Nordea

Annual Report 2014
Nordea Bank Danmark

Business registration number 13522197

Nordea Bank Danmark A/S is part of the Nordea Group. Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 700 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.

Content

Key financial figures, Group

Income, profit and business volumes, key items (DKKm)	2014	2013	Change %	2012	2011
Total operating income	19,573	17,428	12	16,622	16,090
Total operating expenses	-11,180	-10,072	11	-10,322	-10,480
Profit before loan losses	8,393	7,356	14	6,300	5,610
Net loan losses	-1,831	-2,694	-32	-4,264	-2,761
Operating profit	6,562	4,662	41	2,036	2,849
Net profit for the year	5,701	3,664	56	1,514	2,188
Loans to the public, DKKbn	607	601	1	609	607
Deposits and borrowings from the public, DKKbn	319	313	2	319	313
Equity, DKKbn	45	41	9	37	32
Total assets, DKKbn	817	826	-1	819	834

Ratios and key figures	2014	2013	2012	2011
Return on equity, %[1]	13.3	9.4	4.4	6.8
Cost/income ratio	57	58	62	65
Loan loss ratio, basis points	30	45	70	46
Common Equity Tier 1 capital ratio, excl. transition rules, %[2,3,4]	14.8	14.0	12.1	10.1
Tier 1 capital ratio, excl. transition rules, %[2,3]	14.8	14.0	12.1	10.1
Total capital ratio, excl. transition rules, %[2,3]	19.5	20.5	18.2	17.0
Tier 1 capital, DKKbn[2,3,4]	38	36	34	29
Risk exposure amount excl. transition rules, DKKbn[3,4]	255	258	280	289
Number of employees[1] (full-time equivalents)[3]	6,325	6,440	6,584	7,885

[1] 2012 (but not 2011) restated due to the amendment to IAS 19, implemented 1 January 2013.
[2] Including the profit for the year.
[3] End of year.
[4] The end of 2013 ratios are reported under Basel II regulation framework and the end of 2014 ratios are reported using Basel III (CRR/CRDIV) framework.

For definitions see business definitions on page 31.

Nordea Bank Danmark Board of Directors' report

Financial review

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

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

Group organisation

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

Subsidiaries and foreign branches

NBD's most significant subsidiaries are Nordea Kredit Realkreditaktieselskab, through which the bank carries out mortgage lending activities, and Nordea Finans Danmark A/S, through which the bank carries on financing, leasing and factoring activities.

NBD had no foreign branches in 2014.

Comments on the income statement (NBD Group)

2014 was characterised by macro headwinds with low growth and even lower interest rates. Hopes of a global recovery have diminished due to geopolitical tensions, which also affect the export-oriented Danish economy. Despite the headwinds, income was holding up well in the customer areas.

Lending increased compared to 2013 in both the household and corporate segments. A continued inflow of both household and corporate customers supported this development. Customers' demand for interaction with the bank increased during the year, leading to a higher activity level with both household and corporate customers. Loan losses continued to decrease and were at the lowest level since the beginning of the financial crisis.

NBD's total operating income increased by DKK 2.2bn to DKK 19.6bn (DKK 17.4bn) (the comparative figures in brackets refer to 2013), up by 12% compared to 2013. The increase was driven by net fee and commission income, up by DKK 0.6bn, and other operating income, up by DKK 2.8bn due to the non-recurring gain from the sale of shares in Nets Holding A/S. Total operating expenses were up by 11% to DKK 11.2bn (DKK 10.1bn). Excluding non-recurring restructuring costs and impairment charges on capitalised IT software, total operating expenses were up by 1% to DKK 10.2bn. Profit before loan losses increased 14% to DKK 8.4bn (DKK 7.4bn). Net loan losses decreased DKK 0.9bn to DKK 1.8bn (DKK 2.7bn).

NBD's operating profit increased by DKK 1.9bn to DKK 6.6bn (DKK 4.7bn). Excluding non-recurring items, operating profit increased by 2%. Net profit for the year increased to DKK 5.7bn (DKK 3.7bn). Net profit for 2014 exceeded expectations due to the gain from the sale of Nets Holding A/S. Return on equity was 13.3% (9.4%).

Operating income

Total operating income increased 12% to DKK 19.6bn (DKK 17.4bn) due to higher net fee and commission income as well as a gain from the sale of NBD's shares in Nets Holding A/S.

Net interest income decreased 6% to DKK 11.0bn (DKK 11.7bn). The decrease was mainly related to lower interest income in Treasury affected by re-pricing of assets at lower rates. Furthermore, net interest income was negatively affected by lower lending margins for household and corporate customers due to fierce competition and the continued low interest rate level in the market. The decrease was partly offset by an increase in margins on mortgage loans due to changes to administration and reserve fees, which were introduced in January 2014. Loans to the public increased 1% and deposits from the public increased 2%.

Net fee and commission income increased 12% to DKK 5.5bn (DKK 4.9bn) primarily driven by higher savings-related commissions. Savings-related commissions increased 14% to DKK 3.9bn (DKK 3.4bn) due to higher asset management commissions and brokerage, corporate finance, custody and issuer services fees. Income from lending-related commissions was up by 6% due to higher refinancing activity. Income from payment-related commissions was up by 7% due to higher activity on cards.

Net result from items at fair value was negative by DKK 0.2bn (DKK 0.3bn) affected by interest rate positions in Treasury. The result of the private equity portfolio decreased compared to 2013 mainly related to the investment in Axcel III. The remaining portfolio of Pandora shares in Axcel III was sold during 2014. The result compared to 2013 was also affected by lower income from equity trading in Markets' customer-driven activities while income in Retail Banking from refinancing of mortgage loans increased.

Profit from companies accounted for under the equity method was DKK 0.1bn (DKK 0.2bn) and was primarily related to the associated company LR Realkredit A/S.

Other operating income increased to DKK 3.1bn (DKK 0.3bn) due to a gain from the sale of NBD's 20.7% stake in Nets Holding A/S to a consortium consisting of funds advised by Advent International, ATP and Bain Capital on 9 July 2014 leading to a tax-free gain of DKK 2.8bn.

Operating expenses

Total operating expenses increased 11% to DKK 11.2bn (DKK 10.1bn).

Nordea launched an Accelerated Cost Efficiency (ACE) programme during 2014. The main initiatives driving cost reductions are: customer behaviour-driven adaptations, for example distribution optimisation including reduced cash handling; insourcing of IT services; simplification actions, for example streamlining the product offering and centralised and improved processes; offshoring and automation; and continued and reinforced tight cost management. Restructuring costs of DKK 0.3bn for the ACE programme covers termination benefits and other provisions mainly related to redundant premises.

Staff costs increased 2% to DKK 5.7bn (DKK 5.6bn). Excluding restructuring costs, staff costs decreased 3% mainly due to lower variable salaries and a reduction in the number of full-time employees (FTEs). Staff costs were negatively affected by the increase in the payroll tax rate from 10.9% in 2013 to 11.4% in 2014. At year-end the number of full-time employees (FTEs) was down by 2% to 6,325 (6,440). The average number of full-time equivalent positions in 2014 was 6,363 (6,538).

Other expenses increased 10% to DKK 4.4bn (DKK 4.0bn). Excluding restructuring costs, other expenses increased 8% mainly due to higher IT costs.

Other operating expenses were DKK 0.0bn (DKK 0.1bn). Other operating expenses comprise NBD's share of losses of the winding-up and restructuring department of the Danish Deposit Guarantee Fund. The cost of the Danish bank packages has since 2008 totalled more than DKK 6bn.

Depreciation, amortisation and impairment charges of tangible and intangible assets increased to DKK 1.1bn (DKK 0.4bn) due to impairment charges of DKK 0.7bn on capitalised IT software. The main driver was the decision to build new core banking and payment platforms, but to some extent also current decisions following the reassessment of useful lives of other systems. The reassessment of useful lives follows the recently observed increase in the pace at which the regulatory and technological development is moving.

The cost/income ratio improved to 57% compared to 58% last year. The cost/income ratio excluding non-recurring items was 61%.

Loan losses

Net loan losses decreased as expected, but remained at an elevated level in 2014. Net loan losses were down to DKK 1.8bn compared to DKK 2.7bn in 2013. Net loan losses on individually assessed loans decreased to DKK 1.9bn (DKK 2.5bn) and losses on collectively assessed loans showed a net reversal of DKK 0.1bn (loss of DKK 0.2bn). The decrease in loan losses was mainly related to corporate customers. Losses on collectively assessed loans were affected by provisions related to the agricultural sector. The loan loss ratio decreased to 30 bp (45 bp).

