new relationship customers and more business with our customers have led to an increased income in the quarter and the year. The flat cost target was achieved in 2012. Despite lending growth of 3%, risk-weighted assets were reduced by 9%.

Return on equity increased in 2012 to 11.6% and the core tier 1 capital ratio increased to 13.1%. Dividend is proposed to be EUR 0.34, which corresponds to a payout-ratio of 44%, in line with our policy."

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

Full year 2012 vs full year 2011 (fourth quarter 2012 vs third quarter 2012):

- Total operating income up 8% (up 7%), operating profit up 11%* (up 15%)
- Core tier 1 capital ratio up to 13.1% from 11.2% excl. transition rules (up from 12.2%)
- Loan loss ratio 28 basis points, up from 23 basis points (down to 29 bps from 30 bps)
- Assets under Management EUR 218bn, up 16% (up 4%)
- Return on equity 11.6%, up from 11.1%* (up to 12.1% from 10.1%)
- Proposed dividend EUR 0.34 (last year EUR 0.26)
- Ambitious financial target and new capital policy established

Summary key figures, EURm	**Q4 2012**	**Q3 2012**	**Ch. %**	**Q4 2011**	**Ch. %**	**2012**	**2011**	**Ch. %**
Net interest income	1,429	1,441	-1	1,427	0	5,752	5,456	5
Total operating income	2,630	2,469	7	2,558	3	10,236	9,501	8
Profit before loan losses	1,303	1,176	11	1,292	1	5,050	4,282	18
Net loan losses	-244	-254	-4	-263	-7	-933	-735	27
Loan loss ratio (ann.), bps	29	30		33		28	23	
Operating profit	1,059	922	15	1,029	3	4,117	3,547	16
Operating profit, adjusted							3,718*	11*
Risk-adjusted profit	846	749	13	815	4	3,245	2,714	20
Diluted EPS, EUR	0.21	0.17		0.19		0.78	0.65	
Return on equity, %	12.1	10.1		12.3		11.6	10.6	
Return on equity, adjusted, %							11.1*	

* Excluding restructuring provision in the third quarter 2011 of EUR 171m.
Currency rates used for DKK, NOK and SEK for the fourth quarter 2012 are for income statement items 7.44, 7.48 and 8.71 respectively.

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Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 1,000 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.

CEO comment

Despite macroeconomic challenges, Nordea achieved stronger capital ratio, increased income, flat costs and improved operating profit in 2012. Nordea has thus laid the foundation for shaping the future relationship bank based on long-term customer satis-faction, sound profitability and solid capital buffers.

The sluggish macroeconomic development continued in the Eurozone. Its impact on the Nordic economies increased in the autumn, with insignificant GDP growth in all economies except Norway. Consequently, demand for loans and other banking services was constrained.

Strong relations deliver growing income

In 2012, Nordea delivered on its financial plan from 2011. Costs remained flat, risk-weighted assets decreased and income increased to a record level. The outcome of that plan was a rapid increase in capital and an all-time-high operating profit in the full year of 2012, and one of the best quarterly results ever. Nordea improved its return on equity (ROE), which was 11.6% in 2012, on a significantly larger capital base. The core tier 1 capital ratio was above 13 % at the end of the year.

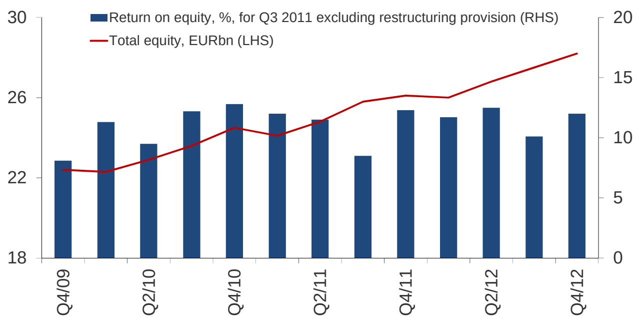
In the quarter, we increased the number of Gold, Premium and Private Banking customers by 12,000 to 3.2 million, which is the highest number of relationship customers ever. During the year, household deposit volumes grew by EUR 4bn in local currencies, and we issued more than 300,000 new mortgage loans. More customers than ever trusted us with their investments, why assets under management increased by 16% to EUR 218bn.

We continued to use technology to bring us closer to our customers. Around 800,000 customers use our mobile apps to access our services wherever they are.

Unfortunately, instability in the IT systems caused problems for many customers in the spring. Full focus on finding solutions led to a clear improvement in the autumn. However, continued hard work will be necessary in 2013 to ensure customers' ability to use their net and mobile banks at all times.

In 2012, we had 300,000 meetings with companies to advise them in the challenging economic environment. We enabled EUR 120bn in corporate bonds and syndicated loans to companies in addition to bilateral loans, making investments and new jobs possible. We have maintained our market-leading position among the largest Nordic corporate customers, with significantly more lead customer relationships than any other Nordic bank.

Return on equity (ROE) and Total equity



Focus on customer satisfaction and profitability

Nordea's leading value is Great Customer Experiences. We can only build a sustainable relationship bank by being stable and reliable, doing our utmost for each customer and strive to deliver value at each meeting we have and in all advice we give. Thus, in 2012, we have developed our customer offering with new products, broadened competence, more advisory meetings, new advice channels on telephone and internet as well as transformed branch network. This increases the value to each customer and is, together with continued cost and capital efficiency measures, the core of our plan to increase profitability as well as customer satisfaction.

We have set an ambitious financial target for the coming years. We will reach an ROE of 15% under normal interest rates and with a core tier 1 capital ratio of above 13%. We expect to stay at this capital level during 2013 and on-wards, including effects from regulations and model roll-outs. The dividend in 2013 is proposed to be EUR 0.34.

Nordea's starting point is strong. Our size and diversity has contributed to one of the most stable earnings developments of all banks. Our efficiency programme is on track and will continue to improve cost and capital in the years to come. We are in the absolute top league of profitability in each market where we operate. Our position was confirmed by The Banker, appointing Nordea "Bank of the Year 2012" in Western Europe.

The key levers to improve ROE are more income, low costs, improved capital efficiency and a prudent risk management. Our income grows with our customers' business development. By building closer relationships with existing and new customers we can increase our volumes and ensure fair and transparent prices and optimal products and services to each customer.

We will continue to increase cost efficiency by approximately 3% annually in order to largely maintain flat costs going forward. Optimisation of customer processes, reduced cash handling, centralisation of manual production and adjustment of the distribution mix in line with changes in customer behaviour are some of the important parts of achieving largely flat costs.

The development of capital-efficient products and solutions to manage risk-weighted assets efficiently will continue to allow loan volumes to grow faster than underlying capital consumption, which will contribute positively to the ROE.

The plan to develop customer relations, improve capital and liquidity buffers and reach a return on equity well above the cost of capital aims at creating a sustainable bank that continues to attract competitive funding, promotes new technology and drives efficiency. Ultimately it is a plan to deliver great customer experiences in the new regulatory and economic environment.

Christian Clausen
President and Group CEO

Income statement[1]

EURm	Q4 2012	Q3 2012	Change %	Q4 2011	Change %	Jan-Dec 2012	Jan-Dec 2011	Change %
Net interest income	**1,429**	1,441	-1	1,427	0	**5,752**	5,456	5
Net fee and commission income	**692**	605	14	588	18	**2,504**	2,395	5
Net result from items at fair value	**444**	377	18	506	-12	**1,784**	1,517	18
Equity method	**33**	23	43	15		**93**	42	
Other operating income	**32**	23	39	22	45	**103**	91	13
Total operating income	**2,630**	**2,469**	**7**	**2,558**	**3**	**10,236**	**9,501**	**8**
Staff costs	**-764**	-752	2	-714	7	**-3,048**	-3,113	-2
Other expenses	**-473**	-467	1	-502	-6	**-1,860**	-1,914	-3
Depreciation of tangible and intangible assets	**-90**	-74	22	-50	80	**-278**	-192	45
Total operating expenses	**-1,327**	**-1,293**	**3**	**-1,266**	**5**	**-5,186**	**-5,219**	**-1**
Profit before loan losses	**1,303**	**1,176**	**11**	**1,292**	**1**	**5,050**	**4,282**	**18**
Net loan losses	**-244**	-254	-4	-263	-7	**-933**	-735	27
Operating profit	**1,059**	**922**	**15**	**1,029**	**3**	**4,117**	**3,547**	**16**
Income tax expense	**-217**	-234	-7	-243	-11	**-991**	-913	9
Net profit for the period	**842**	**688**	**22**	**786**	**7**	**3,126**	**2,634**	**19**

Business volumes, key items[1]

EURbn	31 Dec 2012	30 Sep 2012	Change %	31 Dec 2011	Change %
Loans to the public	**346.3**	353.1	-2	337.2	3
Deposits and borrowings from the public	**200.7**	207.0	-3	190.1	6
Assets under management	**218.3**	210.9	4	187.4	16
Equity	**28.2**	27.5	3	26.1	8
Total assets	**677.4**	711.0	-5	716.2	-5

Ratios and key figures

	Q4 2012	Q3 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Diluted earnings per share, EUR	**0.21**	0.17	0.19	**0.78**	0.65
Share price[2], EUR	**7.24**	7.69	5.98	**7.24**	5.98
Total shareholders' return, %	**-4.4**	9.3	-5.2	**21.0**	-24.4
Proposed/ actual dividend per share, EUR	**0.34**	-	0.26	**0.34**	0.26
Equity per share[2], EUR	**7.01**	6.82	6.47	**7.01**	6.47
Potential shares outstanding[2], million	**4,050**	4,050	4,047	**4,050**	4,047
Weighted average number of diluted shares, million	**4,025**	4,024	4,026	**4,022**	4,026
Return on equity, %	**12.1**	10.1	12.3	**11.6**	10.6
Cost/income ratio, %	**50**	52	49	**51**	55
Loan loss ratio, basis points	**29**	30	33	**28**	23
Core Tier 1 capital ratio, excl transition rules[2], %	**13.1**	12.2	11.2	**13.1**	11.2
Tier 1 capital ratio, excl transition rules[2], %	**14.3**	13.3	12.2	**14.3**	12.2
Total capital ratio, excl transition rules[2] %	**16.2**	15.3	13.4	**16.2**	13.4
Core Tier 1 capital ratio[2] %	**10.2**	9.8	9.2	**10.2**	9.2
Tier 1 capital ratio[2], %	**11.2**	10.7	10.1	**11.2**	10.1
Total capital ratio[2], %	**12.7**	12.2	11.1	**12.7**	11.1
Tier 1 capital[2], EURm	**23,953**	23,809	22,641	**23,953**	22,641
Risk-weighted assets incl transition rules[2], EURbn	**215**	223	224	**215**	224
Number of employees (full-time equivalents)[2]	**31,466**	31,692	33,068	**31,466**	33,068
Risk-adjusted profit, EURm	**846**	749	815	**3,245**	2,714
Economic profit, EURm	**388**	282	420	**1,403**	1,145
Economic capital[2], EURbn	**17.9**	18.7	17.7	**17.9**	17.7
EPS, risk-adjusted, EUR	**0.21**	0.19	0.20	**0.81**	0.67
RAROCAR, %	**18.4**	15.9	18.4	**17.6**	15.5
MCEV, EURm	**3,762**	-	-	**3,762**	2,714

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

[2] End of period.

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Macroeconomic and financial market development

The fourth quarter has been characterised by a continued improving sentiment as concerns over the European sovereign debt crisis eased further following the release of the next IMF tranche from the bailout fund to Greece. Furthermore, central banks continued to support markets with liquidity and the Federal Reserve geared its monetary policy towards the development in the unemployment rate.

Macroeconomic development

Global economic growth outlook remained weak although mixed across regions during the fourth quarter. Purchasing manager indices showed increasing weakness in manufacturing in core Europe, especially Germany while the US manufacturing PMI improved in the recovery from hurricane Sandy. The Eurozone economy contracted for the second consecutive quarter, as austerity and deleveraging continued to weigh on sentiment, and US employment and housing data continued to improve.

The Nordic economies overall continued to perform relatively well compared to the rest of Europe, benefitting from overall sound public finances, although still with uneven performance within the region. The fourth quarter showed some signs of a slowing growth in line with global trends with economic data indicating that exports in particular will be impacted by a weaker global growth picture. Norway continued to stand out as the strongest economy in the Nordics and the outlook remains positive. The stabilisation in Danish house prices has persisted.

Financial market development

Development in financial markets has been characterised by tightening credit spreads and performance by equities driven by the “zero-interest” environment, the bail-out package to Greece and the improving US economic data.

Peripheral interest rates fell further towards year-end supported by the improving sentiment and Italian 10-year yields fell to a two-year low. Equity markets rose in Europe, while the US was impacted negatively towards year-end by the fiscal cliff discussions.

In addition, the weak European growth picture remains a concern and could lead to renewed market tensions.

The strong investor demand for Nordic sovereign debt and covered bonds has persisted throughout the quarter.

Group results and development

Fourth quarter 2012

Income

Total income increased 7% from the previous quarter to EUR 2,630m.

Net interest income

Net interest income decreased 1% compared to the previous quarter to EUR 1,429m. The net interest margin* was unchanged at 1.05% in the fourth quarter. Deposit margins declined following lower market interest rates and continued fierce competition in savings deposits in the quarter, while lending margins increased somewhat. Net interest income was also negatively affected by lower return on the liquidity portfolio in Group Corporate Centre.

Corporate lending

Corporate lending volumes, excluding reverse repurchase agreements, decreased 4% in local currencies in the fourth quarter compared to the previous quarter.

Household lending

Household lending volumes were up 1% in local currencies compared to the previous quarter, with an increase in household mortgage lending.

Corporate and household deposits

Total deposits from the public decreased 3% to EUR 201bn. In the business areas, deposits were largely unchanged in local currencies excluding repurchase agreements.

Group Corporate Centre

Net interest income decreased to EUR 90m compared to EUR 101m in the previous quarter.

Net fee and commission income

Net fee and commission income were up 14% compared to the previous quarter to EUR 692m, with increases in commissions on savings and investments as well as on payments and cards. Commission expenses for the stability fund in Sweden and the deposit guarantee fund in Denmark were EUR 19m, down from EUR 26m in the previous quarter.

Savings and investments commissions

Fees and commissions from savings and investments increased 18% in the fourth quarter to EUR 447m, mainly due to higher asset management commissions and life insurance commissions. Assets under Management (AuM) increased 4% to an all-time high of EUR 218.3bn, following a net inflow of EUR 3.1bn in the fourth quarter and positive development in the portfolios.

*) The net interest margin for the Group is the total net interest income on lending and deposits in relation to total lending and deposit volumes.

Payments and cards and lending-related commissions
Payments and cards commissions increased 6% to EUR 237m. Lending-related commissions decreased 2% to EUR 174m.

Net result from items at fair value
Net result from items at fair value was EUR 444m, up from the previous quarter. Results decreased somewhat in Capital Markets unallocated income compared to the previous quarter.

Capital Markets income in customer business
The customer-driven capital markets activities continued to be stable, with a net fair value result from these areas of EUR 204m, compared to EUR 214m in the previous quarter.

Capital Markets unallocated income
The net fair value result in Capital Markets unallocated income, ie income from managing the risks inherent in customer transactions, decreased somewhat to EUR 125m compared to EUR 148m in the previous quarter.

Group Functions and eliminations
The net fair value result in Group Corporate Centre decreased to EUR 8m compared to EUR 39m in the previous quarter mainly related to buy-backs of own debt and interest related items. In other Group functions and eliminations, net result from items at fair value increased to EUR -7m in the fourth quarter (EUR -89m in the third quarter).

Life & Pensions
Net result from items at fair value in Life & Pensions increased to EUR 114m in the fourth quarter, up by EUR 48m compared to in the third quarter. The increase is mainly due to recognition from fee-reservation account of fee income related to previous periods attributable to part of the traditional portfolio. The financial buffers were 7.5% of technical provisions, or EUR 1.9bn, at the end of the fourth quarter, a minor increase compared to the third quarter.

Equity method
Income from companies accounted for under the equity method was EUR 33m, compared to EUR 23m in the previous quarter. Income related to the holding in the Norwegian export agency Eksportfinans was EUR 11m (EUR 17m).

Other operating income
Other operating income was EUR 32m compared to EUR 23m in the previous quarter.

Expenses
Total expenses amounted to EUR 1,327m, up 2% compared to the previous quarter in local currencies. Staff costs increased 1% in local currencies to EUR 764m.

Other expenses increased 1% in local currencies to EUR 473m, due to seasonal effects. Compared to the fourth quarter last year, total expenses were up somewhat in local currencies when excluding performance-related salaries and profit-sharing, ie with the cost definition for the cost target in the New Normal plan.

The number of employees (FTEs) at the end of the fourth quarter decreased almost 1% compared to the end of the previous quarter. Compared to the end of the fourth quarter 2011, the number of employees (FTEs) has decreased by 5%.

The cost/income ratio was 50%, down from the previous quarter.

Provisions for performance-related salaries in the fourth quarter were EUR 66m, compared to EUR 63m in the previous quarter.

Cost efficiency
The reduction in staff numbers which was announced last autumn has continued according to plan during the fourth quarter. The number of employees (FTEs) has been reduced by around 2,700 from the end of the second quarter 2011 and by around 200 compared to the end of the third quarter 2012. The total staff reduction equates to an annualised gross reduction in the staff expenses of over EUR 200m.

Net loan losses
Net loan loss provisions were EUR 244m and the loan loss ratio was 29 basis points (30 basis points in the previous quarter). As expected, provisions for future loan losses in Denmark and shipping remained at elevated levels. In other areas, the losses were low with a normal volatility between quarters.

Collective provisions were reversed by net EUR 14m in the fourth quarter (new collective provisions of EUR 11m in the previous quarter).

Overall credit quality is solid with strongly rated customers and a positive migration in the institutions and retail portfolios.

In Banking Denmark, the loan loss provisions were EUR 90m, a loan loss ratio of 55 basis points, down from the previous quarter (EUR 145m).

In shipping, the loan loss provisions were EUR 63m, a loan loss ratio of 185 basis points, up somewhat from the previous quarter (EUR 54m).

Shipping
The tanker and dry cargo markets have been weak, due to lower global demand growth. This has affected freight rates negatively and caused further deterioration of

collateral values, resulting in additional loan loss provisions. The reduced investment appetite for shipping assets and banks' lower willingness to lend to shipping companies has made restructurings more difficult.

In other shipping segments, the situation is more stable. Nordea has necessary work-out resources to handle problem customers and early identification of new potential risk customers.

Denmark

Due to the prolonged difficult situation in the economic environment, the housing market remains relatively weak. However, the level of loan losses has slightly decreased, although still at an elevated level. Core fundamentals in the Danish economy are still relatively strong with expected moderate GDP growth 2012, strong public financials, low interest rate, low unemployment level and the number of household mortgage customers facing problems is limited.

Most corporates are financially strong with a relatively good outlook. However, loan losses on a few CIB customers have led to a slight increase in the loan loss level in that specific segment.

Operating profit

Operating profit increased 15% from the previous quarter to EUR 1,059m.

Taxes

The income tax expense was affected by a reduction in taxes of EUR 73m, due to a one-off effect of recalculation of mainly deferred tax liabilities as the corporate tax rate in Sweden has been changed to 22% from previously 26.3%. The effective tax rate was 20.5%, compared to 25.4% in the previous quarter and 23.6% in the fourth quarter last year.

Net profit

Net profit increased 22% compared to the previous quarter to EUR 842m, corresponding to a return on equity of 12.1%. Diluted earnings per share were EUR 0.21 (EUR 0.17 in the previous quarter).

Risk-adjusted profit

Risk-adjusted profit increased to EUR 846m, up 13% from the previous quarter and up 4% compared to the fourth quarter last year.

The effect from currency fluctuations was approx. 0.5 %-points on income and on expenses for the fourth quarter compared to the third quarter 2012 and approx. 2 %-points compared to the fourth quarter last year.

Full year 2012

Total income increased in 2012 by 8% compared to 2011. Operating profit increased 16%, due to higher total income, and stable costs. Risk-adjusted profit increased by 20% compared to the preceding year.

The effect from currency fluctuations contributed to an increase in income and expenses of approx. 1.5 %-point for 2012 compared to 2011.

Income

Net interest income increased 5% compared to 2011. Lending volumes increased 3% and corporate lending margins were higher, while deposit margins have decreased from 2011.

Net fee and commission income increased 5% and net result from items at fair value increased by 18% compared to last year.

Income under the equity method was EUR 93m and other income was EUR 103m.

Expenses

Total expenses increased 3% compared to last year and staff costs increased 3%, when excluding the restructuring costs last year. Total expenses decreased 0.5% compared to 2011 in local currencies when excluding the restructuring costs last year and excluding performance-related salaries and profit-sharing, ie with the cost definition for the cost target in the New Normal plan. Staff costs decreased 2% in local currencies when excluding the restructuring costs last year and excluding performance-related salaries and profit-sharing.

Net loan losses

Net loan loss provisions increased to EUR 933m, corresponding to a loan loss ratio of 28 basis points (23 basis points last year excluding provisions related to the Danish deposit guarantee fund).

Taxes

The effective tax rate in 2012 was 24.1%, compared to 25.7% last year. The tax rate 2012 was affected by a reduction in income tax expenses due to a one-off effect of recalculation of mainly deferred tax liabilities.

Net profit

Net profit increased 19% to EUR 3,126m, due to higher income and stable costs.

Risk-adjusted profit

Risk-adjusted profit increased 20% compared to last year to EUR 3,245m.

Other information

Financial plan and new capital policy

Nordea has decided to establish a financial plan for increased return on equity (ROE) and a new capital policy for the new regulatory environment. The plan is set in order to shape the future of Nordea for sustainable profitability and efficiency, closer customer relationships and a solid capital position and follows on the new normal plan, which has further strengthened Nordea's platform in 2012.

The financial plan has an ambitious financial target of 15% ROE under normal market interest rate conditions and with a core tier 1 capital ratio of above 13%.

The capital policy states that, no later than 1 January 2015, the target for the core tier 1 capital ratio is to be above 13% and for the total capital ratio to be above 17%. The core tier 1 capital ratio is expected to stay above 13% during 2013 and onwards, including the effects from regulatory changes and model rollouts. The dividend policy remains unchanged. Excess capital is expected to be distributed to shareholders.

The capital policy is based on management's current best view on capitalisation although there is still uncertainty regarding the final outcome of the CRD IV / CRR. The targets are considered minimum targets under normal business conditions, as the regulatory framework is dynamic through the cycle.

The key components to increase ROE are solid income generation, strict cost control, improved capital efficiency and maintaining of the low risk profile.

Solid income generation is to be achieved by focus on ancillary income growth and efficient financing solutions with fair and transparent pricing. It is thereby supported by continued emphasis on strong corporate and household customer relationships and strict control of risk-weighted assets.

Cost efficiency is to be further increased with efficiency gains in operating expenses of 3% annually in the next three years, or around EUR 450m in total, which seeks to ensure flat costs, despite inflation and necessary investments. The aim is to maintain largely unchanged costs, adjusted for currency effects and performance-related salaries, for at least the next two years.

Improved capital efficiency is to be obtained with a strict control of risk-weighted assets. The continued development of capital-efficient products and solutions will allow more volume growth than capital consumption.

Nordea will host a Capital Markets Day in London on 6 March 2013 where Group Executive Management will present the financial plan and the new capital policy.

Credit portfolio

Total lending, excluding reversed repurchase agreements, amounted to EUR 320bn, down 1% in local currencies compared to the previous quarter and up somewhat compared to one year ago. Overall, the credit quality in the loan portfolio remained solid in the fourth quarter, with a positive effect from migration in the institutions and retail portfolios.

The impaired loans ratio increased to 188 basis points of total loans. Total impaired loans gross increased by 1% from the previous quarter. The provisioning ratio was unchanged compared to the end of the third quarter at 41%.

Loan loss ratios and impaired loans

Basis points of loans	Q4 2012	Q3 12	Q2 12	Q1 12	Q4 2011
Loan loss ratios annualised, Group	29[1]	30[1]	26[1]	25[1]	36[1]
of which individual	31	29	38	25	40
of which collective	-2	1	-12	0	-4
Banking Denmark	55[1]	87[1]	62[1]	64[1]	82[1]
Banking Finland	13	19	1	9	13
Banking Norway	11	7	6	13	22
Banking Sweden	7	3	4	6	13
Banking Poland & Baltic countries	32	51	14	11	58
Corporate & Institutional Banking	33	-2	25	4	0
Shipping, Offshore & Oil Services	185	159	185	176	209
Impaired loans ratio gross, Group (bps)	188	181	164	147	131
- performing	58%	58%	59%	61%	57%
- non-performing	42%	42%	41%	39%	43%
Total allowance ratio, Group (bps)	77	74	69	68	63
Provisioning ratio, Group[2]	41%	41%	42%	46%	48%

[1] Loan loss ratios in the table are excluding the provisions related to the Danish deposit guarantee fund. Including these provisions, loan loss ratios are for each quarter 29, 30, 26, 26 and 33 bps respectively in the Group, and 55, 89, 59, 69 and 69 bps respectively in Banking Denmark.
[2] Total allowances in relation to gross impaired loans.

Market risk

Interest-bearing securities were EUR 103bn at the end of the fourth quarter, of which EUR 25bn in the life insurance operations and the remaining part in the liquidity buffer and trading portfolios. 28% of the portfolio comprises government or municipality bonds and 37% mortgage bonds, when excluding EUR 8bn of pledged securities.

Total market risk measured as Value at Risk (VaR) decreased EUR 3m to EUR 31m in the fourth quarter compared to the previous quarter, due to the increased diversification effect across the underlying risk categories. Interest rate VaR and foreign exchange rate VaR increased in the period.

Market risk

EURm	Q4 2012	Q3 12	Q2 12	Q4 2011
Total risk, VaR	31	34	43	47
Interest rate risk, VaR	36	33	48	38
Equity risk, VaR	11	11	3	6
Foreign exchange risk, VaR	13	6	5	5
Credit spread risk, VaR	16	15	11	11
Diversification effect	60%	48%	36%	22%

Balance sheet

Total assets in the balance sheet decreased 5% compared to the end of the previous quarter to EUR 677bn. This was mainly driven by a decline in the fair value of the derivatives portfolio as a consequence of active portfolio compression.

Capital position and risk-weighted assets

The Group's core tier 1 capital ratio, excluding transition rules, was 13.1% at the end of the fourth quarter, a strengthening by 0.9 %-points from the end of the previous quarter. The total capital ratio excluding transition rules increased 0.9 %-point to 16.2%. Improved capital ratios have been achieved by strong profit generation and a decrease in risk-weighted assets (RWA).

Nordea has during the quarter received Foundation IRB approval for the corporate and institutions portfolio in the Baltic countries, which had an RWA reduction effect of EUR 1.6bn. Additionally, Nordea was in December 2012 approved by the FSAs in Sweden and Finland to use the internal models method (IMM) for calculating counterparty credit risk. The IMM will be implemented in the RWA calculations in the first quarter in 2013.

RWA were EUR 167.9bn excluding transition rules, down EUR 11.1bn, or 7%, compared to the previous quarter.

The core tier 1 ratio including transition rules under Basel II was 10.2%. The capital base was EUR 27.3bn, the tier 1 capital was EUR 24.0bn and the core tier 1 capital was EUR 22.0bn.

Capital ratios

%	Q4 2012	Q3 12	Q2 12	Q4 2011
Excluding transition rules:				
Core tier 1 capital ratio	13.1	12.2	11.8	11.2
Tier 1 capital ratio	14.3	13.3	12.8	12.2
Total capital ratio	16.2	15.3	14.3	13.4
Including transition rules:				
Core tier 1 capital ratio	10.2	9.8	9.6	9.2
Tier 1 capital ratio	11.2	10.7	10.5	10.1
Total capital ratio	12.7	12.2	11.7	11.1

Economic Capital (EC) was at the end of the fourth quarter EUR 17.9bn, down EUR 0.8bn from the end of the previous quarter.

Nordea's funding and liquidity operations

Nordea issued approx. EUR 4.0bn in long-term funding in the fourth quarter excluding Danish covered bonds, of which approx. EUR 1.6bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

During the fourth quarter, Nordea issued among other issues a GPB 500m 7-year senior note.

The long-term funding portion of total funding was at the end of the fourth quarter approx. 70% (72% at the end of the previous quarter).

For long-term funding risk, Nordea applies management of funding gap measures and matching between behavioural duration of assets and liabilities.

The Liquidity Coverage Ratio (LCR) for the Nordea Group was 127% at the end of the fourth quarter. The LCR in EUR was 181% and in USD 283% at the end of the fourth quarter. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV-liquid assets and amounted to EUR 64bn at the end of the fourth quarter (EUR 65bn at the end of the third quarter).

Nordea share

During the fourth quarter, the share price of Nordea on the NASDAQ OMX Nordic Exchange depreciated from SEK 64.95 to SEK 62.10.

Dividend

The Board of Directors proposes to the AGM 2013 a dividend of EUR 0.34 per share (EUR 0.26), corresponding to a payout ratio of 44% of net profit in line with the dividend policy. Total proposed dividend amounts to EUR 1,370m.

The ex-dividend date for the Nordea share is 15 March 2013. The proposed record date for the dividend is 19 March, and dividend payments will be made on 26 March.

Mandate to repurchase and convey own shares

In order to be able to adjust the company's capital structure to the capital requirement existing at any time and to use own shares as payment in connection with acquisitions or in order to finance such acquisitions, the Board of Directors proposes to the AGM 2013 an authorisation to decide on repurchase of own shares on a regulated market where the company's shares are listed, or by means of an acquisition offer directed to all shareholders. The authorisation is limited so that Nordea's holdings of own shares is a maximum of 10% of all shares. The Board of Directors further proposes an authorisation to decide on conveyance of own shares, to be used as payment for or financing of acquisitions of companies or businesses. Conveyance may be made in another way than on a regulated market and with deviation from shareholders' pre-emptive rights.

Mandate to issue of convertible instruments

The Board of Directors proposes that the AGM 2013 should authorise the Board of Directors to decide on issuing of convertible instruments, with or without preferential rights for existing shareholders. The authorisation means that the share capital may be increased by a maximum 10% of the Company's share capital. The authorisation may be used on one or several occasions up until the next AGM. An issue of convertible instruments should be done on market conditions.

The purpose of the authorisation is to facilitate a flexible and cost-effective adjustment of the Company's capital structure to meet new capital requirements rules and attaching to new capital instruments.

Performance-related salaries

Performance-related salaries in Nordea include bonuses and variable salary parts. In order to attract and retain high competence in areas directly exposed to international competition: capital markets, investment banking and asset management, Nordea offers performance-related salaries in the form of bonus schemes to a selected group of employees in these areas. Nordea's ambition is to have competitive remuneration schemes, but not be market-leading.

The calculated provisions for bonus in these areas in 2012 increased to EUR 174m (EUR 140m), of which approx. EUR 54m refers to Sweden (EUR 43m). The payout ratio – total staff costs including fixed salaries and bonuses in relation to total income – for the areas with bonus schemes was 17.8% in 2012 compared to 18.6% in 2011. Nordea thus continues to have payout ratios at significantly lower levels than most international peers. The bonus in relation to total income for areas with bonus schemes increased to 4.8% in 2012 compared to 4.5% in 2011.

Variable salary parts in other areas or units increased to EUR 103m in 2012 (EUR 88m). The size of these remuneration schemes is capped – normally to 3 months' worth of fixed salary – and based on a pre-determined set of well-defined financial as well as non-financial success criteria, including Nordea Group criteria.

The provisions for performance-related salaries in the fourth quarter amounted to EUR 66m, up from EUR 63m in the third quarter.

Performance-related salaries, including social costs

EURm	2012	2011	2010	2009
Bonuses, bonus areas or units	174	140	169	212
Variable salary parts, other areas or units	103	88	97	82
Payout ratio, bonus areas or units[1]	17.8%	18.6%	17.1%	16.4%
Bonus ratio, bonus areas or units[2]	4.8%	4.5%	5.3%	6.2%

[1]) Total staff cost including fixed salaries and bonuses in relation to total income.
[2]) Bonuses in relation to total income.

Profit sharing and Long-term incentives

In 2012, a total of approx. EUR 77m was expensed under Nordea's ordinary profit-sharing scheme for all employees and the Long-Term Incentive Programmes for managers and key employees.

The profit-sharing scheme for 2013 is based on Return On Equity and Customer Satisfaction and the possible maximum outcome of the programme is unchanged. If both performance criteria are met, the cost of the scheme will amount to a maximum of approx. EUR 100m.

The Annual General Meeting 2012 approved a Long-Term Incentive Programme (LTIP) 2012, for up to 400 managers and key employees. To be part of the programme, the participants had to invest in Nordea shares and thereby align their interest and perspectives with the shareholders. LTIP 2012 is based on similar principles as previous programmes with matching shares and performance shares. LTIP 2012 has as LTIP 2010 and LTIP 2011 a three year vesting period and is based on shares free of charge.

Annual General Meeting

The Annual General Meeting will be held on Thursday 14 March 2013 at Aula Magna, at Stockholm University, Stockholm at 13.00 (CET).

Quarterly development, Group

EURm	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Net interest income	1,429	1,441	1,462	1,420	1,427	5,752	5,456
Net fee and commission income	692	605	611	596	588	2,504	2,395
Net result from items at fair value	444	377	494	469	506	1,784	1,517
Equity method	33	23	14	23	15	93	42
Other operating income	32	23	25	23	22	103	91
Total operating income	**2,630**	**2,469**	**2,606**	**2,531**	**2,558**	**10,236**	**9,501**
General administrative expenses:							
Staff costs	-764	-752	-761	-771	-714	-3,048	-3,113
Other expenses	-473	-467	-465	-455	-502	-1,860	-1,914
Depreciation of tangible and intangible assets	-90	-74	-64	-50	-50	-278	-192
Total operating expenses	**-1,327**	**-1,293**	**-1,290**	**-1,276**	**-1,266**	**-5,186**	**-5,219**
Profit before loan losses	**1,303**	**1,176**	**1,316**	**1,255**	**1,292**	**5,050**	**4,282**
Net loan losses	-244	-254	-217	-218	-263	-933	-735
Operating profit	**1,059**	**922**	**1,099**	**1,037**	**1,029**	**4,117**	**3,547**
Income tax expense	-217	-234	-278	-262	-243	-991	-913
Net profit for the period	**842**	**688**	**821**	**775**	**786**	**3,126**	**2,634**
Diluted earnings per share (DEPS), EUR	0.21	0.17	0.21	0.19	0.19	0.78	0.65
DEPS, rolling 12 months up to period end, EUR	0.78	0.76	0.69	0.66	0.65	0.78	0.65