Taxes

Corporate income tax expense was DKK 0.9bn (DKK 1.0bn). The effective tax rate of 13% (21%) was positively affected by the non-taxable capital gain from the divestment of the shareholding in Nets Holding A/S and the ruling on a tax case in favour of NBD.

In addition to corporate income tax, the payroll tax expense in 2014 amounted to DKK 0.6bn (DKK 0.5bn). Moreover, NBD's costs were adversely affected by DKK 0.3bn (DKK 0.3bn) as financial institutions cannot deduct VAT.

Net profit
Net profit for the year increased to DKK 5.7bn (DKK 3.7bn). Return on equity was 13.3% (9.4%).

Comments on the balance sheet (NBD Group)

Total assets decreased to DKK 817bn at the end of 2014 (DKK 826bn). All balance sheet items in foreign currencies are translated into DKK at the actual year-end currency exchange rates. See Note G1 for more information regarding accounting policies.

Assets
Cash and balances with central banks and Loans to central banks decreased, taken together, to DKK 52bn (DKK 84bn) due to a decrease in certificates of deposit and demand balances with the Danish central bank.

Loans to credit institutions increased to DKK 51bn (DKK 12bn) due to an increase in reverse repurchase agreements with Nordea Bank Finland related to Markets' activities in the fixed-income market.

Loans to the public were DKK 607bn (DKK 601bn). Lending to household customers was up by DKK 2bn as a result of a DKK 5bn increase in household mortgages and a DKK 3bn decrease in household consumer loans. Lending to corporate customers was up by DKK 5bn,while lending to the public sector was down by DKK 1bn.

Interest-bearing securities DKK 75bn (DKK 78bn) remained at the same level compared to 2013. The portfolio of interest-bearing securities are mainly held by Group Treasury and the customer's pooled schemes.

Shares decreased to DKK 22bn (DKK 29bn) as a consequence of the centralisation of Markets' equity activities in Nordea Bank Finland.

Investments in associated undertakings decreased to DKK 0.2 (DKK 1bn) due to the sale of NBD's shares in Nets Holding A/S.

Liabilities
Deposits by credit institutions continued to decrease and amounted to DKK 58bn compared to DKK 112bn end of 2013.

Deposits and borrowings from the public increased to DKK 319bn (DKK 313bn) due to an increase in both household and corporate deposits during 2014.

Debt securities in issue increased to DKK 359bn (DKK 305bn) due solely to the subsidiary Nordea Kredit Realkreditaktieselskab's issuance of securities. The increase was attributable to bond issuance as a result of growth in mortgage lending and the impact from changes in the own bond portfolio.

Subordinated liabilities decreased to DKK 15m (DKK 18m) due to the termination of two subordinated loans during 2014 of a total nominal value of EUR 475m.

Provisions
Provisions increased to DKK 0.5bn (DKK 0.3bn) affected by restructuring provisions regarding the ACE programme.

Equity
Shareholders' equity amounted to DKK 45bn (DKK 41bn) at the end of 2014. Net profit for the year was DKK 5.7bn (DKK 3.7bn).

Distribution of profit
Shareholders' equity for the parent company amounted to DKK 45bn at the end of 2014. The profit of the parent company for the year was DKK 5.6bn.

It is proposed that DKK 5.5bn of the net profit of DKK 5.6bn is distributed as dividend and the remaining amount of DKK 0.1bn is transferred to retained earnings and reserves in equity. The proposed dividend payment of DKK 5.5bn is equivalent to DKK 110 (DKK 35) per share.

Off-balance sheet commitments (NBD Group)

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

Credit commitments and unutilised credit lines amounted to DKK 151bn (DKK 175bn), while guarantees and granted but not utilised documentary credits as well as other off-balance sheet commitments totalled DKK 28bn (DKK 28bn).

NBD guarantees some 20% of losses on the winding-up of distressed banks towards the winding-up and restructuring department of the Danish Deposit Guarantee Fund.

Supervisory Diamond

Also throughout 2014 NBD A/S complied with the requirements of the Supervisory Diamond.

Pct.	31. Dec 2014	31. Dec 2013
Large exposure (max 125%)	11	10
Increase in lending (max 20%)	-5	-6
Real estate exposure (max 25%)	8	8
Stable funding ratio (max 1)	0.64	0.68
Liquidity excess coverage (min 50%)	136	182

NBD continues to have a strong funding position with a surplus of deposits. At 31 December 2014 the stable funding ratio excluding group internal subordinated loans and equity was 0.76 (0.82).

The liquidity excess coverage at 31 December 2014 was 136% (182%). The liquidity buffer primarily consists of demand accounts and certificates of deposit with the Danish central bank and high-grade liquid securities.

Capital adequacy

At year-end the NBD Group's total ratio excl transition rules decreased to 19.5% (20.5%) and the tier 1 capital ratio excl transition rules rose to 14.8% (14.0%). The profit for the year DKK 5,701m less the dividend DKK 5,500m are included in the tier 1 capital. A reduction in the IRB provision shortfall positively affected the tier 1 capital ratio while the termination of two subordinated loans during 2014 totalling EUR 475m combined with the new transitional rules for tier 2 capital was the main reason for the decrease in the total capital ratio compared to 2013.

The corresponding 2014 figures for NBD A/S were 20.2% (21.6%) and 15.3% (14.5%).

NBD has a strong capital position and good profitability and thereby a solid foundation to meet future capital requirements.

Regulation of SIFIs

NBD was in June 2014 identified as a Danish systemically important financial institution (SIFI). The capital requirement for Danish SIFIs will comprise both the minimum capital requirement of 8% (pillar I requirement) and a combined buffer requirement.

The SIFI capital requirement will be phased in gradually during the period 2015 to 2019. From 2019, a combined capital requirement of at least 11.5-13.5% of risk exposure amount will be required of Danish SIFIs, depending on the individual institution's systemic importance. A possible capital requirement related to the countercyclical buffer is not included.

The combined buffer requirement for NBD will consist of:

- A capital conservation buffer of 2.5% CET1 to be phased in from 2016 to 2019.
- A systemic risk buffer requirement of 2% CET1 to be phased in from 2015 to 2019 (the systemic risk buffer for SIFI banks will range between 1% and 3% CET1, depending on their systemic importance).

For NBD the combined capital requirement with a systemic risk buffer of 2% will thereby amount to at least 12.5%.

In addition, there will be a possible pillar II requirement (individual solvency requirement) to reflect the institution's risk profile, and finally, it will be possible to set af countercyclical buffer, which could amount to up to 2.5% in 2019.

Recovery and resolution of banks

The EU Bank Recovery and Resolution Directive (BRRD) is currently being implemented into Danish law and is expected to come into force on 1 June 2015. Under the BRRD, banks are required to submit recovery plans to the authorities, detailing how they can be recovered in a severe crisis. Moreover, as part of this implementation, the Danish authorities are to calibrate a crisis management buffer through a requirement to maintain sufficient liabilities with loss-absorbing capacity on the balance sheet. The aim is to ensure an orderly resolution process without having to resort to public financing, which is further ensured by giving the authorities the tools necessary to resolve large financial institutions in an orderly manner. The European Banking Authority (EBA) is running several consultation processes specifying the draft guidelines and technical standards according to which the BRRD requirements are to be specified by the national authorities. Following the CRD IV implementation into Danish law, NBD on request from the Danish FSA delivered a recovery plan to the Danish FSA in December 2014.

Board Risk Committee and Board Nomination Committee

In accordance with the new requirements of the Danish Financial Business Act, the NBD Board of Directors has established a Board Risk Committee and a Board Nomination Committee.

The Board Risk Committee assists the Board of Directors of NBD in fulfilling its responsibilities by reviewing its risk profile and strategy and assists the Board in ensuring that the Board's risk strategy is properly implemented in the organisation. Further, the Board Risk Committee assesses the incentives of NBD´s remuneration structure compared to NBD´s risk, capital and liquidity.

The Board Nomination Committee suggests candidates for election to the Board. Further, the Board Nomination Committee reviews the Board's size, structure, composition and performance in relation to the tasks to be performed and also assesses whether the Board holds the necessary combination of knowledge, skills, diversity and experience.

Ratings

The ratings of NBD are unchanged compared to January 2014.