Business areas

	Nordea Group																	
	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
EURm	Q4 2012	Q3 2012	*Chg*	Q4 2012	Q3 2012	*Chg*	Q4 2012	Q3 2012	*Chg*	Q4 2012	Q3 2012	*Chg*	Q4 2012	Q3 2012	*Chg*	Q4 2012	Q3 2012	*Chg*
Net interest income	996	1,003	*-1%*	287	296	*-3%*	25	25	*0%*	90	101	*-11%*	31	16	*94%*	1,429	1,441	*-1%*
Net fee and commission income	304	291	*4%*	142	131	*8%*	280	212	*32%*	-2	-2	*0%*	-32	-27	*19%*	692	605	*14%*
Net result from items at fair value	78	83	*-6%*	226	258	*-12%*	139	86	*62%*	8	39	*-81%*	-7	-89	*-93%*	444	377	*18%*
Equity method	7	4	*75%*	0	0		0	0		0	0		26	19	*37%*	33	23	*43%*
Other income	32	8		8	2		12	13	*-8%*	0	1	*-100%*	-20	-1		32	23	*39%*
Total operating income	**1,417**	**1,389**	***2%***	**663**	**687**	***-3%***	**456**	**336**	***36%***	**96**	**139**	***-31%***	**-2**	**-82**	***-98%***	**2,630**	**2,469**	***7%***
Staff costs	-339	-332	*2%*	-194	-189	*3%*	-122	-115	*6%*	-16	-18	*-11%*	-93	-98	*-5%*	-764	-752	*2%*
Other expenses	-437	-413	*6%*	-40	-21	*90%*	-87	-72	*21%*	-25	-27	*-7%*	116	66	*76%*	-473	-467	*1%*
Depreciations	-32	-32	*0%*	-10	-11	*-9%*	0	0		0	0		-48	-31	*55%*	-90	-74	*22%*
Total operating expenses	**-808**	**-777**	***4%***	**-244**	**-221**	***10%***	**-209**	**-187**	***12%***	**-41**	**-45**	***-8%***	**-25**	**-63**	***-61%***	**-1,327**	**-1,293**	***3%***
Net loan losses	-139	-200	*-31%*	-99	-48	*106%*	-1	0		0	0		-5	-6	*-17%*	-244	-254	*-4%*
Operating profit	**470**	**412**	***14%***	**320**	**418**	***-23%***	**246**	**149**	***65%***	**55**	**94**	***-41%***	**-32**	**-151**	***-79%***	**1,059**	**922**	***15%***
Cost/income ratio, %	57	56		37	32		46	56		43	32					50	52	
RAROCAR, %	17	16		19	21		29	17								18.4	15.9	
Economic capital (EC)	8,551	9,004	*-5%*	5,799	6,107	*-5%*	2,559	2,617	*-2%*	447	459	*-3%*	571	508		17,927	18,695	*-4%*
Risk-weighted assets (RWA)	89,767	95,739	*-6%*	65,405	69,385	*-6%*	2,902	3,512	*-17%*	4,631	4,883	*-5%*	5,187	5,491		167,892	179,010	*-6%*
Number of employees (FTEs)	17,947	18,135	*-1%*	6,066	6,121	*-1%*	3,561	3,566	*0%*	430	438	*-2%*				31,466	31,692	*-1%*
Volumes, EURbn:																		
Lending to corporates	90.7	93.7	*-3%*	88.8	97.6	*-9%*							6.4	1.7		185.9	193.0	*-4%*
Household mortgage lending	126.8	126.4	*0%*	0.4	0.4	*0%*	5.6	5.4	*4%*							132.8	132.2	*0%*
Consumer lending	24.2	24.8	*-2%*				3.4	3.1	*10%*							27.6	27.9	*-1%*
Total lending	**241.7**	**244.9**	***-1%***	**89.2**	**98.0**	***-9%***	**9.0**	**8.5**	***6%***				**6.4**	**1.7**		**346.3**	**353.1**	***-2%***
Corporate deposits	47.4	45.3	*5%*	63.7	71.6	*-11%*							2.3	2.4		113.4	119.3	*-5%*
Household deposits	76.6	76.4	*0%*	0.2	0.2	*0%*	10.5	11.1	*-5%*							87.3	87.7	*0%*
Total deposits	**124.0**	**121.7**	***2%***	**63.9**	**71.8**	***-11%***	**10.5**	**11.1**	***-5%***				**2.3**	**2.4**		**200.7**	**207.0**	***-3%***

	Nordea Group																	
	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
EURm	Jan-Dec 2012	Jan-Dec 2011	*Chg*	Jan-Dec 2012	Jan-Dec 2011	*Chg*	Jan-Dec 2012	Jan-Dec 2011	*Chg*	Jan-Dec 2012	Jan-Dec 2011	*Chg*	Jan-Dec 2012	Jan-Dec 2011	*Chg*	Jan-Dec 2012	Jan-Dec 2011	*Chg*
Net interest income	3,967	3,673	*8%*	1,177	1,212	*-3%*	127	130	*-2%*	404	358	*13%*	77	83	*-7%*	5,752	5,456	*5%*
Net fee and commission income	1,153	1,129	*2%*	541	545	*-1%*	918	839	*9%*	-6	-12	*-50%*	-102	-106	*-4%*	2,504	2,395	*5%*
Net result from items at fair value	364	431	*-16%*	1,066	821	*30%*	408	308	*32%*	86	12		-140	-55	*154%*	1,784	1,517	*18%*
Equity method	21	14	*50%*	0	0		0	0		0	0		72	28	*157%*	93	42	*121%*
Other income	48	25	*92%*	11	5	*120%*	39	16	*144%*	3	1		2	44	*-95%*	103	91	*13%*
Total operating income	**5,553**	**5,272**	***5%***	**2,795**	**2,583**	***8%***	**1,492**	**1,293**	***15%***	**487**	**359**	***36%***	**-91**	**-6**		**10,236**	**9,501**	***8%***
Staff costs	-1,330	-1,336	*0%*	-789	-718	*10%*	-475	-451	*5%*	-71	-61	*16%*	-383	-547	*-30%*	-3,048	-3,113	*-2%*
Other expenses	-1,669	-1,742	*-4%*	-106	-104	*2%*	-304	-285	*7%*	-92	-100	*-8%*	311	317	*-2%*	-1,860	-1,914	*-3%*
Depreciations	-110	-92	*20%*	-39	-21	*86%*	-3	-5	*-40%*	-1	0		-125	-74	*69%*	-278	-192	*45%*
Total operating expenses	**-3,109**	**-3,170**	***-2%***	**-934**	**-843**	***11%***	**-782**	**-741**	***6%***	**-164**	**-161**	***2%***	**-197**	**-304**	***-35%***	**-5,186**	**-5,219**	***-1%***
Net loan losses	-610	-556	*10%*	-314	-173	*82%*	-2	0		0	0		-7	-6	*17%*	-933	-735	*27%*
Operating profit	**1,834**	**1,546**	***19%***	**1,547**	**1,567**	***-1%***	**708**	**552**	***28%***	**323**	**198**	***63%***	**-295**	**-316**	***-7%***	**4,117**	**3,547**	***16%***
Cost/income ratio, %	56	60		33	33		52	57		34	45					51	55	
RAROCAR, %	16	13		21	19		20	25								17.6	15.5	
Economic capital (EC)	8,551	8,768	*-2%*	5,799	6,175	*-6%*	2,559	1,741	*47%*	447	551	*-19%*	571	465		17,927	17,700	*1%*
Risk-weighted assets (RWA)	89,767	93,917	*-4%*	65,405	77,904	*-16%*	2,902	3,919	*-26%*	4,631	4,394	*5%*	5,187	5,067		167,892	185,201	*-9%*
Number of employees (FTEs)	17,947	19,252	*-7%*	6,066	6,274	*-3%*	3,561	3,639	*-2%*	430	441	*-2%*				31,466	33,068	*-5%*
Volumes, EURbn:																		
Lending to corporates	90.7	90.3	*0%*	88.8	91.8	*-3%*							6.4	2.1		185.9	184.2	*1%*
Household mortgage lending	126.8	119.9	*6%*	0.4	0.4	*0%*	5.6	4.9	*14%*							132.8	125.2	*6%*
Consumer lending	24.2	24.7	*-2%*				3.4	3.1	*10%*							27.6	27.8	*-1%*
Total lending	**241.7**	**234.9**	***3%***	**89.2**	**92.2**	***-3%***	**9.0**	**8.0**	***13%***				**6.4**	**2.1**		**346.3**	**337.2**	***3%***
Corporate deposits	47.4	45.5	*4%*	63.7	59.1	*8%*							2.3	2.0		113.4	106.6	*6%*
Household deposits	76.6	72.6	*6%*	0.2	0.2	*0%*	10.5	10.7	*-2%*							87.3	83.5	*5%*
Total deposits	**124.0**	**118.1**	***5%***	**63.9**	**59.3**	***8%***	**10.5**	**10.7**	***-2%***				**2.3**	**2.0**		**200.7**	**190.1**	***6%***

Retail Banking

The business area consists of the retail banking business in the Nordic region, Baltic countries and Poland and includes all parts of the value chain. More than 10 million customers are offered a wide range of products. The customers are served from a total of 948 branch locations and contact centres and through the online banking channels.

Business development

Retail Banking has continued the customercentric focus, supporting both corporate and household customers with relevant and up-to-date advice, services and products. Supported by the successful relationship banking strategy, Nordea was named Bank of the Year in Western Europe by The Banker.

The number of Gold and Premium customers amounted to 3.12 million, of whom 19,700 were new Nordea customers in the fourth quarter. During 2012, close to 2 million household and corporate advisory meetings were held, an increase by 4% compared to last year.

The number of household and corporate manual transactions continues to decrease and was down by 21% in 2012 compared to 2011. Nordea accommodates this by reducing the number of manual cash outlets and by the end of fourth quarter 55% of the Nordic branch office locations offer manual cash services. At the same time, the transformation has enabled Nordea to decrease the overall cost-to-serve.

During 2012 the number of customers per full time equivalent (FTE) increased with 16%, from 314 to 341.

Risk-weighted assets (RWA) were reduced by 6% in the fourth quarter, following high focus on capital efficiency, approval of Foundation IRB model for the Baltic countries and lower lending volumes.

More and more household and corporate customers comfortably use an increasing range of communication technologies. This general trend in customer behaviour naturally also affects customers' use of Nordea's distribution channels in a more self-directed manner. In order to meet these changes in customer behaviour and expectations, Nordea continuously develops and adjusts the multichannel distribution offerings.

Mobile banking's growth in importance continued in the quarter, where the number of active users increased by more than 100,000 customers and is now around 790,000 – slightly more than doubling the year-end figure from 2011. Nordea has developed native mobile apps, which in a convenient and smarter way offer the most commonly used every-day finance features. Additional features will be added on a regular basis based on customer feedback and needs. The new apps for iPhone and Android phones were launched in Sweden and Finland in the fourth quarter and will be launched in Denmark during the first quarter of 2013 and in Norway at a later stage.

On the corporate side, a large number of improvements are being developed and launched to improve the functionality and usability of our different online services for both large and small corporate customers.

Building on the multichannel trend, the Private Netbank in Sweden has added a functionality to directly book a customer meeting into the personal banking adviser's calendar. IT stability, despite some disturbance just before year end, has improved this quarter.

Nordea's contact centres in the four Nordic countries are now available 24/7 and are able to support customers with a broad range of services. The expanded accessibility has been received very positively, for instance by customers travelling abroad in other time zones, but also by customers who appreciate follow-up service without delay or need immediate guidance for online channels.

Nordea is also increasing its availability in another way. Remote customer meetings are already in use, and Nordea is now piloting enhanced solutions for conducting such meetings and sharing the meeting information. This way of offering a greater time-wise and geographical flexibility has been positively received from customers. The pilot will continue in an expanded set-up in order to be able to provide the optimal full-scale solution.

The transformation of the branch network in the Nordic countries was finalised in the fourth quarter. The transformed branch network supports the relationship strategy and the changes in customer behaviour and contributes to efficiency gains. Nordea has moved from traditional "mixed" branch formats to formats that focus on either advice or service. This implies a strong customer focus, new ways of working and a larger proportion of advisory branches. 65% of the 770 branches are in "focused" formats.

The corresponding transformation of the branch networks in the Baltic countries and Poland is ongoing and scheduled to be finalised by the end of 2013.

Result

Total income increased by 2% compared to the previous quarter, driven by higher net fee and commission income and other income.

Lending margins continued to impact the net interest income growth positively while long-term funding cost allocations were higher than in the third quarter resulting in a slight decrease of total net interest income. Deposit volumes showed strong growth while demand for lending was low given the present macroeconomic environment. High interest in investment products supported the growth in net fee and commission income. The good development in other income was partly driven by the sale of Finland's largest card payment service provider Luottokunta.

Expenses increased compared to the seasonally low level in the third quarter and included higher provisions related to the profit-sharing programme. For the full year 2012, total expenses decreased 2% and 4% in local currencies. Compared to the fourth quarter last year, the number of employees (FTEs) was down 7%, following the efficiency initiatives executed throughout the whole value chain. The development in staff costs in fourth quarter compared to the same quarter last year was affected by the profit-sharing reservations, excluding this staff costs decreased by 3% in local currencies.

Risk-weighted assets (RWA) were reduced by 6% in the fourth quarter, following high focus on capital efficiency, approval of Foundation IRB model for the Baltic countries and lower lending volumes.

Net loan losses decreased from the relatively high level in the third quarter. The loan loss ratio was 24 basis points (34 basis points in the third quarter excluding the Danish deposit guarantee fund provisions).

Retail Banking total

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	996	1,003	998	970	979	-1%	2%	3,967	3,673
Net fee and commission income	304	291	274	284	273	4%	11%	1,153	1,129
Net result from items at fair value	78	83	85	118	107	-6%	-27%	364	431
Equity method & other income	39	12	10	8	10			69	39
Total income incl. allocations	**1,417**	**1,389**	**1,367**	**1,380**	**1,369**	**2%**	**4%**	**5,553**	**5,272**
Staff costs	-339	-332	-326	-333	-315	2%	8%	-1,330	-1,336
Total expenses incl. allocations	**-808**	**-777**	**-759**	**-765**	**-783**	**4%**	**3%**	**-3,109**	**-3,170**
Profit before loan losses	**609**	**612**	**608**	**615**	**586**	**0%**	**4%**	**2,444**	**2,102**
Net loan losses	-139	-200	-117	-154	-188	-31%	-26%	-610	-556
Operating profit	**470**	**412**	**491**	**461**	**398**	**14%**	**18%**	**1,834**	**1,546**
Cost/income ratio, %	57	56	56	55	57			56	60
RAROCAR, %	17	16	16	16	15				
Economic capital (EC)	8,551	9,004	8,825	8,844	8,768	-5%	-2%		
Risk-weighted assets (RWA)	89,767	95,739	95,534	94,358	93,917	-6%	-4%		
Number of employees (FTEs)	17,947	18,135	18,360	18,860	19,252	-1%	-7%		
Volumes, EURbn:									
Lending to corporates	90.7	93.7	92.6	91.3	90.3	-3%	0%		
Household mortgage lending	126.8	126.4	123.4	121.2	119.9	0%	6%		
Consumer lending	24.2	24.8	24.9	24.9	24.7	-2%	-2%		
Total lending	**241.7**	**244.9**	**240.9**	**237.4**	**234.9**	**-1%**	**3%**		
Corporate deposits	47.4	45.3	44.5	44.5	45.5	5%	4%		
Household deposits	76.6	76.4	76.0	73.2	72.6	0%	6%		
Total deposits	**124.0**	**121.7**	**120.5**	**117.7**	**118.1**	**2%**	**5%**		

Banking Denmark

Business development

Banking Denmark maintained solid business momentum in the fourth quarter. The number of externally acquired Gold and Premium customers was more than 6,800 during the quarter and more than 28,000 for the full year 2012. The number of advisory meetings was at an all-time high. The Danish Netbank welcomed customer number 1 million in December. Nordea was named Bank of the Year in Denmark by The Banker.

Continued uncertainty and low consumer confidence have resulted in moderate household consumer spending and continuous focus on debt reduction. Household deposit volumes increased by 6% compared to the fourth quarter 2011, with a declining margin over the year. Household lending volumes increased slightly over the year, up 2% with a continued increase in margins and net interest income.

The refinancing auctions in December resulted in satisfactory quotation for the Nordea Kredit bonds and all-time-low rates. As the consequence of Nordea's changed fee structure on mortgages and the comprehensive communication and advice efforts, more customers refinanced their interest-only or adjustable rate mortgage loans into bond loans with amortisation, thereby contributing to lowering the refinancing risk.

The corporate market activity level is somewhat moderate with investments at a low level. The relatively high inflow of corporate customers continued. Total corporate lending volumes were largely unchanged compared to previous quarter. The lending spread has developed satisfactorily with an increasing trend.

Result

Total income increased in the fourth quarter due to higher net interest income following increased lending spreads.

The number of employees continued to decrease in line with the plan to increase efficiency. As a consequence, staff costs decreased by EUR 13m in 2012 compared to 2011, whereas staff costs in the fourth quarter were affected by a profit-sharing provision resulting in only a close-to-flat development compared to the previous quarter.

Net loan losses decreased to the lowest level in 2012, as individual loan loss provisions decreased compared to the third quarter. The loan loss ratio was 55 basis points in the fourth quarter (87 basis points in the third quarter, excluding provisions to the Danish Deposit Guarantee Fund).

Risk-weighted assets (RWA) were reduced in the fourth quarter following the increased focus on both credit quality and general efficiency measures, while maintaining business momentum.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	311	297	307	305	308	5%	1%	1,220	1,166
Net fee and commission income	39	48	36	52	38	-19%	3%	175	205
Net result from items at fair value	18	22	10	35	26	-18%	-31%	85	97
Equity method & other income	9	5	6	6	3	80%		26	16
Total income incl. allocations	**377**	**372**	**359**	**398**	**375**	**1%**	**1%**	**1,506**	**1,484**
Staff costs	-85	-84	-82	-87	-83	1%	2%	-338	-351
Total expenses incl. allocations	**-212**	**-208**	**-205**	**-212**	**-210**	**2%**	**1%**	**-837**	**-883**
Profit before loan losses	**165**	**164**	**154**	**186**	**165**	**1%**	**0%**	**669**	**601**
Net loan losses	-90	-145	-96	-112	-107	-38%	-16%	-443	-400
Operating profit	**75**	**19**	**58**	**74**	**58**		**29%**	**226**	**201**
Cost/income ratio, %	56	56	57	53	56			56	60
RAROCAR, %	17	17	15	19	16				
Economic capital (EC)	2,220	2,330	2,199	2,290	2,249	-5%	-1%		
Risk-weighted assets (RWA)	23,641	24,927	24,639	24,957	24,777	-5%	-5%		
Number of employees (FTEs)	3,934	4,027	4,087	4,199	4,279	-2%	-8%		
Volumes, EURbn:									
Lending to corporates	23.7	23.6	23.9	23.6	23.6	0%	0%		
Household mortgage lending	30.1	29.7	29.4	29.0	28.9	1%	4%		
Consumer lending	12.4	12.5	12.7	12.7	12.7	-1%	-2%		
Total lending	**66.2**	**65.8**	**66.0**	**65.3**	**65.2**	**1%**	**2%**		
Corporate deposits	7.8	7.6	7.3	7.2	7.4	3%	5%		
Household deposits	23.0	22.4	22.6	21.8	21.6	3%	6%		
Total deposits	**30.8**	**30.0**	**29.9**	**29.0**	**29.0**	**3%**	**6%**		

Banking Finland

Business development

Banking Finland maintained high business momentum in the fourth quarter of 2012. Customer meeting activity increased and customer acquisition stayed at a good level. The number of externally acquired Gold and Premium customers was 4,000. Nordea was named Bank of the Year in Finland by The Banker.

Due to uncertain macroeconomic environment and consumers’ cautiousness in the mortgage market, customer demand changed from lending to savings oriented. In the low interest rate environment, the high number of advisory sessions resulted in strong sales of investment products in the fourth quarter.

Pricing continued to be in focus in the quarter. External factors such as new bank regulations have started to impact price levels.

Nordea signed a new partnership agreement with the insurance company If, to offer general insurance to Nordea’s customers from the summer of 2013. In addition, Nordea signed a partnership pilot regarding debit card cash-back services with one of the largest Finnish retailers, Kesko.

Result

Total income increased by 5% from the third quarter. The sale of Finland’s largest card payment service provider Luottokunta affected other income. Despite lower short-term market interest rates, net interest income stayed on par with previous quarter, due to increased earnings from both corporate and household lending.

Corporate deposit volumes increased 6% compared to one year ago. Demand for corporate lending was subdued resulting in lower corporate lending volumes.

The increase in staff costs was due to profit-sharing provisions. The total full-year cost level was below last year’s.

Net loan losses were EUR 14m mainly, from the corporate portfolio. The loan loss ratio was 13 basis points (19 basis points in the third quarter).

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	152	154	159	157	177	-1%	-14%	622	683
Net fee and commission income	81	83	83	83	80	-2%	1%	330	310
Net result from items at fair value	19	17	19	22	24	12%	-21%	77	78
Equity method & other income	17	2	1	0	5			20	10
Total income incl. allocations	**269**	**256**	**262**	**262**	**286**	**5%**	**-6%**	**1,049**	**1,081**
Staff costs	-57	-55	-56	-55	-55	4%	4%	-223	-235
Total expenses incl. allocations	**-164**	**-159**	**-162**	**-161**	**-166**	**3%**	**-1%**	**-646**	**-680**
Profit before loan losses	**105**	**97**	**100**	**101**	**120**	**8%**	**-13%**	**403**	**401**
Net loan losses	-14	-21	-1	-10	-14	-33%	0%	-46	-57
Operating profit	**91**	**76**	**99**	**91**	**106**	**20%**	**-14%**	**357**	**344**
Cost/income ratio, %	61	62	62	62	58			62	63
RAROCAR, %	18	16	15	14	17				
Economic capital (EC)	1,401	1,440	1,447	1,572	1,623	-3%	-14%		
Risk-weighted assets (RWA)	14,554	15,007	15,258	15,504	15,967	-3%	-9%		
Number of employees (FTEs)	3,996	4,020	4,098	4,101	4,177	-1%	-4%		
Volumes, EURbn:									
Lending to corporates	14.7	15.0	15.2	15.1	14.9	-2%	-1%		
Household mortgage lending	25.2	25.2	25.0	24.7	24.6	0%	2%		
Consumer lending	5.2	5.2	5.2	5.2	5.2	0%	0%		
Total lending	**45.1**	**45.4**	**45.4**	**45.0**	**44.7**	**-1%**	**1%**		
Corporate deposits	10.6	10.3	9.9	9.5	10.0	3%	6%		
Household deposits	22.2	22.4	22.6	22.3	22.3	-1%	0%		
Total deposits	**32.8**	**32.7**	**32.5**	**31.8**	**32.3**	**0%**	**2%**		

Banking Norway

Business development

The strong income momentum continued during the quarter with focus on improved risk pricing and a positive price development for corporate lending. Adaption to future legal requirements and regulations continued.

Corporate lending was down by 3% in local currency. Competition for corporate deposits stayed fierce and Nordea remained cautious when competing for large deposits.

In the household segment, the number of externally acquired Gold and Premium customers was more than 2,200 during the quarter and the number of household meetings recovered after the decline in the third quarter's summer months. Strategic initiatives within mobile banking have been successful.

The capital efficiency programme continued with major effects on risk-weighted assets. In combination with a small decline in lending volumes in the quarter, risk-weighted assets were reduced by 4% compared with one year ago.

Despite a slight increase in number of employees in the fourth quarter, the number of FTEs remains lower than in the initial reduction plan.

Result

Total income increased by 7% from the previous quarter. The strong income growth was mainly a result of increased lending spreads and improved focus on non-interest income. A lower demand in derivatives could be noted in the market. Full-year income 2012 was 23% above 2011 in local currency.

Lending volumes were down from the previous quarter in local currency, with the opposite development in deposit volumes. During the quarter, the loan to deposits gap has been improved.

Risk-weighted assets were down by 6% in local currency from the previous quarter, mainly due to capital efficiency initiatives and decreased lending volumes.

Total expenses were up 5% from the seasonally lower third quarter. In local currency full-year expenses were down by 2% from the previous year.

The loan loss ratio was 11 basis points (7 basis points in the third quarter). The main part of the loan losses was related to a small number of corporate exposures.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	245	232	221	206	183	6%	34%	904	670
Net fee and commission income	53	49	47	43	44	8%	20%	192	168
Net result from items at fair value	18	16	21	22	19	13%	-5%	77	80
Equity method & other income	2	0	0	1	1		100%	3	1
Total income incl. allocations	**318**	**297**	**289**	**272**	**247**	**7%**	**29%**	**1,176**	**919**
Staff costs	-41	-40	-39	-39	-35	3%	17%	-159	-149
Total expenses incl. allocations	**-128**	**-122**	**-122**	**-122**	**-119**	**5%**	**8%**	**-494**	**-486**
Profit before loan losses	**190**	**175**	**167**	**150**	**128**	**9%**	**48%**	**682**	**433**
Net loan losses	-13	-8	-7	-15	-24	63%	-46%	-43	-39
Operating profit	**177**	**167**	**160**	**135**	**104**	**6%**	**70%**	**639**	**394**
Cost/income ratio, %	40	41	42	45	48			42	53
RAROCAR, %	24	21	19	17	14				
Economic capital (EC)	2,036	2,116	2,156	2,110	2,087	-4%	-2%		
Risk-weighted assets (RWA)	21,371	22,772	22,627	22,534	22,312	-6%	-4%		
Number of employees (FTEs)	1,402	1,388	1,391	1,415	1,428	1%	-2%		
Volumes, EURbn:									
Lending to corporates	21.3	22.1	21.6	21.1	20.2	-4%	5%		
Household mortgage lending	27.3	27.3	26.5	25.8	25.2	0%	8%		
Consumer lending	0.7	0.8	0.9	0.9	0.7	-13%	0%		
Total lending	**49.3**	**50.2**	**49.0**	**47.8**	**46.1**	**-2%**	**7%**		
Corporate deposits	11.9	11.5	11.5	12.1	12.2	3%	-2%		
Household deposits	8.5	8.5	8.7	7.9	7.7	0%	10%		
Total deposits	**20.4**	**20.0**	**20.2**	**20.0**	**19.9**	**2%**	**3%**		

FX fluctuation impacted income and expenses by 1% Q4/Q3 (7% Q4/Q4). FX fluctuations impacted balance sheet by 0% Q4/Q3 (6% Q4/Q4).

Banking Sweden

Business development

The activity level in the Swedish economy slowed down in the fourth quarter. However, business development remained strong, with good financial outcome. During the fourth quarter, Banking Sweden welcomed 6,500 new externally acquired Gold and Premium customers.

The growth rate for household mortgage lending in local currency remained stable in the fourth quarter. Deposit volumes from household customers increased and customer demand for investment products remained high.

Corporate customers' demand for financing was low during the fourth quarter. The activity with relationship customers remained at a high level. Deposit volumes increased following growing cash management business.

The transformation of the branch network is now completed, which has resulted in an increased share of branches solely focusing on advisory services to household or corporate customers. The number of branches with manual cash services has been reduced by 17 during the fourth quarter. Consequently, the number of employees decreased by 6% compared to one year ago.

Result

Despite negative impact from lower market interest rates, net interest income was close to unchanged compared to the third quarter. Net fee and commission income improved firmly driven by high sales of savings products and growth in cash management business.

The emphasis on improving efficiency continued, leading to a reduced number of employees. This, together with the focus on capital efficiency, improved the cost/income ratio and reduced risk-weighted assets.

In local currency, total income increased by 6% compared to the third quarter while total expenses increased by 3% related to the earlier mentioned profit-sharing reservation.

Net loan losses increased compared to the third quarter, but still remained at a low level. The loan loss ratio was 7 basis points in the fourth quarter (3 basis points in the third quarter).

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	312	316	295	295	294	-1%	6%	1,218	1,076
Net fee and commission income	111	98	98	98	93	13%	19%	405	397
Net result from items at fair value	27	27	29	29	29	0%	-7%	112	119
Equity method & other income	6	0	0	0	0			6	0
Total income incl. allocations	**456**	**441**	**422**	**422**	**416**	**3%**	**10%**	**1,741**	**1,592**
Staff costs	-74	-72	-71	-72	-68	3%	9%	-289	-287
Total expenses incl. allocations	**-226**	**-225**	**-215**	**-216**	**-213**	**0%**	**6%**	**-882**	**-883**
Profit before loan losses	**230**	**216**	**207**	**206**	**203**	**6%**	**13%**	**859**	**709**
Net loan losses	-11	-6	-9	-12	-23	83%	-52%	-38	-34
Operating profit	**219**	**210**	**198**	**194**	**180**	**4%**	**22%**	**821**	**675**
Cost/income ratio, %	50	51	51	51	51			51	56
RAROCAR, %	31	29	29	29	30				
Economic capital (EC)	1,910	2,131	1,987	1,914	1,854	-10%	3%		
Risk-weighted assets (RWA)	16,954	17,872	17,437	17,179	16,998	-5%	0%		
Number of employees (FTEs)	3,306	3,352	3,341	3,388	3,505	-1%	-6%		
Volumes, EURbn:									
Lending to corporates	22.7	24.5	23.6	23.6	23.8	-7%	-5%		
Household mortgage lending	37.2	37.3	35.5	34.8	34.3	0%	8%		
Consumer lending	5.9	6.1	5.9	5.8	5.9	-3%	0%		
Total lending	**65.8**	**67.9**	**65.0**	**64.2**	**64.0**	**-3%**	**3%**		
Corporate deposits	13.1	12.4	12.4	12.5	12.7	6%	3%		
Household deposits	20.9	21.1	20.1	19.2	19.1	-1%	9%		
Total deposits	**34.0**	**33.5**	**32.5**	**31.7**	**31.8**	**1%**	**7%**		

FX fluctuation impacted income and expenses by -3% Q4/Q3 (6% Q4/Q4). FX fluctuations impacted balance sheet by -2% Q4/Q3 (4% Q4/Q4).

Banking Poland

Business development

The Polish economy has suffered a slowdown comparable to the one observed in 2009. Domestic demand has been decreasing as consumption growth was affected by the nominal salary growth being less than inflation. The government cut spending along with the end of preparations for the UEFA Euro 2012, and this has led to a notable weakened activity in the construction sector. The latest forecast for GDP growth in Poland is 2.8% for 2012 and 2.3% for 2013, with some speed-up of the economic growth starting no earlier than in the second year-half of 2013.

The demand for loans was negatively impacted by the macroeconomic situation. Income from deposits decreased following lower short-term interest rates and fierce competition.

Under the revised strategy in Poland, the relationship banking model implementation continued with special focus on the affluent and the mass-affluent customers, who require a broader range of financial services and personal advice. The adapted household business model has resulted in slightly lower mortgage lending in local currency in the fourth quarter.

The good performance in the corporate segment continued. The applied business model, based on close relationships with a number of selected customers, has proven successful in the Polish market and will continue to form the basis of the corporate business.

Loan loss provisions in the fourth quarter were clearly lower than in the previous quarter. The mortgage loan portfolio quality weakened slightly as the growth in new mortgages has slowed down and the existing portfolio matured.

Result

Total income increased by 17% due to especially high net result from items at fair value. Net interest income was at the same level as in the previous quarter, although lending volumes decreased slightly.

Total expenses increased by 20% compared to the previous quarter, mainly due to one-off costs related to the reduction of the branch network.

Operating profit was up by EUR 20m, mainly due to lower loan loss provisions. The loan loss ratio was 12 basis points, significantly down from previous quarter. The number of employees (FTEs) decreased by 12.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	39	40	40	39	37	-3%	5%	158	138
Net fee and commission income	11	10	8	8	10	10%	10%	37	37
Net result from items at fair value	11	3	6	8	11		0%	28	50
Equity method & other income	1	0	2	0	1		0%	3	3
Total income incl. allocations	**62**	**53**	**56**	**55**	**59**	**17%**	**5%**	**226**	**228**
Staff costs	-11	-11	-11	-12	-11	0%	0%	-45	-49
Total expenses incl. allocations	**-30**	**-25**	**-27**	**-29**	**-31**	**20%**	**-3%**	**-111**	**-119**
Profit before loan losses	**32**	**28**	**29**	**26**	**28**	**14%**	**14%**	**115**	**109**
Net loan losses	-2	-18	-14	-3	-7	-89%	-71%	-37	-14
Operating profit	**30**	**10**	**15**	**23**	**21**		**43%**	**78**	**95**
Cost/income ratio, %	48	47	48	53	53			49	52
RAROCAR, %	14	12	14	14	15				
Economic capital (EC)	500	497	493	431	427	1%	17%		
Risk-weighted assets (RWA)	7,435	7,447	7,507	6,383	6,060	0%	23%		
Number of employees (FTEs)	1,629	1,641	1,730	1,900	2,000	-1%	-19%		
Volumes, EURbn:									
Lending to corporates	2.5	2.7	2.5	2.4	2.5	-7%	0%		
Household lending	4.2	4.2	4.3	4.3	4.1	0%	2%		
Total lending	**6.7**	**6.9**	**6.8**	**6.7**	**6.6**	**-3%**	**2%**		
Corporate deposits	1.9	1.7	1.6	1.6	1.7	12%	12%		
Household deposits	1.2	1.2	1.2	1.2	1.1	0%	9%		
Total deposits	**3.1**	**2.9**	**2.8**	**2.8**	**2.8**	**7%**	**11%**		

Banking Baltic countries

Business development

The economies in the Baltic countries have remained resilient to the European sovereign debt crisis and weaker export demand. Growth has been driven by domestic demand. Latvia has indicated a wish to join the EMU on the back of their good economic development. Market activity in Estonia has picked up as well.

Positive economic development has increased corporate customer activity and the quality of the corporate loan portfolio has improved. Nordea’s lending volumes for corporate customers were flat compared to the previous quarter. Volumes of new household lending remain low and there is no real improvement yet in the mortgage portfolio quality. However, new lending prices have increased, both for household and corporate customers, reflecting the full cost of funding and liquidity.

Deposit volumes were up 15% compared to the previous quarter and 36% compared to the same quarter last year. Pricing competition for deposits continues to be fierce.

As part of the overall business model alignment, the implementation of a unified operating model in the branch network continued.

Several initiatives have been started to strengthen savings advisory capabilities and improve mobile and electronic banking offerings. The new mobile banking solution was well received in the market.

Loan loss provisions were up somewhat, due to reversal of general loan loss provisions in previous quarters.

The risk-weighted assets were significantly down following the approval of the FIRB model in the Baltic countries as well as an improvement in the credit quality.

Result

Total income was 2% lower than in the previous quarter. Net interest income showed an upward trend following increasing lending margins.

Total expenses were down by 9%. Underlying costs development has shown a downward trend during this year.

The loan loss ratio was 48 basis points. Operating profit decreased by 29% compared with the previous quarter, due to net loan loss recoveries in the previous quarter. The number of employees (FTEs) decreased by 26.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	40	40	39	38	37	0%	8%	157	150
Net fee and commission income	10	11	11	11	13	-9%	-23%	43	41
Net result from items at fair value	0	-1	-1	0	2	-100%	-100%	-2	6
Equity method & other income	0	1	0	0	0	-100%		1	1
Total income incl. allocations	**50**	**51**	**49**	**49**	**52**	**-2%**	**-4%**	**199**	**198**
Staff costs	-7	-6	-5	-6	-6	17%	17%	-24	-25
Total expenses incl. allocations	**-20**	**-22**	**-20**	**-21**	**-19**	**-9%**	**5%**	**-83**	**-78**
Profit before loan losses	**30**	**29**	**29**	**28**	**33**	**3%**	**-9%**	**116**	**120**
Net loan losses	-10	-1	9	-1	-12		-17%	-3	-11
Operating profit	**20**	**28**	**38**	**27**	**21**	**-29%**	**-5%**	**113**	**109**
Cost/income ratio, %	40	43	41	43	37			42	39
RAROCAR, %	14	11	10	10	13				
Economic capital (EC)	480	487	543	528	527	-1%	-9%		
Risk-weighted assets (RWA)	5,811	7,715	8,065	7,801	7,802	-25%	-26%		
Number of employees (FTEs)	799	825	824	860	873	-3%	-8%		
Volumes, EURbn:									
Lending to corporates	5.7	5.7	5.6	5.4	5.3	0%	8%		
Household lending	2.9	3.0	3.0	3.0	3.0	-3%	-3%		
Total lending	**8.6**	**8.7**	**8.6**	**8.4**	**8.3**	**-1%**	**4%**		
Corporate deposits	2.2	1.8	1.8	1.6	1.5	22%	47%		
Household deposits	0.8	0.8	0.8	0.8	0.7	0%	14%		
Total deposits	**3.0**	**2.6**	**2.6**	**2.4**	**2.2**	**15%**	**36%**		

Retail Banking other

The area consists of the result from Retail Banking service operations not allocated to any of the banking operations. It also includes additional liquidity premium for the funding cost of long-term lending and deposits within Retail Banking.