Rating, January 2015	Short	Long
Moody's	P-1	A1
S&P	A-1+	AA-
Fitch	F1+	AA-
DBRS	R-1 (high)	AA

Risk, liquidity and capital management

Management of risk, liquidity and capital are key success factors in the financial services industry. Maintaining of risk awareness in the organisation is ingrained in the business strategies. Nordea has defined clear risk, liquidity and capital management frameworks, including policies and instructions for different risk types, capital adequacy and for the capital structure.

Management principles and control

Board of Directors and Board Risk Committee

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

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

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

CEO and GEM

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

The CEO in Group Executive Management (GEM) decides on the Group's earnings volatility measurement framework(s) and targets for these, such as the Structural Interest Income Risk (SIIR).

The CEO and GEM regularly review reports on risk exposures and have established a number of committees for risk, liquidity and capital management:

- The Asset and Liability Committee (ALCO), chaired by the Chief Financial Officer (CFO), prepares issues of major importance concerning Nordea's financial operations and balance sheet risks as well as capital management either for decision by the CEO in GEM or for recommendation by the CEO in GEM and for decision by the Group Board.

- The Risk Committee, chaired by the Chief Risk Officer (CRO), oversees the management and control of Nordea's risks on an aggregate level and evaluates the sufficiency of the risk frameworks, controls and processes associated with these risks. Further, the Risk Committee decides, within the scope of resolutions adopted by the Board of Directors of Nordea the allocation of the market risk limits as well as liquidity risk limits to the risk-taking units Group Treasury and Markets. The limits are set in accordance with the business strategies and are reviewed at least annually. The heads of the units allocate the respective limits within the unit and may introduce more detailed limits and other risk mitigating techniques such as top-loss rules. The Risk Committee has established sub-committees for its work and decision-making within specific risk areas. Minutes of the meetings in sub-committees are distributed to the members of the Risk Committee.

- The Group Executive Management Credit Committee (GEM CC) and the Executive Credit Committee (ECC) are chaired by the CRO and the Group Credit Committee Retail Banking (GCCR) and the Group Credit Committee Wholesale Banking (GCCW) by the Chief Credit Officer (CCO). These credit committees decide on major credit facilities and industry policies for Nordea. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

Group Risk Management and Group Corporate Centre

Within the Group, two units, Group Risk Management and Group Corporate Centre, are responsible for risk, capital, liquidity and balance sheet management. Group Risk Management, headed by the CRO, is responsible for the risk management framework and processes. Group Corporate Centre, headed by the CFO, is responsible for the capital policy, the composition of the capital base, the capital adequacy framework and for management of liquidity risk.

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

Management principles and control within NBD

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

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

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

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

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

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

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

Risk appetite

Risk appetite within Nordea is defined as the level and nature of risk that the bank is willing to take in order to pursue the articulated strategy on behalf of our shareholders, and is defined by constraints reflecting the views of shareholders, debt holders, regulators and other stakeholders.

The Board of Directors of Nordea are ultimately responsible for the overall risk appetite for Nordea and for setting the principles for how risk appetite is managed. The Board Risk Committee assists the Board of Directors of Nordea in fulfilling these responsibilities by reviewing the development of the risk profile in relation to risk appetite and making recommendations regarding changes to the Nordea's risk appetite.

Nordea's risk appetite framework is based on explicit top-down risk appetite statements ensuring comprehensive coverage of key risks faced by Nordea. These statements collectively define the boundaries for Nordea's risk-taking activities and will also help identify areas with scope for potential additional risk taking. The statements are approved by the Board of Directors of Nordea, and set the basis for a new risk reporting structure. Moreover, the framework supports management decision processes such as planning and target setting.

The Risk Appetite framework considers key risks relevant to Nordea's business activities and on an aggregate level is represented in terms of credit risk, market risk, operational risk, solvency, compliance/non-negotiable risks, and liquidity risk.

The Risk Appetite framework is further presented in the Capital and Risk management Report (Pillar III report).

Monitoring and reporting

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

Risk reporting including reporting of the development of REA (Risk Exposure Amount) is regularly made to GEM and the Board of Directors for both Nordea and NBD.

Disclosure requirements of the CRD – Capital and risk management report 2014

Additional and more detailed information on risk and capital management is presented in the Capital and Risk Management Report 2014, in accordance with the national capital adequacy legislation which is based on the EU commonly referred to as the Capital Requirements Directive (the CRD), which in turn is based on the Basel II framework issued by the Basel Committee on Banking Supervision. The report is available at www.nordea.com. The disclosures are not covered by the statutory audit.

Risk management

Credit Risk management

Group Risk Management is responsible for the credit process and the credit risk management framework, consisting of policies, instructions and guidelines for Nordea. Group Risk Management is responsible for controlling and monitoring the quality of the credit portfolio and the credit process. Each customer area and product area are primarily responsible for managing the credit risks in its operations within the applicable framework and limits, including identification, control and reporting. Within the powers to act, granted by the Board of Directors of Nordea, credit risk limits are approved by decision-making authorities on different levels in the organisation. The risk categorization of the customer and the amount decide at which level the decision will be made. Responsibility for a credit exposure lies with the customer responsible unit. Customers are assigned a rating or score in accordance with the Nordea framework for quantification of credit risk.

Credit risk definition and identification

Credit risk is defined as the risk of loss if counterparts fail to fulfil their agreed obligations and the pledged collateral does not cover the claims. Credit risk stems mainly from various forms of lending, but also from guarantees and documentary credits, counterparty credit risk in derivatives contracts, transfer risk attributable to the transfer of money from another country and settlement risk. For monitoring the distribution of a portfolio, improving the risk management and defining a common strategy towards specific industries there are specific industry credit principles and industry credit policies in place establishing requirements and caps.

Individual and collective assessment of impairment

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

A provision is recognised if there is objective evidence based on loss events and observable data and that the customer's future cash flow has weakened to the extent that full repayment is unlikely, collateral included. Exposures with provision are considered as impaired. The size of the provision is equal to the estimated loss being the difference between the carrying amount of the outstanding exposure and the discounted value of the future cash flow, including the value of pledged collateral. Impaired exposures can be either performing or non-performing. Exposures that have been past due more than 90 days are automatically regarded as non-performing, and reported as non-performing and impaired or not impaired depending on the deemed loss potential.

Forbearance is negotiated terms or restructuring due to borrowers' financial stress. The intention with giving forbearance for a limited period of time is to ensure full repayment of the

Group

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

DKKm	31 Dec 2014	31 Dec 2013
To credit institutions	**51,298**	**11,525**
To the public		
- of which corporate	291,086	285,495
- of which household	304,450	302,577
- of which public sector	11,629	12,791
Total Loans and Receivables	**607,165**	**600,863**
Off-balance credit exposure[1]	179,199	202,940
Counterparty risk exposure	1,991	1,115
Treasury bills and interest-bearing securities[2]	74,856	78,299
Total credit risk exposure	**914,509**	**894,742**

[1] Of which for corporate customers approx. 91% (90%).
[2] Includes interest-bearing securities pledged as collateral in repurchace agreements.

outstanding debt. Examples of negotiated terms are changes in amortization profile, repayment schedule, customer margin as well as ease of financial covenants. Forbearance is undertaken on a selective and individual basis and followed by impairment testing. Impairment charges are taken if necessary. Forborne customers without impairment charges are fully covered by either collateral and/or the net present value of future cash flows.

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

Further information on credit risk is presented in Note G37.

Credit portfolio

Credit risk is measured, monitored and segmented in different ways. On-balance lending constitutes the major part of the credit portfolio and the basis for impaired loans and loan losses. Credit risk in lending is measured and presented as the principal amount of on-balance sheet claims, ie loans to credit institutions and the public, and off-balance sheet potential claims on customers and counterparts, net after allowances. Credit risk exposure also includes the risk related to derivatives contracts and securities financing. NBD's total credit risk exposure increased by 2% to DKK 915bn during 2014 (DKK 895bn). The largest credit risk exposure is loans to the public, which in 2014 increased by 1% to DKK 607bn (DKK 601bn).

Loans to corporate customers at the end of 2014 amounted to DKK 291bn (DKK 285bn), an increase of 2%, while lending to household customers increased by 1% to DKK 304bn (DKK 303bn). The portion of total lending to the public going to corporate customers was 48% (48%) and to household customers 50% (50%). Loans to banks and credit institutions, mainly in the form of interbank deposits and reverse repurchase agreements, amounted to DKK 51bn at the end of 2014 (DKK 12bn).

Loans to corporate customers

The main increases in the lending portfolio were in the sectors real estate management and investment, IT Software, hardware and services as well as in consumer staples.

Most corporates are financially strong with relatively good outlook.