Result

Net interest income was affected by higher costs related to liquidity premium allocations than in the second and third quarter.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	-103	-76	-63	-70	-57	36%	81%	-312	-210
Net fee and commission income	-1	-8	-9	-11	-5	-88%	-80%	-29	-29
Net result from items at fair value	-15	-1	1	2	-4			-13	1
Equity method & other income	4	4	1	1	0	0%		10	8
Total income incl. allocations	**-115**	**-81**	**-70**	**-78**	**-66**	**42%**	**74%**	**-344**	**-230**
Staff costs	-64	-64	-62	-62	-57	0%	12%	-252	-240
Total expenses incl. allocations	**-28**	**-16**	**-8**	**-4**	**-25**	**75%**	**12%**	**-56**	**-41**
Profit before loan losses	**-143**	**-97**	**-78**	**-82**	**-91**	**47%**	**57%**	**-400**	**-271**
Net loan losses	1	-1	1	-1	-1			0	-1
Operating profit	**-142**	**-98**	**-77**	**-83**	**-92**	**45%**	**54%**	**-400**	**-272**
Economic capital (EC)									
Number of employees (FTEs)	2,881	2,882	2,889	2,997	2,990	0%	-4%		

Wholesale Banking

Wholesale Banking provides services and financial solutions to the largest corporate and institutional customers in Nordea. The business area incorporates the whole value chain including customer and product units as well as the supporting IT and infrastructure. This allows for an integrated service offering, including tailormade solutions to fit the needs of individual customers.

Building on its strong position, Wholesale Banking continued its incremental strategy with focus on daily business selection, resource management and further alignment of the organisational value chain. This was supported by initiatives to adapt pricing, increase cross-selling and strengthen the product offering. It also included discontinuation of marginal product lines and streamlining of processes.

Business development

The Wholesale Banking customer activity was solid in the fourth quarter. However, the deteriorating economic growth outlook had a negative effect on customers' investment appetite. In this challenging business environment, Wholesale Banking benefitted from its proven relationship strategy and remained a preferred financial partner to large Nordic corporates.

The business area retained a strict focus on business selection, resource management and cost efficiency. This led to a further reduction in RWA and in total number of employees (FTEs).

Wholesale Banking continued to leverage its balance sheet and its strong access to the capital and loan markets to ensure attractive financing solutions to its customers. Nordea was the leading bookrunner for issues of Nordic corporate bonds and Nordic loan syndications in 2012 according to Dealogic.

Banking

The activity from corporate customers was solid with steady daily business and increasing event-driven business.

Financial institution customer activity was negatively impacted by low event-driven business.

The activity with shipping customers remained subdued due to challenging market conditions while the activity in the offshore and oil service sectors was solid.

Capital markets

The result from capital markets remained strong. Low volatility in currency and interest rates coupled with a weak economic outlook led to a decrease in the demand for new hedging within the foreign exchange and fixed income areas. However, income from management of the risk inherent in the customer transactions remained solid.

The primary bond issuance remained strong, driven by continued favourable market conditions. Loan syndication activity was subdued, due to low demand for new lending.

In the secondary equities area, the customer activity increased slightly and Nordea improved its market position in all four Nordic countries according to the annual Prospera survey. Corporate Finance activity was stable.

Result

Total income was EUR 663m, 3% down from the third quarter. Net loan losses increased, driven by provisions in shipping as well as on a few individual exposures in CIB Denmark and Norway. The loan loss ratio was 43 basis points (21 basis points in the third quarter). Operating profit decreased to EUR 320m, down 23% from the previous quarter.

Wholesale Banking

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	287	296	304	290	303	-3%	-5%	1,177	1,212
Net fee and commission income	142	131	147	121	114	8%	25%	541	545
Net result from items at fair value	226	258	255	327	289	-12%	-22%	1,066	821
Equity method & other income	8	2	1	0	1			11	5
Total income incl. allocations	**663**	**687**	**707**	**738**	**707**	**-3%**	**-6%**	**2,795**	**2,583**
Staff costs	-194	-189	-203	-203	-181	3%	7%	-789	-718
Total expenses incl. allocations	**-244**	**-221**	**-237**	**-232**	**-230**	**10%**	**6%**	**-934**	**-843**
Profit before loan losses	**419**	**466**	**470**	**506**	**477**	**-10%**	**-12%**	**1,861**	**1,740**
Net loan losses	-99	-48	-102	-65	-75	106%	32%	-314	-173
Operating profit	**320**	**418**	**368**	**441**	**402**	**-23%**	**-20%**	**1,547**	**1,567**
Cost/income ratio, %	37	32	34	31	33			33	33
RAROCAR, %	19	21	21	23	21				
Economic capital (EC)	5,799	6,107	6,098	6,129	6,175	-5%	-6%		
Risk-weighted assets (RWA)	65,405	69,385	71,572	74,421	77,904	-6%	-16%		
Number of employees (FTEs)	6,066	6,121	6,173	6,233	6,274	-1%	-3%		
Volumes, EURbn:									
Total lending	89.2	98.0	98.0	91.5	92.2	-9%	-3%		
Total deposits	63.9	71.8	62.1	63.4	59.3	-11%	8%		

Corporate & Institutional Banking

Corporate & Institutional Banking (CIB) is comprised of the customer units servicing the largest Nordic corporate and institutional customers. CIB is the leading Nordic financial service provider to large corporate customers, both in terms of market share and strength of the relationship. The business strategy is based on relationship banking with close, ongoing dialogues with customers as well as thorough knowledge of markets and industries.

Business development

The daily business was stable in all countries and the event-driven business increased as a result of solid demand for new transactions.

The corporate customer demand for refinancing declined from the high level earlier in the year and the activity within syndicated loans remained subdued. The lower customer appetite for lending was driven by the weakening economic outlook and corporate customers taking advantage of the favourable conditions for bond financing. The event-driven business was solid in all Nordic countries, driven by bond issuance and leveraged financing.

The daily business activity with institutional customers was stable, while their demand for event-driven transactions was low.

Lending volumes decreased by 5% compared to the third quarter and were 6% lower than one year ago. Lending spreads increased slightly, but were negatively affected by the lower demand for lending.

Deposit volumes decreased by 7% compared to the third quarter and were 8% higher than one year ago. Deposit remained high as CIB benefitted from Nordea's high ratings, but margins were under pressure from low interest rate levels.

The competitive pressure remained significant in the Nordic corporate and institutional banking market. The strong focus on resource management among banks resulted in increased competition for products with low capital requirements. In addition, increased competition for business with the largest Nordic corporate customers put further pressure on margins.

The CIB divisions maintained their focus on resource management and operational efficiency whilst safeguarding customer relationships. In concert with the lower demand for lending, this led to a decrease in risk-weighted assets.

Result

Total income was EUR 438m in the fourth quarter, up 2% from the third quarter, and was solid for the season. The underlying activity held up well despite the challenging business environment. Loan losses increased due to provisions on a few individual exposures in Denmark and Norway. The loan loss ratio was 33 basis points in the fourth quarter and 15 basis points for the full year, up from 7 basis points in 2011. Operating profit was EUR 276m in the fourth quarter, down 12% from the previous quarter.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	205	207	207	201	204	-1%	0%	820	784
Net fee and commission income	142	133	154	126	118	7%	20%	555	540
Net result from items at fair value	91	91	108	112	114	0%	-20%	402	413
Equity method & other income	0	0	0	0	0			0	0
Total income incl. allocations	**438**	**431**	**469**	**439**	**436**	**2%**	**0%**	**1,777**	**1,737**
Staff costs	-10	-10	-10	-9	-10	0%	0%	-39	-39
Total expenses incl. allocations	**-125**	**-120**	**-121**	**-121**	**-123**	**4%**	**2%**	**-487**	**-475**
Profit before loan losses	**313**	**311**	**348**	**318**	**313**	**1%**	**0%**	**1,290**	**1,262**
Net loan losses	-37	2	-29	-4	0			-68	-31
Operating profit	**276**	**313**	**319**	**314**	**313**	**-12%**	**-12%**	**1,222**	**1,231**
Cost/income ratio, %	29	28	26	28	28			27	27
RAROCAR, %	23	21	25	22	21				
Economic capital (EC)	3,720	3,960	3,891	3,898	3,919	-6%	-5%		
Risk-weighted assets (RWA)	42,620	45,748	46,918	48,296	50,573	-7%	-16%		
Number of employees (FTEs)	213	215	216	216	212	-1%	0%		
Volumes, EURbn:									
Total lending	42.9	45.3	47.3	46.2	45.5	-5%	-6%		
Total deposits	39.8	42.8	38.0	40.8	37.0	-7%	8%		

Shipping, Offshore & Oil Services

Shipping, Offshore & Oil Services (SOO) is the division in Wholesale Banking responsible for customers within the shipping, offshore, oil services, cruise and ferries industries worldwide. Customers are served from the Nordic offices as well as the international branches in New York, London and Singapore. Nordea is a leading bank to the global shipping and offshore sector with strong brand recognition and a world-leading loan syndication franchise. The business strategy is founded on long-term customer relationships and strong industry expertise.

Business development

Customer activity was moderate during the quarter and the demand for syndicated loans was in line with the previous quarter. The demand for bond issuance was solid, but somewhat lower than in the third quarter. Lending volumes decreased, partly due to a weakening of the USD.

Activity in the offshore and oil services sector remained stable, driven by continued high exploration and production spending. Activity in the tanker and dry cargo segments reflected the weak market conditions in these segments.

Credit quality

Loan losses remained elevated due to challenging conditions in certain shipping segments. Weak market conditions in the tanker and dry cargo markets have resulted in continued downward pressure on ship values. The near-term outlook for these segments remains challenging. The credit quality in the offshore and oil services sectors was strong.

Net loan losses increased by 17% compared to the previous quarter. The approach to the shipping industry remained unchanged with new business on conservative terms.

Result

Total income was EUR 108m, down 11% compared to the previous quarter. Net loan losses were EUR 63m and the loan loss ratio was 185 basis points (159 basis points in the third quarter). The operating profit was EUR 28m, down 43% from the third quarter.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	79	86	86	80	84	-8%	-6%	331	324
Net fee and commission income	16	19	14	15	23	-16%	-30%	64	81
Net result from items at fair value	13	16	-4	2	3	-19%		27	28
Equity method & other income	0	0	0	0	0			0	0
Total income incl. allocations	**108**	**121**	**96**	**97**	**110**	**-11%**	**-2%**	**422**	**433**
Staff costs	-6	-7	-6	-7	-6	-14%	0%	-26	-24
Total expenses incl. allocations	**-17**	**-18**	**-16**	**-17**	**-16**	**-6%**	**6%**	**-68**	**-65**
Profit before loan losses	**91**	**103**	**80**	**80**	**94**	**-12%**	**-3%**	**354**	**368**
Net loan losses	-63	-54	-63	-60	-71	17%	-11%	-240	-135
Operating profit	**28**	**49**	**17**	**20**	**23**	**-43%**	**22%**	**114**	**233**
Cost/income ratio, %	16	15	17	18	15			16	15
RAROCAR, %	27	32	23	23	27				
Economic capital (EC)	898	893	924	954	938	1%	-4%		
Risk-weighted assets (RWA)	10,234	10,222	10,612	11,543	12,398	0%	-17%		
Number of employees (FTEs)	87	87	90	92	96	0%	-9%		
Volumes, EURbn:									
Total lending	13.0	13.4	14.1	13.6	13.6	-3%	-4%		
Total deposits	4.8	4.8	4.6	4.5	4.7	0%	2%		

Banking Russia

Nordea Bank Russia is a wholly owned, full-service bank. A particular focus is on large global companies and core Nordic customers.

Business development

Business volumes fell in the fourth quarter, due to a few early redemptions in the last part of the quarter.

The Russian economy developed satisfactorily with inflation and unemployment at relatively low levels. The economic development is highly dependent on commodity prices.

Customer activity was normal in the fourth quarter, but market shares on lending are down from the previous quarter. Deposit interest rates remained high, due to tight liquidity.

Net loan loss recoveries were reported in the fourth quarter of EUR 1m. Gross impaired loans amounted to EUR 45m or 71 basis points of total loans, down from 99 basis points in the previous quarter.

Result

Profitability is at a high level, with total income at the same level as the previous quarter and up 5% compared to the fourth quarter last year. Costs are up 28% in the fourth quarter and up 19% compared to the fourth quarter last year, mainly due to projects and other one-off effects. Operating profit was down 17% from the previous quarter and up 13% from the fourth quarter last year.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	63	58	60	50	53	9%	19%	231	188
Net fee and commission income	5	4	3	5	3	25%	67%	17	14
Net result from items at fair value	-3	3	6	3	6			9	14
Equity method & other income	1	1	0	0	1	0%	0%	2	1
Total income incl. allocations	**66**	**66**	**69**	**58**	**63**	**0%**	**5%**	**259**	**217**
Staff costs	-20	-17	-15	-17	-15	18%	33%	-69	-58
Total expenses incl. allocations	**-32**	**-25**	**-25**	**-26**	**-27**	**28%**	**19%**	**-108**	**-98**
Profit before loan losses	**34**	**41**	**44**	**32**	**36**	**-17%**	**-6%**	**151**	**119**
Net loan losses	1	1	-8	0	-5	0%		-6	-8
Operating profit	**35**	**42**	**36**	**32**	**31**	**-17%**	**13%**	**145**	**111**
Cost/income ratio, %	48	38	36	45	43			42	46
RAROCAR, %	29	33	37	27	26				
Economic capital (EC)	332	344	333	328	362	-3%	-8%		
Risk-weighted assets (RWA)	6,159	6,511	6,457	6,288	6,266	-5%	-2%		
Number of employees (FTEs)	1,486	1,464	1,466	1,485	1,547	2%	-4%		
Volumes, EURbn:									
Lending to corporates	6.2	6.7	6.7	6.2	6.1	-7%	2%		
Lending to households	0.4	0.4	0.4	0.4	0.4	0%	0%		
Total lending	**6.6**	**7.1**	**7.1**	**6.6**	**6.5**	**-7%**	**2%**		
Corporate deposits	2.2	2.1	2.4	2.7	2.4	5%	-8%		
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%		
Total deposits	**2.4**	**2.3**	**2.6**	**2.9**	**2.6**	**4%**	**-8%**		

Wholesale Banking other (including Capital Markets unallocated)

Wholesale Banking other is the residual result not allocated to customer units. This includes the unallocated income from Capital Markets, Transaction Products, International Units and the IT divisions. It also includes additional liquidity premium for the funding cost of long-term lending and deposits within Wholesale Banking. Wholesale Banking other is not actively managed as the optimisation of the business takes place in the relevant product and service units.

Result

The Wholesale Banking other total income was EUR 51m, down 26% from the third quarter, mainly due to decreasing income from management of the risk inherent in the customer transactions. Operating profit decreased to EUR -19m.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	-60	-55	-49	-41	-38	9%	58%	-205	-84
Net fee and commission income	-21	-25	-24	-25	-30	-16%	-30%	-95	-90
Net result from items at fair value	125	148	145	210	166	-16%	-25%	628	366
Equity method & other income	7	1	1	0	0			9	4
Total income incl. allocations	**51**	**69**	**73**	**144**	**98**	**-26%**	**-48%**	**337**	**196**
Staff costs	-158	-155	-172	-170	-150	2%	5%	-655	-597
Total expenses incl. allocations	**-70**	**-58**	**-75**	**-68**	**-64**	**21%**	**9%**	**-271**	**-205**
Profit before loan losses	**-19**	**11**	**-2**	**76**	**34**			**66**	**-9**
Net loan losses	0	3	-2	-1	1	-100%	-100%	0	1
Operating profit	**-19**	**14**	**-4**	**75**	**35**			**66**	**-8**
Economic capital (EC)	849	910	950	949	956	-7%	-11%		
Risk-weighted assets (RWA)	6,392	6,904	7,585	8,294	8,667	-7%	-26%		
Number of employees (FTEs)	4,280	4,355	4,401	4,440	4,419	-2%	-3%		
Volumes, EURbn:									
Total lending	26.7	32.2	29.5	25.1	26.6				
Total deposits	16.9	21.9	16.9	15.2	15.0				

Volumes refers to Repo transactions within Capital Markets.

Wealth Management

Wealth Management provides high quality investment, savings and risk management products; it manages customers' assets and gives financial advice to affluent and high net worth individuals as well as institutional investors. Wealth management is the largest Nordic Private Bank, Life & Pension's provider and asset manager. The area consists of the businesses: Private Banking, Asset Management and Life & Pensions as well as the service unit Savings & Wealth Offerings.

Business development

Nordea's Assets under Management (AuM) increased to EUR 218.3bn, up EUR 7.4bn or 3.5% from the third quarter. The increase in AuM was contributed by a net inflow of EUR 3.1bn and a positive investment performance return of EUR 4.3bn. All businesses contributed positively to the fourth quarter's net inflow. Main contributors were Institutional sales, with a net inflow of EUR 1.2bn, and Nordic Retail funds with a net inflow of EUR 1.1bn.

Household customers' risk appetite continued to be strong, fuelled by the positive sentiment in the financial markets. In particular, the Retail and unit-linked funds were showed high demand supported by the success of Nordea's Swedish "Investerings-sparkonto" product offering, where over 92,000 accounts were opened in 2012 with a total AuM of approx. EUR 2.4bn.

Result

The fourth quarter income was EUR 456m, up 36% from the third quarter and up 25% from the same quarter last year.

The underlying business in Wealth Management was impacted by the strong momentum and appetite for investment products and by successful migration of customers' flow into market return products in Life & Pensions' business.