The distribution of loans to corporates by size of loan shows a high degree of diversification where approx 68% (69%) of the corporate volume is for loans on a scale of up to EUR 50m per customer. See Note G37.

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

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

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

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

Nordea Bank Danmark Group
Loans and receivables to the public by industry

DKKm	31 Dec 2014	31 Dec 2013
Group		
Energy (oil, gas etc)	17	31
Metals and mining materials	203	172
Paper and forest materials	2,500	2,666
Other materials (building materials etc.)	4,044	4,057
Industrial capital goods	3,534	2,723
Industrial commercial services, etc.	42,918	43,174
Construction and engineering	9,551	8,620
Shipping and offshore	3,231	4,927
Transportation	4,382	4,969
Consumer durables (cars, appliances etc)	2,594	2,455
Media and leisure	6,798	6,727
Retail trade	27,762	28,083
Consumer staples (food, agriculture, etc.)	61,781	60,114
Health care and pharmaceuticals	4,519	4,244
Financial institutions	22,640	23,549
Real estate management and investment	64,548	60,099
IT software, hardware and services	7,465	5,623
Telecommunication equipment	39	31
Telecommunication operators	1,713	422
Utilities (distribution and productions)	11,531	11,358
Other, public and organisations	9,314	11,450
Corporate	**291,086**	**285,495**
Household mortgages	220,702	215,208
Household consumer	83,748	87,369
Public sector	11,629	12,791
Total	**607,165**	**600,863**

In 2014, mortgage loans increased to DKK 221bn (DKK 215bn) and consumer loans decreased to DKK 84bn (DKK 87bn). The proportion of mortgage loans of total household loans was 72% (71%). The degree of collateral coverage is high for mortgage loans to household customers, whereas consumer loans to this segment have a lower degree of collateral.

Geographical distribution

Lending to the public distributed by borrower domicile shows that Denmark accounts for 96% (96%).

Rating and scoring distribution

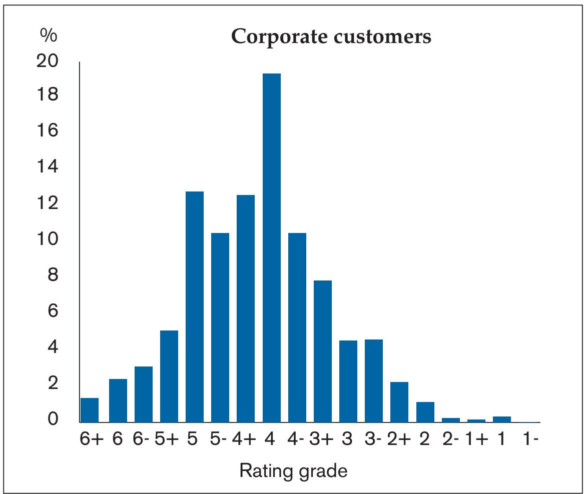
One way in which credit quality can be assessed is through analysis of the distribution across rating grades, for rated corporate customers, as well as risk grades for scored household and small business customers, ie retail exposures. Improving credit quality was seen in 2014, mainly in the corporate credit portfolio. 78% (76%) of the corporate exposure was rated 4– or higher. Defaulted loans are not included in the rating/ scoring distributions.

Loans to household customers

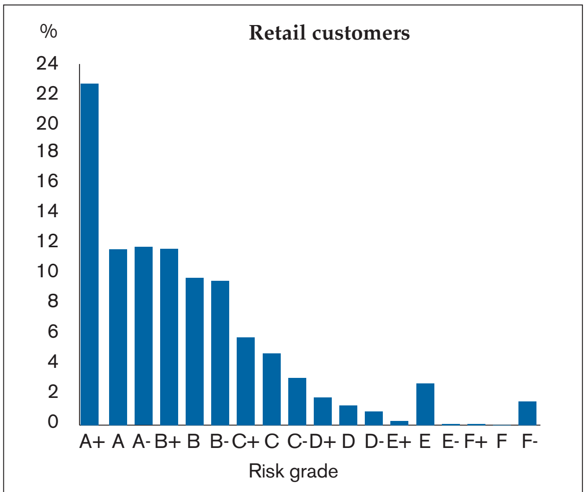
Nordea Bank Danmark Group
Impaired loans gross and allowances, by industry

DKKm, 31 Dec 2014	Impaired loans	Allowances	Provisioning ratio %
Energy (oil, gas etc)	-	-	-
Metals and mining materials	14	6	44.4%
Paper and forest materials	55	20	36.5%
Other materials (chemical, building materials etc)	284	124	43.8%
Industrial capital goods	44	24	53.9%
Industrial commercial services etc	1,307	395	30.3%
Construction and engineering	964	258	26.8%
Shipping and offshore	644	329	51.2%
Transportation	250	103	41.2%
Consumer durables (cars, appliances etc)	685	285	41.6%
Media and leisure	384	155	40.5%
Retail trade	1,890	733	38.8%
Consumer staples (food, agriculture etc)	6,024	1,926	32.0%
Health care and pharmaceuticals	149	33	22.4%
Financial institutions	1,704	1,079	63.3%
Real estate management and investment	3,119	969	31.1%
IT software, hardware and services	219	68	31.2%
Telecommunication equipment	0	0	60.0%
Telecommunication operators	7	3	49.1%
Utilities (distribution and production)	45	34	76.6%
Other, public and organisations	549	273	49.8%
Corporate	**18,336**	**6,820**	**37.2%**
Household mortgages	4,587	483	10.5%
Household consumer	4,662	3,080	66.1%
Public sector	-	-	-
Total	**27,585**	**10,383**	**37.6%**
31 Dec. 2013	**27,431**	**10,895**	**39.7%**

Nordea Bank Danmark Group
Exposure 31 Dec 2014, distributed by rating/risk grades



The rating scale consists of 18 grades from 6+ to 1- for non-defaulted customers and three grades from 0+ to 0- for defaulted customers. Rating grades 4- and better are comparable to investment grades as defined by rating agencies such as Moody's and Standard & Poor's (S&P). Rating grades 2+ and lower are considered as weak or critical, and require special attention.



The risk grade scale used for scored customers in the retail portfolio in order to represent the scores, consists of 18 grades; A+ to F- for non defaulted customers and three grades from 0+ to 0- for defaulted customers.

Impaired loans

Impaired loans gross slightly increased during the year to DKK 27,585m from DKK 27,431m, corresponding to 4% (4%) of total loans. 73% (68%) of impaired loans gross were performing loans and 27% (32%) were non-performing loans. Impaired loans net after allowances for individually assessed impaired loans increased to DKK 18,211m (DKK 17,597m), corresponding to 3% of total loans. Allowances for individually assessed loans decreased to DKK 9,374m from DKK 9,834m. Allowances for collectively assessed loans decreased to DKK 1,009m from DKK 1,061m. The total provisioning ratio was 38% (40%). The sectors with the largest increases in impaired loans were retail trade, consumer durables, and real estate management and investment, whereas the largest decreases were in shipping, industrial commercial services and other, public and organisations.

Past due loans to corporate customers that are not considered impaired decreased to DKK 1,301m (DKK 5,206m). The volume of past due loans to household customers decreased to DKK 2,467m (DKK 2,517m) in 2014, see Note G37.

Net loan losses

Net loan losses declined 32% to DKK 1,832m in 2014 (DKK 2,694m). This corresponds to a loan loss ratio of 30bp (45bp). DKK 901m (DKK 1,636m) relates to corporate customers and DKK 930m (DKK 1,059m) relates to household customers. The main losses were in the corporate sectors consumer staples, other financial institutions, and Retail trade. Net loan losses as well as impaired loans continue to stem from a large number of smaller and medium-sized exposures rather than from a few large exposures.

Nordea Bank Danmark Group
Impaired loans, allowances and ratios

DKKm	2014	2013
Basis points of loans and receivables		
Gross impaired loans	27,585	27,431
of which performing	20,035	18,610
of which non-performing	7,550	8,821
Total allowance rate	1,5%	1.6%
Provisioning ratio	37.6%	39.7%

Nordea Bank Danmark Group
Net loan losses and loan loss ratios, basis points (bps)

DKKm	2014	2013
Loan losses	1,831	2,694
Loan loss ratio	30.2	44.8
of which individual	31.0	41.3
of which collective	-0.9	3.5

Counterparty credit risk

Counterparty credit risk is the risk that Nordea's counterpart in a FX, interest, equity or credit derivative contract defaults prior to the maturity of the contract and that Nordea at that time has a claim on the counterpart. Counterparty credit

Nordea Bank Danmark Group
Consolidated market risk figures

DKKm	Measure	31 Dec 2014	2014 high	2014 low	2014 avg	31 Dec 2013
Total Risk	VaR	42.6	117.8	33.1	70.1	121.2
- Interest rate risk	VaR	28.8	121.7	27.6	66.2	122.2
- Equity risk	VaR	25.7	42.2	4.9	16.7	11.3
- Foreign exchange risk	VaR	12.6	15.7	3.7	11.2	9.2
Diversification effect (%)	VaR	37	42	15	27	16

risk can also exist in repurchasing agreements and other securities financing transactions. The exposure at the end of 2014 was DKK 1,991m (DKK 1,115m), of which the current exposure net (after close-out and collateral reduction) represents DKK 114m. 100% of the exposure was towards financial institutions.