As a consequence, the operating profit was EUR 246m, up 65% from the third quarter and up 39% from the same quarter last year.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	25	25	34	43	32	0%	-22%	127	130
Net fee and commission income	280	212	214	212	231	32%	21%	918	839
Net result from items at fair value	139	86	93	90	99	62%	40%	408	308
Equity method & other income	12	13	9	5	4	-8%		39	16
Total income incl. allocations	**456**	**336**	**350**	**350**	**366**	**36%**	**25%**	**1,492**	**1,293**
Staff costs	-122	-115	-123	-115	-110	6%	11%	-475	-451
Total expenses incl. allocations	**-209**	**-187**	**-199**	**-187**	**-189**	**12%**	**11%**	**-782**	**-741**
Profit before loan losses	**247**	**149**	**151**	**163**	**177**	**66%**	**40%**	**710**	**552**
Net loan losses	-1	0	0	-1	0			-2	0
Operating profit	**246**	**149**	**151**	**162**	**177**	**65%**	**39%**	**708**	**552**
Cost/income ratio, %	46	56	57	54	52			52	57
RAROCAR, %	29	17	17	23	31				
Economic capital (EC)	2,559	2,617	2,663	2,460	1,741	-2%	47%		
Risk-weighted assets (RWA)	2,902	3,512	3,486	3,602	3,919	-17%	-26%		
Number of employees (FTEs)	3,561	3,566	3,571	3,601	3,639	0%	-2%		
Volumes, EURbn:									
AuM	218.3	210.9	199.8	197.2	187.4	4%	16%		
Total lending	9.0	8.5	8.4	8.3	8.0	6%	13%		
Total deposits	10.5	11.1	10.9	10.7	10.7	-5%	-2%		

Assets under Management (AuM), volumes and net inflow

		net inflow					net inflow	
EURbn	Q412	Q412	Q312	Q212	Q112	Q411	2012	2011
Nordic Retail funds	38.6	1.1	37.1	34.3	33.0	31.1	3.2	-2.3
Private Banking	69.4	0.3	67.9	64.3	64.6	61.0	1.3	0.2
Institutional sales	53.1	1.2	50.7	47.3	46.8	44.9	3.2	5.8
Life & Pensions	57.2	0.5	55.2	53.9	52.8	50.4	1.4	1.3
Total	**218.3**	**3.1**	**210.9**	**199.8**	**197.2**	**187.4**	**9.1**	**5.0**

Private Banking

Nordea Private Banking provides full-scale investment advice, wealth planning, credit, tax and estate planning services to wealthy individuals, business owners and trusts and foundations. Customers are served from 80 branches in the Nordic countries as well as from offices in Luxembourg and Zürich.

Business development

AuM in Private Banking increased with EUR 1.5bn to EUR 69.4bn at the end of the fourth quarter, up 14% compared to the previous year and up 2% from the previous quarter. The increase in AuM in the fourth quarter was a result of asset appreciation of EUR 1.2bn and a net inflow of EUR 0.3bn.

The number of Private Banking customers continued to increase. In the fourth quarter, the customer base increased by approx. 1,000 customers to 106,000, up 3% from the previous quarter and more than 30,000 wealth planning meetings were executed.

During the fourth quarter, International Private Banking further developed the wealth planning services to clients and resources were deployed to cover a greater share of the European markets.

Result

In the fourth quarter the income was EUR 123m, up 8% from the third quarter and up 4% from the previous year. The operating profit was EUR 30m, up 3% from the third quarter and down 14% from the previous year.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	23	22	30	38	29	5%	-21%	113	116
Net fee and commission income	73	69	71	73	65	6%	12%	286	263
Net result from items at fair value	24	19	24	18	22	26%	9%	85	92
Equity method & other income	3	4	2	2	2	-25%	50%	11	7
Total income incl. allocations	**123**	**114**	**127**	**131**	**118**	**8%**	**4%**	**495**	**478**
Staff costs	-46	-38	-40	-39	-38	21%	21%	-163	-149
Total expenses incl. allocations	**-92**	**-85**	**-83**	**-82**	**-83**	**8%**	**11%**	**-342**	**-319**
Profit before loan losses	**31**	**29**	**44**	**49**	**35**	**7%**	**-11%**	**153**	**159**
Net loan losses	-1	0	0	-1	0			-2	0
Operating profit	**30**	**29**	**44**	**48**	**35**	**3%**	**-14%**	**151**	**159**
Cost/income ratio, %	75	75	65	63	70			69	67
RAROCAR, %	31	24	35	35	25				
Economic capital (EC)	273	328	342	376	393	-17%	-31%		
Risk-weighted assets (RWA)	2,902	3,512	3,486	3,602	3,919	-17%	-26%		
Number of employees (FTEs)	1,208	1,195	1,207	1,218	1,219	1%	-1%		
Volumes, EURbn:									
AuM	69.4	67.9	64.3	64.6	61.0	2%	14%		
Household mortgage lending	5.6	5.4	5.3	5.2	4.9	4%	14%		
Consumer lending	3.4	3.1	3.1	3.1	3.1	10%	10%		
Total lending	**9.0**	**8.5**	**8.4**	**8.3**	**8.0**	**6%**	**13%**		
Household deposits	10.5	11.1	10.9	10.7	10.7	-5%	-2%		
Total deposits	**10.5**	**11.1**	**10.9**	**10.7**	**10.7**	**-5%**	**-2%**		

Asset Management

Nordea Asset Management is responsible for all actively managed investment products including internally managed investment funds and mandates as well as selected externally managed funds. Asset Management is responsible for serving the institutional asset management customers. Global Fund Distribution is licenced for wholesale fund distribution across 20 countries worldwide.

Business development

The investment performance in the fourth quarter was relatively strong with 80% of our composites outperforming their benchmarks. All our fixed-income composites continued to deliver value-adding performance to the clients. Equity composites' performance was good, although a few failed to deliver value added in the fourth quarter. The balanced products were well positioned to benefit from the positive performance of the financial markets and delivered value-adding performance. On a long-term horizon (36 months), Nordea's relative investment performance continues to be strong, with 72% of the investment composites outperforming their benchmarks.

Inflow was strong in retail funds continued with a net inflow of EUR 1.1bn. It was especially high net flows within fixed income and balanced funds products that contributed to the strong inflow, and the equity funds contributed with a minor positive inflow. From a geographical perspective, all markets reported net inflows and with especially high inflows in Finland and Sweden.

During the fourth quarter, further product consolidation was carried out with several fund mergers taking place in Luxembourg and the first cross-border mergers between Nordic funds. The first master-feeder funds under UCITS IV were also implemented during this quarter.

Institutional sales, comprising of Institutional Asset Management and Global Fund Distribution, reported a net inflow of EUR 1.2bn. For Institutional Asset Management, a EUR 0.5bn inflow was unevenly distributed with Denmark and Finland being in negative territory while the rest experienced positive inflow. Particularly Sweden and Global Sales contributed positively and more than made up for the outflows. The value of flow was also positive with the same drivers behind the result. Overall, the fourth quarter flows had a positive effect on the average margin of the asset base. Global Fund Distribution reported a net inflow of EUR 0.7bn, following the strong momentum from the three previous quarters. The quarter was characterised by strong net flows in all European countries, with noticeable positive development in the UK. Product-wise, Nordea's customers have in particular preferred high-yield solutions, but also our newly launched US total return product.

Result

Total income in the fourth quarter was EUR 141m, up 41% from the previous quarter and up 37% from the last year. The operating profit was a solid EUR 86m, up 87% from the previous quarter and up 79% from the last year. The solid quarter derived from a strong momentum from the positive investment performance and net inflow.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	0	0	0	1	1		-100%	1	4
Net fee and commission income	138	97	94	98	107	42%	29%	427	381
Net result from items at fair value	1	1	-2	4	-6	0%		4	-5
Equity method & other income	2	2	1	1	1	0%	100%	6	4
Total income incl. allocations	**141**	**100**	**93**	**104**	**103**	**41%**	**37%**	**438**	**384**
Staff costs	-29	-29	-33	-26	-27	0%	7%	-117	-109
Total expenses incl. allocations	**-55**	**-54**	**-57**	**-51**	**-55**	**2%**	**0%**	**-217**	**-212**
Profit before loan losses	**86**	**46**	**36**	**53**	**48**	**87%**	**79%**	**221**	**172**
Net loan losses	0	0	0	0	0			0	0
Operating profit	**86**	**46**	**36**	**53**	**48**	**87%**	**79%**	**221**	**172**
Cost/income ratio, %	39	54	62	49	54			50	55
Income, spread (basis points)	42	31	30	35	37				
Economic capital (EC)	59	55	60	71	56	7%	5%		
AuM, EURbn	137.8	132.0	123.6	122.2	116.3	4%	18%		
Number of employees (FTEs)	559	565	577	573	567	-1%	-1%		

Life & Pensions

Life & Pensions serves Nordea's customers with pension, endowment and risk products tailormade for bank distribution in the Nordic countries, Poland, the Baltic countries, the Isle of Man and Luxembourg. For the Danish, Norwegian and Polish markets, sales are also conducted through Life & Pensions' own sales force which operates independently of Nordea branches, as well as tied agents and insurance brokers.

Business development

Gross written premiums amounted to EUR 1,649m in the fourth quarter, up 36% compared to the third quarter, due to seasonal effects and strong bancassurance sales. Sales via the Nordea bank channel accounted for 57% of the total premiums in the fourth quarter.

In line with what has been reported previously during the year, Life & Pensions' strategy to shift the product portfolio towards capital-light products continued to pay off. In the fourth quarter, 79% of total gross written premiums were channeled into market return or pure risk products. Accordingly, fourth quarter's net inflow of EUR 0.5bn was entirely driven by market return products, as traditional products experienced outflow of EUR 0.3bn.

Financial buffers in the traditional portfolios increased EUR 0.1bn during the fourth quarter to EUR 1,9bn, corresponding to 7.5% of technical provisions, unchanged from the end of the third quarter.

Total average investment return in the traditional portfolio was 1.9% in the fourth quarter, reflecting strong asset and liability management efforts on managing the buffers in a continuously challenging financial environment.

Result

Operating profit in the fourth quarter was exceptionally strong, EUR 139m, EUR 73m higher than in the third quarter and EUR 47m higher than in the fourth quarter of last year. This was largely due to recognition from fee-reservation account of fee income related to previous periods attributable to part of the traditional portfolio. However, the underlying operating profit also increased, by 20% from the third quarter, primarily driven by market return products.

MCEV continued to increase in the second half of 2012, with higher asset values, strengthening of the financial buffers and continuous inflow of profitable new sales adding EUR 532m to MCEV, ending at EUR 3,762m. New business sales contributed by EUR 108m to MCEV in the second half of 2012.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	0	0	0	0	0			0	0
Net fee and commission income	69	46	49	41	58	50%	19%	205	194
Net result from items at fair value	114	66	71	68	83	73%	37%	319	221
Equity method & other income	7	7	6	2	1	0%		22	1
Total income incl. allocations	**190**	**119**	**126**	**111**	**142**	**60%**	**34%**	**546**	**416**
Staff costs	-25	-33	-31	-33	-29	-24%	-14%	-122	-125
Total expenses incl. allocations	**-51**	**-53**	**-53**	**-54**	**-50**	**-4%**	**2%**	**-211**	**-209**
Profit before loan losses	**139**	**66**	**73**	**57**	**92**	**111%**	**51%**	**335**	**207**
Net loan losses	0	0	0	0	0			0	0
Operating profit	**139**	**66**	**73**	**57**	**92**	**111%**	**51%**	**335**	**207**
Cost/income ratio, %	27	45	42	49	35			39	50
RAROCAR, %	19	9	10	10	22				
Economic capital (EC)	2,226	2,235	2,261	2,010	1,291	0%	72%		
AuM, EURbn	51.3	49.8	48.7	47.6	45.5	3%	13%		
Premiums	1,649	1,213	1,333	1,540	1,301	36%	27%		
Number of employees (FTEs)	1,277	1,292	1,294	1,311	1,334	-1%	-4%		
Profit drivers									
Profit Traditional products	80	9	17	13	53		51%	119	39
Profit Market Return products	35	31	28	24	20	13%	75%	118	75
Profit Risk products	13	14	15	14	10	-7%	30%	56	55
Total product result	**128**	**54**	**60**	**51**	**83**	**137%**	**54%**	**293**	**169**
Return on Shareholder equity, other profits and group adj.	11	12	13	6	9	-8%	22%	42	38
Operating profit	**139**	**66**	**73**	**57**	**92**	**111%**	**51%**	**335**	**207**

Wealth Management other

The area consists of the Wealth Management service operations which are not related directly to any of the business units. It also includes additional liquidity premium for long-term lending and deposits within Wealth Management and net interest income related to this.

EURm	Q412	Q312	Q212	Q112	Q411	Ch. Q412/Q312	Q412/Q411	2012	2011
Net interest income	2	3	4	4	2	-40%	0%	13	10
Net fee and commission income	0	0	0	0	1		-100%	0	1
Net result from items at fair value	0	0	0	0	0			0	0
Equity method & other income	0	0	0	0	0			0	4
Total income incl. allocations	**2**	**3**	**4**	**4**	**3**	**-40%**	**-33%**	**13**	**15**
Staff costs	-22	-15	-19	-17	-16	50%	38%	-73	-68
Total expenses incl. allocations	**-11**	**5**	**-6**	**0**	**-1**			**-12**	**-1**
Profit before loan losses	**-9**	**8**	**-2**	**4**	**2**			**1**	**14**
Net loan losses	0	0	0	0	0			0	0
Operating profit	**-9**	**8**	**-2**	**4**	**2**			**1**	**14**
Economic capital (EC)	1	-1	0	3	1		0%		
Number of employees (FTEs)	517	514	493	499	520	1%	-1%		

Group Functions and other

Together with the results in the business areas, the results of the Group Functions and other add up to the reported result in the Group. The main income in Group Corporate Centre (GCC) originates from Group Treasury (Group Asset & Liability Management, Group Funding and Group Investments & Execution). Group Functions, Other and Eliminations include the Transfer account centre, through which funding costs are allocated to business areas, as well as Group Operations and other Group Functions.

Group Corporate Centre

Business development – Nordea's funding, liquidity and market risk management

The proportion of long-term funding of total funding was at the end of the fourth quarter approx. 70%, down somewhat from 72% at the end of the third quarter.

Refinancing risk is managed by funding gap measures and matching between behavioural duration of assets and liabilities.

For short-term liquidity risks, Nordea uses a measure close to the liquidity coverage ratio (LCR). The liquidity buffer is composed of highly liquid primarily Nordic government and covered bonds which all are central bank eligible securities with characteristics similar to Basel III/CRD IV. The liquidity buffer amounted to EUR 64bn at the end of the fourth quarter (EUR 65bn at the end of the third quarter). The LCR was 127% at the end of the fourth quarter. The LCR in EUR was 181% and in USD 283% at the end of the fourth quarter. The outstanding volume of short-term debt decreased from EUR 67bn at year-end 2011 to EUR 57bn at the end of the fourth quarter 2012.

Nordea issued approx. EUR 4.0bn of long-term funding in the fourth quarter excluding Danish covered bonds, of which approx. EUR 1.6bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

During the fourth quarter, Nordea issued among other issues a GBP 500m 7-year senior note. The transaction was almost two times oversubscribed and is the largest GBP deal in over two years for a Nordic borrower.

The average price risk on Group Treasury's interest-rate positions, calculated as VaR, was EUR 35m during the fourth quarter. The risk related to equities, calculated as VaR, was EUR 8m and the risk related to credit spreads (VaR) was EUR 5m. Interest rate risk decreased while equity risk and credit spread risk increased slightly compared to the third quarter.

Result

Total operating income was EUR 96m in the fourth quarter. Net interest income was slightly lower at EUR 90m in the fourth quarter compared to EUR 101m in the previous quarter due to lower return on the liquidity portfolio. Net result from items at fair value decreased to EUR 8m compared to EUR 39m in the third quarter, mainly due to buy back of own debt and interest related items. Operating profit was EUR 55m.

	Group Corporate Centre							**Group functions, Other & Eliminations**						
EURm	Q412	Q312	Q212	Q112	Q411	2012	2011	Q412	Q312	Q212	Q112	Q411	2012	2011
Net interest income	90	101	106	107	96	404	358	31	16	20	10	17	77	83
Net fee and commission income	-2	-2	-2	0	-3	-6	-12	-32	-27	-22	-21	-27	-102	-106
Net result from items at fair value	8	39	24	15	25	86	12	-7	-89	37	-81	-14	-140	-55
Other income	0	1	1	1	-1	3	1	6	18	18	32	23	74	72
Total operating income	**96**	**139**	**129**	**123**	**117**	**487**	**359**	**-2**	**-82**	**53**	**-60**	**-1**	**-91**	**-6**
Staff costs	-16	-18	-19	-18	-12	-71	-61	-93	-98	-90	-102	-96	-383	-547
Total operating expenses	**-41**	**-45**	**-42**	**-36**	**-27**	**-164**	**-161**	**-25**	**-63**	**-53**	**-56**	**-37**	**-197**	**-304**
Net loan losses	0	0	0	0	0	0	0	-5	-6	2	2	0	-7	-6
Operating profit	**55**	**94**	**87**	**87**	**90**	**323**	**198**	**-32**	**-151**	**2**	**-114**	**-38**	**-295**	**-316**
Economic capital (EC)	447	459	468	541	551			571	508	675	461	465		
Risk-weighted assets (RWA)	4,631	4,883	4,509	5,012	4,394			5,187	5,491	6,157	4,888	5,067		
Number of employees (FTEs)	430	438	442	429	441									

Customer segments

Corporate customer segments and financial institutions, key figures

	Corporate & Institutional Banking			Large corporate customers (Nordic)			Other corporate customers (Nordic)			Poland & Baltic corporate customers		
	Q4 12	Q3 12	Q4 11	Q4 12	Q3 12	Q4 11	Q4 12	Q3 12	Q4 11	Q4 12	Q3 12	Q4 11
Number of customer '000 (EOP)	12	12	12	29	29	28				101	99	94
Income, EURm	**438**	**431**	**436**	**401**	**383**	**351**	**237**	**240**	**238**	**61**	**59**	**54**
Volumes, EURbn												
Lending	42.9	45.3	45.5	56.6	58.4	56.5	25.9	26.9	26.0	8.2	8.4	7.8
Deposit	39.8	42.8	37.0	20.6	19.9	20.0	22.7	21.9	22.3	4.1	3.5	3.2

	Russian corporate customers			Shipping customers						Corporate and financial institutions Total		
	Q4 12	Q3 12	Q4 11	Q4 12	Q3 12	Q4 11				Q4 12	Q3 12	Q4 11
Number of customer '000 (EOP)	6	6	6	2	2	2						
Income, EURm	**55**	**52**	**45**	**108**	**121**	**110**				**1,300**	**1,286**	**1,234**
Volumes, EURbn												
Lending	6.2	6.7	6.1	13.0	13.4	13.6				152.8	159.1	155.5
Deposit	2.2	2.1	2.4	4.8	4.8	4.7				94.2	95.0	89.6

Household customer segments, key figures

	Private Banking			Gold customers (Nordic)			Other household customers (Nordic)			Poland & Baltic household customers		
	Q4 12	Q3 12	Q4 11	Q4 12	Q3 12	Q4 11	Q4 12	Q3 12	Q4 11	Q4 12	Q3 12	Q4 11
Number of customer '000 (EOP)	106	105	103	2,973	2,962	2,918				974	961	925
Of which Gold+Private Banking										153	153	150
Income, EURm	**123**	**114**	**118**	**679**	**668**	**608**	**173**	**176**	**183**	**40**	**40**	**50**
Volumes, EURbn												
Lending	9.0	8.5	8.0	134.9	135.2	128.4	9.0	8.8	9.1	7.1	7.2	7.1
Deposit	10.5	11.1	10.7	57.8	57.7	54.4	16.8	16.7	16.4	2.0	2.0	1.8
Assets under Management	69.4	67.9	61.0									

	Russian household customers									Household customers Total		
	Q4 12	Q3 12	Q4 11							Q4 12	Q3 12	Q4 11
Number of customer '000 (EOP)	66	63	62									
Of which Gold+Private Banking										3,232	3,220	3,171
Income, EURm	**5**	**5**	**5**							**1,020**	**1,003**	**964**
Volumes, EURbn												
Lending	0.4	0.4	0.4							160.4	160.1	153.0
Deposit	0.2	0.2	0.2							87.3	87.7	83.5

Income statement

EURm	Note	Q4 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Operating income					
Interest income		*3,004*	*3,169*	*12,264*	*11,955*
Interest expense		*-1,575*	*-1,742*	*-6,512*	*-6,499*
Net interest income		1,429	1,427	5,752	5,456
Fee and commission income		*890*	*771*	*3,306*	*3,122*
Fee and commission expense		*-198*	*-183*	*-802*	*-727*
Net fee and commission income	3	692	588	2,504	2,395
Net result from items at fair value	4	444	506	1,784	1,517
Profit from companies accounted for under the equity method		33	15	93	42
Other operating income		32	22	103	91
Total operating income		**2,630**	**2,558**	**10,236**	**9,501**
Operating expenses					
General administrative expenses:					
Staff costs		-764	-714	-3,048	-3,113
Other expenses	5	-473	-502	-1,860	-1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets		-90	-50	-278	-192
Total operating expenses		**-1,327**	**-1,266**	**-5,186**	**-5,219**
Profit before loan losses		**1,303**	**1,292**	**5,050**	**4,282**
Net loan losses	6	-244	-263	-933	-735
Operating profit		**1,059**	**1,029**	**4,117**	**3,547**
Income tax expense		-217	-243	-991	-913
Net profit for the period		**842**	**786**	**3,126**	**2,634**
Attributable to:					
Shareholders of Nordea Bank AB (publ)		840	785	3,119	2,627
Non-controlling interests		2	1	7	7
Total		**842**	**786**	**3,126**	**2,634**
Basic earnings per share, EUR		0.21	0.19	0.78	0.65
Diluted earnings per share, EUR		0.21	0.19	0.78	0.65

Statement of comprehensive income

EURm	Q4 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Net profit for the period	**842**	**786**	**3,126**	**2,634**
Items that may be reclassified subsequently to income statement				
Currency translation differences during the period	-44	229	420	-28
Currency hedging of net investments in foreign operations	21	-113	-254	0
Tax on currency hedging of net investments in foreign operations	-27	30	45	0
Available-for-sale investments:[1]				
Valuation gains/losses during the period	-3	10	67	5
Tax on valuation gains/losses during the period	1	-2	-17	-1
Cash flow hedges:				
Valuation gains/losses during the period	-39	166	-188	166
Tax on valuation gains/losses during the period	11	-43	50	-43
Other comprehensive income, net of tax	**-80**	**277**	**123**	**99**
Total comprehensive income	**762**	**1,063**	**3,249**	**2,733**
Attributable to:				
Shareholders of Nordea Bank AB (publ)	760	1,062	3,242	2,726
Non-controlling interests	2	1	7	7
Total	**762**	**1,063**	**3,249**	**2,733**

[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	31 Dec 2012	31 Dec 2011
Assets			
Cash and balances with central banks		36,060	3,765
Loans to central banks	7	8,005	40,615
Loans to credit institutions	7	10,569	11,250
Loans to the public	7	346,251	337,203
Interest-bearing securities		94,939	92,373
Financial instruments pledged as collateral		7,970	8,373
Shares		28,128	20,167
Derivatives	10	118,789	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-711	-215
Investments in associated undertakings		585	591
Intangible assets		3,425	3,321
Property and equipment		474	469
Investment property		3,408	3,644
Deferred tax assets		218	169
Current tax assets		78	185
Retirement benefit assets		301	223
Other assets		16,372	19,425
Prepaid expenses and accrued income		2,559	2,703
Total assets		**677,420**	**716,204**
Of which assets customer bearing the risk		*20,361*	*16,170*
Liabilities			
Deposits by credit institutions		55,426	55,316
Deposits and borrowings from the public		200,678	190,092
Liabilities to policyholders		45,320	40,715
Debt securities in issue		184,340	179,950
Derivatives	10	114,203	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,940	1,274
Current tax liabilities		391	154
Other liabilities		33,472	43,368
Accrued expenses and prepaid income		3,903	3,496
Deferred tax liabilities		997	1,018
Provisions		389	483
Retirement benefit obligations		348	325
Subordinated liabilities		7,797	6,503
Total liabilities		**649,204**	**690,084**
Equity			
Non-controlling interests		5	86
Share capital		4,050	4,047
Share premium reserve		1,080	1,080
Other reserves		76	-47
Retained earnings		23,005	20,954
Total equity		**28,216**	**26,120**
Total liabilities and equity		**677,420**	**716,204**
Assets pledged as security for own liabilities		164,902	146,894
Other assets pledged		4,367	6,090
Contingent liabilities		21,157	24,468
Credit commitments[1]		84,914	85,319
Other commitments		1,294	1,651

[1] Including unutilised portion of approved overdraft facilities of EUR 45,796m (31 Dec 2011: EUR 47,607m).

Statement of changes in equity

EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to shareholders of Nordea Bank AB (publ)		Other reserves:						
Opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**20,954**	**26,034**	**86**	**26,120**
Total comprehensive income	-	-	211	-138	50	3,119	3,242	7	3,249
Issued C-shares[3]	3	-	-	-	-	-	3	-	3
Repurchase of C-shares[3]	-	-	-	-	-	-3	-3	-	-3
Share-based payments	-	-	-	-	-	14	14	-	14
Dividend for 2011	-	-	-	-	-	-1,048	-1,048	-	-1,048
Purchases of own shares[2]	-	-	-	-	-	-31	-31	-	-31
Change in non-controlling interests	-	-	-	-	-	-	-	-84	-84
Other changes	-	-	-	-	-	-	-	-4	-4
Closing balance at 31 Dec 2012	**4,050**	**1,080**	**35**	**-15**	**56**	**23,005**	**28,211**	**5**	**28,216**

EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to shareholders of Nordea Bank AB (publ)		Other reserves:						
Opening balance at 1 Jan 2011	**4,043**	**1,065**	**-148**	**-**	**2**	**19,492**	**24,454**	**84**	**24,538**
Total comprehensive income	-	-	-28	123	4	2,627	2,726	7	2,733
Issued C-shares[3]	4	-	-	-	-	-	4	-	4
Repurchase of C-shares[3]	-	-	-	-	-	-4	-4	-	-4
Share-based payments	-	-	-	-	-	11	11	-	11
Dividend for 2010	-	-	-	-	-	-1,168	-1,168	-	-1,168
Purchases of own shares[2]	-	-	-	-	-	-4	-4	-	-4
Other changes	-	15[4]	-	-	-	-	15	-5	10
Closing balance at 31 Dec 2011	**4,047**	**1,080**	**-176**	**123**	**6**	**20,954**	**26,034**	**86**	**26,120**

[1] Total shares registered were 4,050 million (31 Dec 2011: 4,047 million).

[2] Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 31 Dec 2012 were 26.9 million (31 Dec 2011: 20.7 million).

[3] Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares (LTIP 2011: 4,730,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 20.3 million (31 Dec 2011: 18.2 million).

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

Cash flow statement, condensed

EURm	Jan-Dec 2012	Jan-Dec 2011
Operating activities		
Operating profit	4,117	3,547
Adjustments for items not included in cash flow	3,178	537
Income taxes paid	-662	-981
Cash flow from operating activities before changes in operating assets and liabilities	6,633	3,103
Changes in operating assets and liabilities	13,121	627
Cash flow from operating activities	19,754	3,730
Investing activities		
Property and equipment	-114	-123
Intangible assets	-175	-191
Net investments in debt securities, held to maturity	1,047	7,876
Other financial fixed assets	16	3
Cash flow from investing activities	774	7,565
Financing activities		
New share issue	3	4
Issued/amortised subordinated liabilities	906	-1,341
Divestment/repurchase of own shares incl change in trading portfolio	-31	-4
Dividend paid	-1,048	-1,168
Cash flow from financing activities	-170	-2,509
Cash flow for the year	**20,358**	**8,786**
Cash and cash equivalents at beginning of the year	**22,606**	**13,706**
Translation difference	-156	114
Cash and cash equivalents at end of the year	**42,808**	**22,606**
Change	**20,358**	**8,786**

Cash and cash equivalents	31 Dec	31 Dec
The following items are included in cash and cash equivalents (EURm):	2012	2011
Cash and balances with central banks	36,060	3,765
Loans to central banks	5,938	17,328
Loans to credit institutions, payable on demand	810	1,513

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

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

Notes to the financial statements

Note 1 Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1 "Supplementary Accounting Rules for Groups" and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54) have also been applied.

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within "Net fee and commission income" (Note 3), the definition of impaired loans in "Loans and impairment" (Note 7) and the presentation of loans to central banks and treasury bills on the balance sheet.

The changes to Note 3 and Note 7 are further described below. The balance sheet lines Treasury bills and Interest-bearing securities have been combined and are reported as Interest-bearing securities as from the first quarter 2012. 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 second quarter 2012. The comparative figures have been restated accordingly.

Definition of impaired loans

The definition of impaired loans was changed in the first quarter 2012 and the disclosure includes all loans that have, as a consequence of identified loss events, 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.

	31 Dec 2011	
EURm	New policy	Old policy
Impaired loans	5,125	5,438
- Performing	2,946	3,287
- Non-performing	2,179	2,151

Categorisation of commissions

The categorisation of commissions within "Net fee and commission income" was in the first quarter 2012 improved by merging similar types of commissions. Commissions received for securities issues, corporate finance activities and issuer services were 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.

	Q4 2011		Jan-Dec 2011	
EURm	New policy	Old policy	New policy	Old policy
Brokerage, securities issues and corporate finance	59	48	266	200
Custody and issuer services	31	25	115	90
Payments	105	110	399	421
Other commission income	30	42	141	210

Exchange rates

	Jan-Dec 2012	Jan-Dec 2011
EUR 1 = SEK		
Income statement (average)	8.7052	9.0293
Balance sheet (at end of period)	8.5820	8.9120
EUR 1 = DKK		
Income statement (average)	7.4438	7.4506
Balance sheet (at end of period)	7.4610	7.4342
EUR 1 = NOK		
Income statement (average)	7.4758	7.7946
Balance sheet (at end of period)	7.3483	7.7540
EUR 1 = PLN		
Income statement (average)	4.1836	4.1203
Balance sheet (at end of period)	4.0740	4.4580
EUR 1 = RUB		
Income statement (average)	39.9253	40.8809
Balance sheet (at end of period)	40.3295	41.7650

Note 2 Segment reporting

	Operating segments													
	Retail Banking Jan-Dec		Wholesale Banking Jan-Dec		Group Corporate Centre Jan-Dec		Other Operating segments[1] Jan-Dec		Total operating segments Jan-Dec		Recon-ciliation Jan-Dec		**Total Group Jan-Dec**	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	**2012**	**2011**
Total operating income, EURm	5,776	5,540	2,745	2,588	480	359	1,228	1,129	10,229	9,616	7	-115	**10,236**	**9,501**
Operating profit, EURm	1,955	1,636	1,524	1,571	320	197	464	448	4,263	3,852	-146	-305	**4,117**	**3,547**
Loans to the public[2], EURbn	225	218	64	62	-	-	8	8	297	288	49	49	**346**	**337**
Deposits and borrowings from the public[2], EURbn	109	105	46	39	-	-	10	10	165	154	36	36	**201**	**190**

[1] Including the main business area Wealth Management.
[2] The volumes are only disclosed separate for operating segments if separately reported to the Chief Operating Decision Maker.

Break-down of Retail Banking and Wholesale Banking

	Total operating income, EURm Jan-Dec		Operating profit, EURm Jan-Dec		Loans to the public, EURbn 31 Dec		Deposits and borrowings from the public, EURbn 31 Dec	
	2012	2011	2012	2011	2012	2011	2012	2011
Retail Banking Nordic[1]	5,712	5,378	2,185	1,754	211	205	104	101
Retail Banking Poland & Baltic countries[1]	409	404	158	141	14	13	5	4
Retail Banking Other[2]	-345	-242	-388	-259	-	-	-	-
Retail Banking	**5,776**	**5,540**	**1,955**	**1,636**	**225**	**218**	**109**	**105**
Corporate & Institutional Banking	1,745	1,740	1,200	1,232	45	44	39	33
Shipping, Offshore & Oil Services	407	439	108	237	13	13	5	5
Nordea Bank Russia	222	199	114	96	6	5	2	1
Capital Markets unallocated	544	277	304	94	-	-	-	-
Wholesale Banking Other[3]	-173	-67	-202	-88	-	-	-	-
Wholesale Banking	**2,745**	**2,588**	**1,524**	**1,571**	**64**	**62**	**46**	**39**

[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.

Reconciliation between total operating segments and financial statements

	Operating profit, Jan-Dec		Loans to the public, EURbn 31 Dec		Deposits and borrowings 31 Dec	
	2012	2011	2012	2011	2012	2011
Total Operating segments	4,263	3,852	297	288	165	154
Group functions[1]	-117	-236	-	-	-	-
Unallocated items	-83	-67	45	39	20	17
Differences in accounting policies[2]	54	-2	4	10	16	19
Total	**4,117**	**3,547**	**346**	**337**	**201**	**190**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Group Executive Management.
[2] Impact from plan rates used in the segment reporting.

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 Nordea 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.

Internally developed and bought software have previously been expensed as incurred in the operating segments but capitalised, as required by IAS 38, in the group’s balance sheet. As from the first quarter 2012 internally developed and bought software are capitalised directly in the operating segments. Comparative information has been restated accordingly.

Changes in basis of segmentation

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	Q4 2012	Q3 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Asset management commissions	231	203	181	832	754
Life insurance	95	69	72	301	306
Brokerage, securities issues and corporate finance	75	73	59	289	266
Custody and issuer services	31	22	31	117	115
Deposits	15	13	11	54	44
Total savings and investments	447	380	354	1,593	1,485
Payments	107	102	105	416	399
Cards	130	122	116	487	446
Total payment and cards	237	224	221	903	845
Lending	115	122	111	463	437
Guarantees and documentary payments	59	55	55	225	214
Total lending related commissions	174	177	166	688	651
Other commission income	32	31	30	122	141
Fee and commission income	**890**	**812**	**771**	**3,306**	**3,122**
Savings and investments	-63	-77	-46	-276	-245
Payments	-25	-22	-24	-92	-87
Cards	-63	-56	-63	-238	-219
State guarantee fees	-19	-26	-17	-89	-55
Other commission expenses	-28	-26	-33	-107	-121
Fee and commission expenses	**-198**	**-207**	**-183**	**-802**	**-727**
Net fee and commission income	**692**	**605**	**588**	**2,504**	**2,395**

Note 4 Net result from items at fair value

EURm	Q4 2012	Q3 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Shares/participations and other share-related instruments	314	93	1,696	1,657	-518
Interest-bearing securities and other interest-related instruments	675	1,416	-174	2,638	1,452
Other financial instruments	90	137	24	484	163
Foreign exchange gains/losses	54	-23	2	253	546
Investment properties	20	44	18	135	158
Change in technical provisions[1], Life insurance	-626	-1,252	-909	-2,935	-937
Change in collective bonus potential, Life insurance	-125	-56	-162	-544	607
Insurance risk income, Life insurance	49	48	46	188	217
Insurance risk expense, Life insurance	-7	-30	-35	-92	-171
Total	**444**	**377**	**506**	**1,784**	**1,517**

Of which Life insurance

EURm	Q4 2012	Q3 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Shares/participations and other share-related instruments	263	24	1,632	1,245	-629
Interest-bearing securities and other interest-related instruments	479	1,233	-428	2,243	959
Other financial instruments	0	0	2	0	0
Foreign exchange gains/losses	52	46	-91	41	-23
Investment properties	22	44	17	136	156
Change in technical provisions[1], Life insurance	-626	-1,252	-909	-2,935	-937
Change in collective bonus potential, Life insurance	-125	-56	-162	-544	607
Insurance risk income, Life insurance	49	48	46	188	217
Insurance risk expense, Life insurance	-7	-30	-35	-92	-171
Total	**107**	**57**	**72**	**282**	**179**

[1] Premium income amounts to EUR 754m for Q4 2012 and EUR 2,601m for Jan-Dec 2012 (Q3 2012: EUR 522m, Q4 2011: EUR 622m, Jan-Dec 2011: EUR 2,544m).