For information about financial instruments subject to master netting agreement, se Note G32.

Market risk

Market risk is defined as the risk of loss on Nordea's holdings and transactions as a result of changes in market rates and parameters that affect the market value, for example changes in interest rates, credit spreads, FX rates, equity prices and option volatilities.

Nordea Markets, Group Treasury and Group Asset and Liability Management are the key contributors to market risk in Nordea. Nordea Markets is responsible for customer-driven trading activities, Group Treasury is responsible for funding activities and investment for Nordea's own account, and Group Asset and Liability Management is responsible for asset and liability management, liquidity portfolios and pledge/collateral account portfolios. For all other banking activities market risks are managed by Group Treasury and Group Asset and Liability Management.

Measurement of market risk

Nordea calculates VaR using historical simulation. The current portfolio is revaluated using the daily changes in market prices and parameters observed during the last 500 trading days, thus generating a distribution of 499 returns based on empirical data. From this distribution, the expected shortfall method is used to calculate a VaR figure, meaning that the VaR figure is based on the average of the worst outcomes from the distribution. The 1-day VaR figure is subsequently scaled to a 10-day figure. The 10-day VaR figure is used to limit and measure market risk both in the trading book and in the banking book.

Separate VaR figures are calculated for interest rate, credit spread, foreign exchange rate and equity risks. The total VaR includes all these risk categories and allows for diversification among them. The VaR figures include both linear positions and options. The model has been calibrated to generate a 99% VaR figure. This means that the 10-day VaR figure can be interpreted as the loss that will be exceeded in one of hundred 10-day trading periods.

It is important to note that while a lot has been done to make the VaR model as realistic as possible, all VaR models are based on assumptions and approximations that have significant effect on the risk figures produced. While historical simulation has the advantage of not being dependent on a specific assumption regarding the distribution of returns, it should be noted that the historical observations of the market variables that are used as input, may not give an adequate description of the behaviour of these variables in the future. The choice of the time period used is also important. While using a longer time period may enhance the model's predictive properties and lead to reduced cyclicality, using a shorter time period increases the model's responsiveness to sudden changes in the volatility of financial markets. Nordea's choice to use the last 500 days of historical data has thus been made with the aim to strike a balance between the pros and cons from using longer or shorter time series in the calculation of VaR.

Market risk analysis

The consolidated market risk for NBD includes both the trading book and the banking book. The total VaR was DKK 43m at the end of 2014 (DKK 121m at the end of 2013). The main contributor to total VaR was interest rate risk. The total interest rate VaR was DKK 29m (DKK 122m).

The most significant part of NBD's interest rate risk stemmed from interest rate positions denominated in Danish kroner and Euro.

The net interest rate sensitivity was DKK -231m (DKK -44m). The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of NBD's interest rate sensitive positions if interest rates denominated in different currencies were to move in adverse directions for NBD, was DKK 231m (DKK 115m) at the end of 2014 (indicating decreased spread positions in NBD's portfolio between interest rates denominated in different currencies).

The fair value of the portfolio of illiquid alternative investments was DKK 3,216m (DKK 3,516m), of which private equity funds DKK 1,405m, hedge funds DKK 996m and credit funds DKK 815m. All three types of investments are spread over a number of funds.

Operational risk

Operational risk is defined as the risk of direct or indirect loss, or damaged reputation, resulting from inadequate or failed internal processes, from people and systems, or from external events. Operational risk includes legal risk and compliance risk, which is the risk of business not being conducted according to obligations pursuant to laws, statutes and other regulations applicable to the operations subject to authorisation, and internal rules thereby jeopardizing customers' best interest, other stakeholders trust and increasing the risk of regulatory sanctions, financial loss or damage to the reputation and confidence. Operational risk is inherent in all activities within the organisation, in outsourced activities and in all interactions with external parties.

Managing operational risk is part of the management's responsibilities. The operational risks are monitored through regular risk assessment procedures and a systematic, quality and risk focused management of changes. Development of new products, services, activities as well as processes and systems shall be risk assessed. Identified risk elements and consequences of risk events are mitigated with, inter alia, up to date Business Continuity Plans as well as Group Crisis Management and Communication plans ensuring a good contingency preparedness in all business plans and crisis management structures. External risk transfer is used in the form of insurance, including reinsurance, to cover certain aspects of crime risk and professional liability, including the liability of directors and officers. Nordea furthermore uses insurance for travel, property and general liability purposes.

The key principle for the management of Operational risks is the three lines of defence. The first line of defence is represented by the Business Areas and Group Functions who are responsible for their own daily risk management and for operating their business within limits for risk exposure and in accordance with decided framework for internal control and risk management at first line of defence. The control functions Group Operational Risk, in Group Risk Management, and Group Compliance are in the second line of defence responsible for activities such as independently monitoring, controlling and reporting of issues related to key risks, including compliance with internal and external regulations. Group Internal Audit performs audits and provides assurance to stakeholders on internal controls and risk management processes in third line of defence.

The key process for management of operational risks is the annual Operational Risk Assessment process. The process includes the risk and control self-assessment (RCSA) and the scenario analysis, and puts focus on both the risks on a divisional and unit level threatening its daily activities and the risks which could cause extreme financial losses or other significant impacts to Nordea as well as ensuring fulfilment of requirements specified in Group directives. The risks are identified both through top-down and through bottom-up analysis of results obtained from control questions as well as existing information from processes, such as incident reporting, scenario analysis, quality and risk analyses as well as product approvals. The timing of this process is synchronised with the annual planning process to be able to ensure adequate input to the Group's overall prioritisations.

Liquidity management

Liquidity risk

Key Issues during 2014

During 2014 Nordea continued to benefit from its focus on prudent liquidity risk management, in terms of maintaining a diversified and strong funding base. Nordea had access to all relevant financial markets and was able to actively use all of its funding programmes.

Management principles and control

Group Corporate Centre is responsible for pursuing the Group's liquidity strategy, managing the liquidity of the Group and for compliance with the group-wide limits set by the Group Board of Directors and the Risk Commitee. Furthermore, Group Asset & Liability Management develops the liquidity risk management frameworks, which consist of policies, instructions and guidelines for the whole Group as well as the principles for pricing the liquidity risk.

The Board of Directors of Nordea defines the liquidity risk appetite by setting limits for applied liquidity risk measures. The most central measure is survival horizon, which defines the risk appetite by setting the minimum survival of one month under institution-specific and marketwide stress scenarios with limited mitigation actions.

Liquidity risk management

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

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

Nordea's liquidity risk management includes stress testing and a business continuity plan for liquidity management. Stress testing is defined as the evaluation of potential effects on a bank's liquidity situation under a set of exceptional but plausible events. The stress testing framework includes survival horizon metrics (see below), which represent a combined liquidity risk scenario (idiosyncratic and market-wide stress).

Liquidity risk measurement methods

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

During 2011 the survival horizon metric was introduced. It is conceptually similar to Basel and EU Liquidity Coverage Ratio. The metric is composed of liquidity buffer and funding gap risk cash flows, and includes expected behavioural cash flows from contingent liquidity drivers. Survival horizon defines the short-term liquidity risk appetite of the Group and expresses the excess liquidity after a 30-day period without access to market funding.

The Board of Directors of Nordea has set a limit for the minimum survival horizon without access to market funding during 30 days. The structural liquidity risk of Nordea is measured and limited by the Board of Directors of Nordea through the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a remaining term to maturity of more than 12 months, as well as shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 12 months and committed facilities. The CEO in GEM has set as a target that the net balance of stable funding should be positive, which means that stable assets must be funded by stable liabilities.

Liquidity risk analysis

The short-term liquidity risk remained at moderate levels throughout 2014. The average funding gap risk, ie the average expected need for raising liquidity in the course of the next 30 days, was DKK +4bn (DKK +6bn). NBD's liquidity buffer was in the DKK 122-193bn (DKK 138-203bn) range throughout 2014 with an average of DKK 157bn (DKK 166bn). NBD's liquidity buffer is highly liquid, consisting of only central bank eligible securities held by Group Treasury. The survival horizon was in DKK 78-150bn (115-199bn) range throughout 2014 with an average of DKK 107bn (DKK 170bn). The aim of always maintaining a positive net balance of stable funding was fully achieved throughout 2014. The yearly average for the net balance of stable funding was DKK 101bn (DKK 108bn).

Structural Interest Income Risk (SIIR)

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

Nordea's SIIR management is based on policy statements resulting in different SIIR measures and organisational procedures. Policy statements focus on optimising financial structure, balanced risk taking and reliable earnings growth, identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information. Group Corporate Centre is responsible for the operational management of SIIR.

SIIR measurement methods

Nordea's SIIR is measured through dynamic simulations by calculating several net interest income scenarios and comparing the difference between these scenarios. Several interest rate scenarios are applied, but the basic measures for SIIR are the two scenarios (increasing rates and decreasing rates) measuring the effect on Nordea's net interest income for a 12-month period of a one percentage point increase, respectively decrease, in all interest rates. The balance sheet is assumed to be constant over time. The main elements of customer behaviour and Nordea's decisionmaking process concerning Nordea's own rates are, however, taken into account.

SIIR analysis

At the end of the year, the SIIR for increasing rates was DKK 1,305m (DKK 1,578m) and the SIIR for decreasing market rates was DKK -232m (DKK -581m) for NBD. These figures imply that net interest income would increase if interest rates rise and decrease if interest rates fall.

Capital management

Capital management

Nordea strives to be efficient in its use of capital and therefore actively manages its balance sheet with respect to assets, liabilities and risk. The goal is to enhance returns to the shareholder while maintaining a prudent capital structure.

Individual solvency need

Information regarding the individual solvency need for the NBD Group and NBD A/S can be found at the investor relation webpage at www.nordea.com. The disclosures are not covered by the statutory audit.

Capital governance

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

The ability to meet targets and to maintain minimum capital requirements is reviewed regularly within ALCO and the Risk Committee. The capital requirement and the own funds described in this section follow the Capital Requirements Directive/Regulation (CRDIV/CRR) rules and not the accounting standards, see note G29 for further details.

Minimum capital requirements

Risk exposure amount (REA) are calculated in accordance with requirements in the CRD. NBD had 88% (86%) of the credit risk exposures covered by Internal Rating Based (IRB) approaches by the end of 2014. Beginning of January 2014 Nordea were approved to use Advanced Internal Rating Based (AIRB) for corporate portfolio. NBD is approved to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for a significant part of the market risk in the trading books. For operational risk, the standardised approach is applied.

Internal capital assessment

Nordea bases the internal capital requirements under the Internal Capital Adequacy Assessment Process (ICAAP) on risks defined by CRD and risks internally defined under Pillar II. The following major risk types are included in the internal capital requirement: credit risk, market risk, operational risk and business risk. Additionally, interest rate risk in the banking book, risk in Nordea's sponsored defined benefit pension plans, real estate risk and concentration risk are explicitly accounted for. In addition to calculating risk capital for its various risk types, Nordea conducts a comprehensive capital adequacy stress test to analyse the effects of a series of global and local shock scenarios. The results of stress testing are considered, along with potential management intervention in Nordea's internal capital requirement, as buffers for economic stress. The internal capital requirement is a key component of Nordea's capital ratio target setting. The ICAAP describes Nordea's management, mitigation and measurement of material risks and assesses the adequacy of internal capital by defining an internal capital requirement reflecting the risk of the institution.

Current regulatory framework for capital adequacy

The Capital Requirement Directive IV (CRD IV) and Capital Requirement Regulation (CRR) for the European financial market entered into force from 1 January 2014. The Regulation became applicable in all EU countries 1 January 2014 while the Directive was implemented through national law within all EU member states during 2014. In Denmark it was implemented in the Financial Business Act in March 2014.

Regulatory minimum capital requirements

The CRR includes a revised definition of own funds, increasing the quality of capital, hence creating better loss absorbing capacity. The CRR also increases the requirements for capital of better quality. The CRR requires banks to comply with the following minimum capital ratios:

- Common equity tier 1 capital ratio of 4.5%
- Tier 1 capital ratio of 6%
- Capital ratio of 8%

In 2014 Denmark used a transition rule which set the common equity tier 1 capital ratio to 4% and tier 1 ratio to 5.5%.

Capital buffers

CRD IV introduced a number of capital buffer requirements. The capital buffer requirements are expressed in relation to REA to be covered by CET1 capital and represent additional capital to be held on top of minimum regulatory requirements. The levels and the phasing-in of the buffer requirements are subject to national discretion.

The mandatory buffers introduced are the capital conservation buffer of 2.5% and the countercyclical capital buffer to be developed in national jurisdictions when excess credit growth is judged to be associated with a build-up of system wide risk and the buffer for globally systemically important institutions (G-SII) of 1-3.5%. The institution specific countercyclical capital buffer will be in the range of 0-2.5%, depending on the buffer rate in the countries where the institution has their exposures. In addition, CRD IV allows for a systemic risk buffer (SRB) to be added as well as a buffer for other systemically important institutions (O-SIIs). These buffers should be seen in conjunction with the other buffers and should also be met with CET1. The O-SII buffer is not implemented in Denmark. These buffers are together to be seen as a combined buffer. The combined buffer requirement in Denmark is the sum of the capital conservation buffer, the countercyclical capital buffer, the systemic risk buffer and G-SII buffer.

Breaching these buffer requirements will restrict banks' capital distribution, such as the payment of dividends.

In Denmark, the capital conservation buffer will be phased-in from 2016 to 2019 and the countercyclical capital buffer will be phased-in from 2015 to 2019, however the Danish authorities has set the buffer to 0% until 2. quarter 2016. In addition to this, a systemic risk buffer requirement for systemically important institutions will be phased-in between 2015 and 2019. Nordea Bank Denmark has been identified as systemically important institution and will be subject a 2% CET1 systemic risk buffer requirement when fully phased-in. In addition to this there is also a possible Pillar II requirement that is set on an individual basis.

Risk exposure amount (REA)
REA has mainly been affected by additional requirements related to counterparty credit risk, the introduction of an asset correlation factor for exposures towards financial institutions and a multiplication factor for exposures to SMEs.

Updates on Basel III and the CRD IV/CRR
In December 2014 the Basel Committee on Banking Supervision (BCBS) published a consultation on the design of a permanent floor, replacing the current Basel I (transitional) floor. The proposal is that the floor shall be based on the revised standardised approaches for credit-, market- and operational risks.

The CRR introduced a non-risk based measure, the leverage ratio, in order to limit an excessive build-up of leverage on credit institutions' balance sheets. The impact of the ratio is being monitored by the supervisory authorities with an aim to migrate to a binding measure in 2018.

The CRR also introduces two new quantitative liquidity standards; liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). LCR requires that a bank hold liquidity buffers which are adequate to face stressed conditions over a period of 30 days while NSFR requires that a bank shall ensure that long term obligations are adequately funded. LCR will be phased in from 2015 while NSFR is expected to introduced in 2018.

Economic Capital (EC)
Nordea's Economic Capital model is based on the same risk components as the ICAAP. EC is calculated for the conglomerate whereas the ICAAP, which is governed by the CRD, covers only the financial group. EC was during 2014 further aligned to common equity tier 1 capitalisation requirements anticipated in forthcoming regulation.

Economic Capital for NBD was at the end of 2014 DKK 36.1bn (DKK 37.5bn as of 2013, restated).

Capital adequacy
At year-end the NBD Group's risk exposure amount (REA) totalled DKK 255bn (DKK 258bn).

The decline was primarily due to lower REA from credit risk covered by the Internal Rating Based approach and market risk trading book, Internal Approach. At year-end the NBD Group's total capital ratio decreased to 19.5% (20.5%) and the tier 1 capital ratio rose to 14.8% (14.0%). The corresponding 2014 figures for NBD A/S were 20.2% (21.6%) and 15.3% (14.5%).