Note 5 Other expenses

EURm	Q4 2012	Q3 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Information technology	-174	-156	-163	-639	-647
Marketing and representation	-37	-24	-40	-121	-131
Postage, transportation, telephone and office expenses	-55	-53	-61	-224	-232
Rents, premises and real estate expenses	-98	-117	-103	-421	-444
Other	-109	-117	-135	-455	-460
Total	**-473**	**-467**	**-502**	**-1,860**	**-1,914**

Note 6 Net loan losses

EURm	Q4 2012	Q3 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Loan losses divided by class					
Loans to credit institutions	0	-1	0	-1	2
Loans to the public	-267	-251	-278	-939	-659
- of which provisions	-357	-364	-380	-1,438	-1,154
- of which write-offs	-236	-158	-235	-643	-800
- of which allowances used for covering write-offs	185	106	180	453	625
- of which reversals	114	150	131	611	596
- of which recoveries	27	15	26	78	74
Off-balance sheet items	23	-2	15	7	-78
Total	**-244**	**-254**	**-263**	**-933**	**-735**

Key ratios

	Q4 2012	Q3 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Loan loss ratio, basis points	29	30	33	28	23
- of which individual	31	29	37	31	30
- of which collective	-2	1	-4	-3	-7

Note 7 Loans and impairment[1]

EURm	31 Dec 2012	30 Sep 2012	31 Dec 2011
	Total		
Loans, not impaired	360,768	372,922	386,414
Impaired loans	6,905	6,856	5,125
- Performing	4,023	4,004	2,946
- Non-performing	2,882	2,852	2,179
Loans before allowances	**367,673**	**379,778**	**391,539**
Allowances for individually assessed impaired loans	-2,400	-2,348	-1,892
- Performing	-1,332	-1,322	-1,080
- Non-performing	-1,068	-1,026	-812
Allowances for collectively assessed impaired loans	-448	-464	-579
Allowances	**-2,848**	**-2,812**	**-2,471**
Loans, carrying amount	**364,825**	**376,966**	**389,068**

	Central banks and credit institutions			The public		
EURm	31 Dec 2012	30 Sep 2012	31 Dec 2011	31 Dec 2012	30 Sep 2012	31 Dec 2011
Loans, not impaired	18,578	23,816	51,860	342,190	349,106	334,554
Impaired loans	24	32	33	6,881	6,824	5,092
- Performing	-	8	9	4,023	3,996	2,937
- Non-performing	24	24	24	2,858	2,828	2,155
Loans before allowances	**18,602**	**23,848**	**51,893**	**349,071**	**355,930**	**339,646**
Allowances for individually assessed impaired loans	-24	-26	-26	-2,376	-2,322	-1,866
- Performing	-	-2	-	-1,332	-1,320	-1,080
- Non-performing	-24	-24	-26	-1,044	-1,002	-786
Allowances for collectively assessed impaired loans	-4	-4	-2	-444	-460	-577
Allowances	**-28**	**-30**	**-28**	**-2,820**	**-2,782**	**-2,443**
Loans, carrying amount	**18,574**	**23,818**	**51,865**	**346,251**	**353,148**	**337,203**

Allowances and provisions

EURm	31 Dec 2012	30 Sep 2012	31 Dec 2011
Allowances for items in the balance sheet	-2,848	-2,812	-2,471
Provisions for off balance sheet items	-84	-109	-93
Total allowances and provisions	**-2,932**	**-2,921**	**-2,564**

Key ratios

	31 Dec 2012	30 Sep 2012	31 Dec 2011
Impairment rate, gross, basis points	188	181	131
Impairment rate, net, basis points	123	119	83
Total allowance rate, basis points	77	74	63
Allowances in relation to impaired loans, %	35	34	37
Total allowances in relation to impaired loans, %	41	41	48
Non-performing, not impaired, EURm[1]	614	644	307

[1] The comparative figures for 2011 regarding impaired loans and non-performing, not impaired loans have been restated to ensure consistency between the periods.

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	36,060	-	-	-	-	-	36,060
Loans to central banks and credit institutions	10,118	-	7,481	975	-	-	18,574
Loans to the public	266,996	-	26,120	53,135	-	-	346,251
Interest-bearing securities	755	6,497	39,561	20,762	-	27,364	94,939
Financial instruments pledged as collateral	-	-	7,970	-	-	-	7,970
Shares	-	-	8,950	19,168	-	10	28,128
Derivatives	-	-	115,706	-	3,083	-	118,789
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-711	-	-	-	-	-	-711
Other assets	7,560	-	-	7,810	-	-	15,370
Prepaid expenses and accrued income	2,083	-	0	25	-	-	2,108
Total 31 Dec 2012	**322,861**	**6,497**	**205,788**	**101,875**	**3,083**	**27,374**	**667,478**
Total 31 Dec 2011	325,920	7,893	254,586	96,451	2,541	19,814	707,205

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	17,320	2,538	-	35,568	55,426
Deposits and borrowings from the public	16,919	7,381	-	176,378	200,678
Liabilities to policyholders, investment contracts	-	12,106	-	-	12,106
Debt securities in issue	7,572	31,296	-	145,472	184,340
Derivatives	113,202	-	1,001	-	114,203
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	1,940	1,940
Other liabilities	6,136	5,787	-	19,107	31,030
Accrued expenses and prepaid income	-	470	-	2,103	2,573
Subordinated liabilities	-	-	-	7,797	7,797
Total 31 Dec 2012	**161,149**	**59,578**	**1,001**	**388,365**	**610,093**
Total 31 Dec 2011	213,415	61,836	627	380,582	656,460

Note 9 Financial instruments

Determination of fair value from quoted market prices or valuation techniques

31 Dec 2012, EURm	Quoted prices in active markets for same instrument (Level 1)	*Of which Life*	Valuation technique using observable data (Level 2)	*Of which Life*	Valuation technique using non-observable data (Level 3)	*Of which Life*	Total
Assets							
Loans to central banks and credit institutions	34	-	8,422	-	-	-	8,456
Loans to the public	-	-	79,255	-	-	-	79,255
Debt securities[1]	60,593	*16,768*	33,940	*5,558*	1,118	*719*	95,651
Shares[2]	24,760	*16,886*	-	-	3,374	*2,210*	28,134
Derivatives	175	*156*	116,698	*78*	1,916	-	118,789
Other assets	-	-	7,810	-	-	-	7,810
Prepaid expenses and accrued income	-	-	25	-	-	-	25
Liabilities							
Deposits by credit institutions	-	-	19,858	-	-	-	19,858
Deposits and borrowings from the public	-	-	24,300	-	-	-	24,300
Liabilities to policyholders	-	-	12,106	*12,106*	-	-	12,106
Debt securities in issue	31,296	-	7,572	-	-	-	38,868
Derivatives	53	-	112,566	-	1,584	-	114,203
Other liabilities	4,873	-	7,050	-	-	-	11,923
Accrued expenses and prepaid income	-	-	470	-	-	-	470

[1] Of which EUR 87,687m relates to Interest-bearing securities (the portion held at fair value in Note 8). EUR 7,964m relates to the balance sheet item Financial instruments pledged as collateral.

[2] EUR 6m relates to the balance sheet item Financial instruments pledged as collateral.

Note 10 Derivatives

Fair value	31 Dec 2012		31 Dec 2011	
EURm	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading				
Interest rate derivatives	102,558	97,014	149,336	146,540
Equity derivatives	623	568	638	688
Foreign exchange derivatives	11,300	14,450	16,527	16,535
Credit derivatives	637	655	1,483	1,493
Commodity derivatives	528	487	1,376	1,296
Other derivatives	60	28	42	211
Total	**115,706**	**113,202**	**169,402**	**166,763**
Derivatives used for hedging				
Interest rate derivatives	2,281	594	1,941	493
Equity derivatives	-	-	-	-
Foreign exchange derivatives	802	407	600	134
Total	**3,083**	**1,001**	**2,541**	**627**
Total fair value				
Interest rate derivatives	104,839	97,608	151,277	147,033
Equity derivatives	623	568	638	688
Foreign exchange derivatives	12,102	14,857	17,127	16,669
Credit derivatives	637	655	1,483	1,493
Commodity derivatives	528	487	1,376	1,296
Other derivatives	60	28	42	211
Total	**118,789**	**114,203**	**171,943**	**167,390**

Nominal amount	31 Dec	31 Dec
EURm	2012	2011
Derivatives held for trading		
Interest rate derivatives	5,622,598	5,701,729
Equity derivatives	17,811	17,144
Foreign exchange derivatives	910,396	954,193
Credit derivatives	47,052	61,889
Commodity derivatives	7,817	16,547
Other derivatives	2,583	2,170
Total	**6,608,257**	**6,753,672**
Derivatives used for hedging		
Interest rate derivatives	59,858	60,103
Equity derivatives	-	-
Foreign exchange derivatives	8,871	10,505
Total	**68,729**	**70,608**
Total nominal amount		
Interest rate derivatives	5,682,456	5,761,832
Equity derivatives	17,811	17,144
Foreign exchange derivatives	919,267	964,698
Credit derivatives	47,052	61,889
Commodity derivatives	7,817	16,547
Other derivatives	2,583	2,170
Total	**6,676,986**	**6,824,280**

Note 11 Capital adequacy

Capital Base

EURm	31 Dec 2012	31 Dec 2011
Core Tier 1 capital	21,961	20,677
Tier 1 capital	23,953	22,641
Total capital base	27,274	24,838

Capital requirement

EURm	31 Dec 2012 Capital requirement	31 Dec 2012 RWA	31 Dec 2011 Capital requirement	31 Dec 2011 RWA
Credit risk	**11,627**	**145,340**	**12,929**	**161,604**
IRB	9,764	122,050	9,895	123,686
- of which corporate	7,244	90,561	6,936	86,696
- of which institutions	671	8,384	897	11,215
- of which retail	1,737	21,710	1,949	24,367
- of which other	112	1,395	113	1,408
Standardised	1,863	23,290	3,034	37,918
- of which sovereign	34	426	43	536
- of which retail	860	10,752	795	9,934
- of which other	969	12,112	2,196	27,448
Market risk	**506**	**6,323**	**652**	**8,144**
- of which trading book, Internal Approach	312	3,897	390	4,875
- of which trading book, Standardised Approach	138	1,727	206	2,571
- of which banking book, Standardised Approach	56	699	56	698
Operational risk	**1,298**	**16,229**	**1,236**	**15,452**
Standardised	1,298	16,229	1,236	15,452
Sub total	**13,431**	**167,892**	**14,817**	**185,200**
Adjustment for transition rules				
Additional capital requirement according to transition rules	3,731	46,631	3,087	38,591
Total	**17,162**	**214,523**	**17,904**	**223,791**

Capital ratio

	31 Dec 2012	31 Dec 2011
Core Tier I ratio, %, incl profit	10.2	9.2
Tier I ratio, %, incl profit	11.2	10.1
Total capital ratio, %, incl profit	12.7	11.1

Analysis of capital requirements

Exposure class, 31 Dec 2012	Average risk weight (%)	Capital requirement (EURm)
Corporate	52%	7,244
Institutions	13%	671
Retail IRB	14%	1,737
Sovereign	1%	34
Other	73%	1,941
Total credit risk		**11,627**

Note 12 Risks and uncertainties

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

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

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

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

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

Business definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nordea Bank AB (publ)

Accounting policies

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments compared to IFRS.

The disclosures in this interim report follow the interim reporting requirements in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54). More information can be found in the Group's interim report.

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" and the definition of impaired loans. These changes were made in the first quarter 2012. More information on the categorisation of commissions and the definition of impaired loans can be found in Note 1 for the Group.

Income statement

EURm	Q4 2012	Q4 2011	Jan-Dec 2012	Jan-Dec 2011
Operating income				
Interest income	*583*	*743*	*2,656*	*2,626*
Interest expense	*-418*	*-546*	*-1,932*	*-1,946*
Net interest income	165	197	724	680
Fee and commission income	*241*	*210*	*853*	*777*
Fee and commission expense	*-51*	*-72*	*-230*	*-217*
Net fee and commission income	190	138	623	560
Net result from items at fair value	37	39	189	234
Dividends	3,271	1,410	3,554	1,534
Other operating income	177	33	501	122
Total operating income	**3,840**	**1,817**	**5,591**	**3,130**
Operating expenses				
General administrative expenses:				
Staff costs	-214	-202	-938	-823
Other expenses	-269	-141	-842	-561
Depreciation, amortisation and impairment charges of tangible and intangible assets	-32	-26	-105	-112
Total operating expenses	**-515**	**-369**	**-1,885**	**-1,496**
Profit before loan losses	**3,325**	**1,448**	**3,706**	**1,634**
Net loan losses	-5	-28	-19	-20
Impairment of securities held as financial non-current assets	-15	-1	-15	-9
Operating profit	**3,305**	**1,419**	**3,672**	**1,605**
Appropriations	-103	1	-103	1
Income tax expense	-66	-96	-95	-114
Net profit for the period	**3,136**	**1,324**	**3,474**	**1,492**

Nordea Bank AB (publ)
Balance sheet

EURm	31 Dec 2012	31 Dec 2011
Assets		
Cash and balances with central banks	180	152
Treasury bills	5,092	3,730
Loans to central banks	823	246
Loans to credit institutions	67,183	59,133
Loans to the public	36,215	36,421
Interest-bearing securities	11,594	14,584
Financial instruments pledged as collateral	104	1,237
Shares	4,742	1,135
Derivatives	5,852	4,339
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-1,157	-632
Investments in group undertakings	17,659	16,713
Investments in associated undertakings	8	5
Intangible assets	670	658
Property and equipment	121	81
Deferred tax assets	18	26
Current tax assets	41	12
Other assets	1,713	2,262
Prepaid expenses and accrued income	1,272	1,279
Total assets	**152,130**	**141,381**
Liabilities		
Deposits by credit institutions	19,342	22,441
Deposits and borrowings from the public	50,263	44,389
Debt securities in issue	48,284	45,367
Derivatives	4,166	3,014
Fair value changes of the hedged items in portfolio hedge of interest rate risk	16	147
Current tax liabilities	3	71
Other liabilities	1,635	1,776
Accrued expenses and prepaid income	1,468	851
Deferred tax liabilities	9	2
Provisions	148	90
Retirement benefit obligations	182	153
Subordinated liabilities	7,131	6,154
Total liabilities	**132,647**	**124,455**
Untaxed reserves	**108**	**5**
Equity		
Share capital	4,050	4,047
Share premium reserve	1,080	1,080
Other reserves	12	-13
Retained earnings	14,233	11,807
Total equity	**19,375**	**16,921**
Total liabilities and equity	**152,130**	**141,381**
Assets pledged as security for own liabilities	4,230	3,530
Other assets pledged	6,225	7,264
Contingent liabilities	86,292	24,720
Credit commitments[1]	26,270	25,098

[1] Including unutilised portion of approved overdraft facilities of EUR 12,952m (31 Dec 2011: EUR 12,259m).

Note 1 Capital adequacy

Capital Base

EURm	31 Dec 2012	31 Dec 2011
Core Tier 1 capital	17,252	15,170
Tier 1 capital	19,244	17,134
Total capital base	23,898	20,304

Capital requirement

EURm	31 Dec 2012 Capital requirement	31 Dec 2012 RWA	31 Dec 2011 Capital requirement	31 Dec 2011 RWA
Credit risk[1]	**7,494**	**93,670**	**4,595**	**57,441**
IRB	4,752	59,394	2,186	27,328
- of which corporate	4,404	55,051	1,764	22,051
- of which institutions	140	1,751	198	2,477
- of which retail	188	2,345	201	2,518
- of which other	20	247	23	282
Standardised	2,742	34,276	2,409	30,113
- of which retail	106	1,327	-	-
- of which sovereign	2	21	0	0
- of which other	2,634	32,928	2,409	30,113
Market risk	**123**	**1,539**	**92**	**1,158**
- of which trading book, Internal Approach	39	484	30	376
- of which trading book, Standardised Approach	20	246	11	143
- of which banking book, Standardised Approach	64	809	51	639
Operational risk	**219**	**2,739**	**190**	**2,375**
Standardised	219	2,739	190	2,375
Sub total	**7,836**	**97,948**	**4,877**	**60,974**
Adjustment for transition rules				
Additional capital requirement according to transition rules	-	-	-	-
Total	**7,836**	**97,948**	**4,877**	**60,974**

Capital ratio

	31 Dec 2012	31 Dec 2011
Core Tier I ratio, %, incl profit	17.6	24.9
Tier I ratio, %, incl profit	19.6	28.1
Total capital ratio, %, incl profit	24.4	33.3

Analysis of capital requirements

Exposure class, 31 Dec 2012	Average risk weight (%)	Capital requirement (EURm)
Corporate	60%	4,404
Institutions	10%	140
Retail IRB	33%	188
Sovereign	0%	2
Other	35%	2,760
Total credit risk		**7,494**

[1]The increase in credit risk is related to the guarantee between Nordea Bank AB (publ) and Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees the majority of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The RWA effect of the guarantee in Nordea Bank AB (publ) by 31 Dec 2012 equals approx. EUR 34bn.

For further information:

- A press conference with management will be held on 30 January at 09.30 CET, at Regeringsgatan 59, Stockholm.
- An analyst conference with management will be held on 30 January at 12.00 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be held on 30 January at 14.30 CET. (Please dial +44 20 7136 2050, confirmation code 9443408#, latest ten minutes in advance.) The telephone conference can be monitored live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will also be available through 5 February, by dialling +44 20 3427 0598, access code 9443408#.
- An analyst and investor presentation will be held in London on 31 January at 12.30 local time at Goldman Sachs, Peterborough Court, Room 10D, 133 Fleet St, EC4A 2BB London. To attend, please contact Nicole Campbell-Gibbs, Nicole.Campbell-Gibbs@gs.com
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.
- Nordea Bank AB's Annual Report 2012 and the Capital and Risk Management report (Pillar III) 2012 will be published on www.nordea.com during week 7 (the week starting 11 February). In week 8, the printed Annual Report will be available.

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Financial calendar

6 March 2013 – Capital Markets Day in London
24 April 2013 – First quarter report 2013
17 July 2013 – Second quarter report 2013
23 October 2013 – Third quarter report 2013

Stockholm 30 January 2013

Christian Clausen
President and Group CEO

This report has not been subject to review by the Auditors.

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

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

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

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