Group

DKKbn	31 Dec 2014	31 Dec 2013
REA excluding transition rules	255	258
REA including transition rules	384	387
Capital requirement excluding transition rules	20	21
Capital requirement including transition rules	31	31
Common equity tier 1 capital	38	36
Tier 1 capital	38	36
Own funds	50	53
Common equity tier 1 capital excluding transition rules	14.8	14.0
Tier 1 capital excluding transition rules	14.8	14.0
Total capital ratio excluding transition rules	19.5	20.5
Capital adequancy quotient (Own funds/capital requirement excluding transition rules)	2.4	2.6
Common equity tier 1 capital including transition rules	10.0	9.3
Tier 1 capital including transition rules	10.0	9.3
Total capital ratio including transition rules	13.0	13.7
Capital adequancy quotient (Own funds/capital requirement including transition rules)	1.6	1.7

Parent

DKKbn	31 Dec 2014	31 Dec 2013
REA excluding transition rules	240	248
REA including transition rules	327	325
Capital requirement excluding transition rules	19	20
Capital requirement including transition rules	26	26
Common equity tier 1 capital	37	36
Tier 1 capital	37	36
Own funds	49	54
Common equity tier 1 capital excluding transition rules	15.3	14.5
Tier 1 capital excluding transition rules	15.3	14.5
Total capital ratio excluding transition rules	20.2	21.6
Capital adequancy quotient (Own funds/capital requirement excluding transition rules)	2.5	2.7
Common equity tier 1 capital including transition rules	11.3	11.0
Tier 1 capital including transition rules	11.3	11.0
Total capital ratio including transition rules	14.9	16.5
Capital adequancy quotient (Own funds/capital requirement including transition rules)	1.9	2.1

Own funds
Own funds is the sum of tier 1 capital and tier 2 capital.

Tier 1 capital is defined as capital of the same or close to the character of paid-up, capital-eligible reserves and hybrid capital loans. Profit may

Summary of items included in own funds

DKKm	31 Dec 2014	31 Dec 2013
Calculation of own funds		
Equity in the consolidated situation[1]	44,677	40,826
Proposed/actual dividend	-5,500	-1,750
Common Equity Tier 1 capital before regulatory adjustments	39,177	39,076
Deferred tax assets	-	-79
Intangible assets	-1,884	-2,768
IRB provisions shortfall (-)[2]	-434	-1,277
Pension assets in excess of related liabilities[3]	-130	-138
Other items, net[4]	1,097	1,250
Total regulatory adjustments to Common Equity Tier 1 capital	-1,351	-3,012
Common Equity Tier 1 capital (net after deduction)	**37,826**	**36,064**
Additional Tier 1 capital before regulatory adjustments	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital	-	-
Tier 1 capital (net after deduction)	**37,826**	**36,064**
Tier 2 capital before regulatory adjustments	11,912	18,109
IRB provisions excess (+)/shortfall (-)	-	-1,277
Other items, net	-173	-
Total regulatory adjustments to Tier 2 capital	-173	-1,277
Tier 2 capital	11,739	16,832
Own funds (net after deduction)[5]	**49,565**	**52,896**

[1] Equity in the consolidated situation excludes minority interests in 2014 with 10 DKKm due to missing eligibility in capital adequacy reporting. Minority interest with 10 DKKm is included in 2013
[2] Total shortfall in 2014. Transition rules allow 60% to be deducted in CET1 and 40% in T2. The transition effect is included in: Other items, net. For 2013 shortfall was 50% T1, 50% T2
[3] Total deduction. Transition rules require only 20% to be deducted in 2014. The transition effect is included in other items, net (In 2013 100% was deducted)
[4] Other items, net includes transition items of 217 DKKm and holdings of LR Realkredit A/S 1,255 DKKm in 2014 (1,255 DKKm in 2013)
[5] Own Funds adjusted for IRB provision, i.e. adjusted own funds equal 49,999m by 31 Dec 2014
[6] Terminology in table may differ from table Transitional Own Funds.

only be included after deduction of proposed dividend and if some specific criteria is fulfilled. CRR has listed items which has to be deducted. F. ex. goodwill, intangible assets and pension assets are deducted in common equity tier 1 capital. CRR give national authorities the possibility to implement some of the changes within a transition period until 2019. This possibility is to a large extent given by the Danish FSA. This is the case for IRB shortfall, which before CCR was deducted from tier 1 and tier 2, (50%/50%) but step wise will change to be a 100% deduction in common equity tier 1. Pension assets is an other items where the deduction will be phased in.

Tier 2 comprises mainly of dated subordinated loans. For tier 2 instruments, issued or eligible before 31. December 2011, exist specific rules in order to be eligible and included as tier 2.

Further information

Further information on capital management and capital adequacy is presented in Note G29 Capital adequacy and in the Capital and Risk Management report at www.nordea.com.

Corporate Social Responsibility

Nordea issues a Corporate Social Responsibility (CSR) report for 2014 based on the United Nations Principles for Responsible Investments. The report serves as Nordea's annual Progress Report to the United Nations Global Compact and includes NBD.

The CSR report is available on nordea.com/csr. The disclosures are not covered by the statutory audit.

Balanced gender composition

The Board of Directors' split of men and women complies with the requirements of the Danish Financial Business Act regarding balanced gender composition as the Board of Directors consists of three men and two women.

The Nordea Group Board has approved a policy to promote gender balance. The Board of Directors of NBD has endorsed the policy. According to the policy, Nordea strives to ensure that the right person is employed for the right job at the right time, while ensuring the right mix of competencies needed, including an appropriate gender composition in leading positions.

To ensure focus on a balanced gender composition, Nordea is relying on its Recruitment Policy and People Processes, continuously reviewing them to identify improvement areas, and launches new initiatives when deemed necessary. HR initiatives to support an equal gender composition in leading positions include, but are not limited to, diversity efforts to identify barriers preventing female employees from taking on leading positions.

Nordea publishes on a regular basis a follow-up on the diversity measures by including selected information in its CSR report with regard to social data and diversity. For further information, see nordea.com/csr.

Corporate governance

Nordea Bank AB (publ) complies with the Swedish Corporate Governance Code. Information on corporate governance including Corporate Social Responsibility (CSR) in the Nordea Group is available on nordea.com.

The Danish Bankers Association recommends that its member companies consider all the recommendations from the Danish Committee on Corporate Governance by applying the "comply or explain" approach. The recommendations are aimed at Danish companies with shares admitted to trading on a regulated market. As NBD is a wholly-owned subsidiary of Nordea Bank AB (publ) and has not issued any listed securities, the Danish recommendations on corporate governance are not aimed at NBD. However, NBD in all material respects complies with the recommendations relevant to a bank with one shareholder and which is thereby a subsidiary in a major group. It should be noted that there are areas where the legislation applicable to financial institutions in all material respects regulates the same matters. The Danish Bankers Association has moreover prepared a further 12 recommendations on corporate governance in financial institutions. NBD complies with these recommendations.

For further information see nordea.dk

Human resources

Nordea values – Great customer experiences, It's all about people and One Nordea team – continue to underpin the People strategy and drive everything that is done. The values are incorporated in all the processes, trainings and leadership, as well as forming the basis for leadership capabilities.

Nordea can only achieve the goal of ensuring a great customer experience if the right people are employed and developed in the right way. Recruiting, developing, motivating and retaining the best people are therefore among the highest priorities.

More information is presented in the Corporate Social Responsibility report 2014 about how Nordea view Leadership, Performance and Talent Management.

Remuneration

The Nordea Remuneration Policy:
- Support Nordea's ability to recruit, develop and retain highly motivated, competent and performance-oriented employees and hence the People strategy.
- Supplement excellent leadership and challenging tasks as driving forces for creating high commitment among employees and a Great Nordea.
- Ensure that compensation at Nordea is aligned with efficient risk management and the Nordea values: Great customer experiences, It's all about people and One Nordea team.

Nordea offers competitive, but not market-leading compensation packages. Nordea has a total remuneration approach to compensation that recognises the importance of well-balanced but varied remuneration structures based on business and local market needs, and of compensation being consistent with and promoting sound and effective risk management, and not encouraging excessive risk-taking or counteracting Nordea's long-term interests.

Nordea remuneration components – purpose and eligibility

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

Profit Sharing aims to stimulate value creation for customers and shareholders and is offered to all employees. The performance criteria for the 2014 programme are risk-adjusted return on capital at risk (RaRoCaR) and the Customer Satisfaction Index (CSI).

Variable Salary Part (VSP) is offered to selected managers and specialists to reward strong performance. Individual performance is assessed based on a predetermined set of well-defined financial and non-financial success criteria, including Nordea Group criteria.

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

One Time Payment (OTP) can be granted to employees in the event of extraordinary performance that exceeds requirements or expectations, or in connection with temporary project work.

Executive Incentive Programme (EIP) may be offered to recruit, motivate and retain selected managers and key employees and aims to reward strong performance and efforts. The EIP contains predefined financial and non-financial performance criteria at group, BA/GF/division and unit/individual level. The group performance criteria for EIP 2014 are Nordea's internal version of ROE being risk-adjusted return on capital at risk (RaRoCaR), operating profit and the Customer Satisfaction Index (CSI).

Legal proceedings

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

Changes to the Board of Directors

The Executive Management and the Board of Directors of NBD were changed when CEO Anders Jensen and Chairman Peter Nyegaard left the Group in June 2014. Peter Lybecker was appointed CEO. Mads G. Jakobsen was appointed a member of the Board of Directors at 16 July 2014. The Board of Directors appointed Mads G. Jakobsen as Chairman.

After the change the Executive Management consists of Peter Lybecker and Jørgen Høholt. The Board of Directors consists of Mads G. Jakobsen, Torsten Hagen Jørgensen, Gunn Wærsted, Ari Kaperi and Anne Rømer.

Subsequent events

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

Outlook for 2015

For 2015 NBD is prepared for another year of low growth, low interest rates and a continuing change in customer behaviour. Thus, NBD will deliver on our cost and capital efficiency plans to secure our strong financial foundation. NBD will continue to develop our services to meet the changing needs from our customers and invest in our IT platform to secure that we also long term provide even more personalised and convenient solutions for our customers.

Financial statements, Group – Contents

Income statement, Group

DKKm	Note	2014	2013
Operating income			
Interest income		22,183	22,913
Interest expense		-11,179	-11,204
Net interest income	G2	**11,004**	**11,709**
Fee and commission income		6,070	5,447
Fee and commission expense		-549	-530
Net fee and commission income	G3	**5,521**	**4,917**
Net result from items at fair value	G4	-176	289
Profit from companies accounted for under the equity method	G16	84	196
Other operating income	G5	3,140	317
Total operating income		**19,573**	**17,428**
Operating expenses			
General administrative expenses:			
Staff costs	G6	-5,672	-5,573
Other expenses	G7	-4,432	-4,040
Depreciation, amortisation and impairment charges of tangible and intangible assets	G8, G17	-1,074	-397
Other operating expenses		-2	-62
Total operating expenses		**-11,180**	**-10,072**
Profit before loan losses		**8,393**	**7,356**
Net loan losses	G9	-1,831	-2,694
Operating profit		**6,562**	**4,662**
Income tax expense	G10	-861	-998
Net profit for the year		**5,701**	**3,664**
Attributable to			
Shareholder of Nordea Bank Danmark A/S		5,701	3,664
Non-controlling interests		-	-
Total		**5,701**	**3,664**

Statement of comprehensive income

DKKm	2014	2013
Net profit for the year	**5,701**	**3,664**
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	-13	-1
Available-for-sale investments:		
Valuation gains/losses during the year	-86	150
Tax on valuation gains/losses during the year	21	-37
Items that may not be reclassified subsequently to the income statement		
Defined benefit plans:		
Remeasurement of defined benefit plans	-48	-20
Tax on remeasurement of defined benefit plans	11	2
Other comprehensive income, net of tax	**-115**	**94**
Total comprehensive income	**5,586**	**3,758**
Attributable to		
Shareholder of Nordea Bank Danmark A/S	5,586	3,758
Non-controlling interests	-	-
Total	**5,586**	**3,758**

Balance sheet, Group

DKKm	Note	31 Dec 2014	31 Dec 2013
Assets			
Cash and demand balances with central banks		5,030	15,859
Loans to central banks	G11	47,007	68,009
Loans to credit institutions	G11	51,298	11,525
Loans to the public	G11, G18	607,165	600,863
Interest-bearing securities	G12	74,798	77,749
Financial instruments pledged as collateral	G13	58	550
Shares	G14	21,503	29,348
Derivatives	G15	848	543
Fair value changes of the hedged items in portfolio hedge of interest rate risk		371	282
Investments in associated undertakings	G16	245	1,004
Intangible assets	G17	1,884	2,768
Properties and equipment		753	746
Deferred tax assets	G10	65	79
Current tax assets	G10	130	-
Retirement benefit assets	G25	148	126
Other assets	G19	6,001	16,748
Total assets		**817,305**	**826,200**
Liabilities			
Deposits by credit institutions	G20	57,831	111,944
Deposits and borrowings from the public	G21	318,546	312,642
Debt securities in issue	G22	359,283	305,468
Derivatives	G15	2,597	2,171
Fair value changes of the hedged items in portfolio hedge of intrest rate risk		88	85
Current tax liabilities	G10	201	217
Other liabilities	G23	18,420	33,727
Deferred tax liabilities	G10	543	747
Provisions	G24	510	269
Retirement benefit liabilities	G25	49	16
Subordinated liabilities	G26	14,550	18,089
Total liabilities		**772,618**	**785,374**
Equity			
Non-controlling interests		10	10
Share capital		5,000	5,000
Other reserves		107	222
Proposed dividends		5,500	1,750
Retained earnings		34,070	33,844
Total equity		**44,687**	**40,826**
Total liabilities and equity		**817,305**	**826,200**
Assets pledged as security for own liabilities	G27	384,928	368,319
Contingent liabilities	G28	27,882	27,674
Credit commitments[1]		151,317	175,266

[1] Including unutilised portion of approved overdraft facilities of DKK 111,999m (DKK 136,406m).

Statement of changes in equity, Group

	Attributable to the shareholder of Nordea Bank Danmark A/S								
		Other reserves							
DKKm	Share capital	Translation of foreign operations	Available-for-sale invest-ments	Defined benefit plans	Proposed dividends[1]	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2014	**5,000**	**5**	**125**	**92**	**1,750**	**33,844**	**40,816**	**10**	**40,826**
Net profit for the year	-	-	-	-	-	5,701	5,701	-	5,701
Other comprehensive income	-	-13	-65	-37	-	-	-115	-	-115
Share-based payments	-	-	-	-	-	26	26	-	26
Dividends paid	-	-	-	-	-1,750	-	-1,750	-	-1,750
Proposed dividends	-	-	-	-	5,500	-5,500	-	-	-
Balance at 31 Dec 2014	**5,000**	**-8**	**60**	**55**	**5,500**	**34,070**	**44,677**	**10**	**44,687**

	Attributable to the shareholder of Nordea Bank Danmark A/S								
		Other reserves							
DKKm	Share capital	Translation of foreign operations	Available-for-sale invest-ments	Defined benefit plans	Proposed dividends[1]	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2013	**5,000**	**6**	**12**	**104**	**-**	**31,909**	**37,031**	**10**	**37,041**
Net profit for the year	-	-	-	-	-	3,664	3,664	-	3,664
Other comprehensive income	-	-1	113	-12	-	-6	94	-	94
Share-based payments	-	-	-	-	-	27	27	-	27
Dividends paid	-	-	-	-	-	-	-	-	-
Proposed dividends	-	-	-	-	1,750	-1,750	-	-	-
Balance at 31 Dec 2013	**5,000**	**5**	**125**	**92**	**1,750**	**33,844**	**40,816**	**10**	**40,826**

[1] The proposed divident payment of DKK 5,500m (DKK 1,750m) is equivalent to DKK 110 (DKK 35) per share.

See statement of changes in equity, parent company at page 104 regarding share capital etc.

Reporting to the Danish Financial Supervisory Authority

	Result		Equity	
DKKm	2014	2013	31 Dec 2014	31 Dec 2013
Annual report according to IFRS	**5,701**	**3,664**	**44,687**	**40,826**
- Non-controlling interests[1]	-	-	1,255	1,255
- Fair value adjustment of owner occupied property	-20	-	-	20
- Financial assets available for sale net of tax	-65	113	-	-
Reported to the Danish FSA	**5,616**	**3,777**	**45,942**	**42,101**

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

Cash flow statement, Group

DKKm	2014	2013
Operating activities		
Operating profit	6,562	4,662
Adjustments for items not included in cash flow	2,884	3,212
Income taxes paid	-1,165	-1,009
Cash flow from operating activities before changes in operating assets and liabilities	**8,281**	**6,865**
Changes in operating assets		
Change in loans to credit institutions	-42,243	7,341
Change in loans to the public	-8,033	5,251
Change in interest-bearing securities	2,951	-15,947
Change in financial assets pledged as collateral	492	5,277
Change in shares	7,845	-3,990
Change in derivatives, net	121	820
Change in other assets	10,658	1,335
Changes in operating liabilities		
Change in deposits by credit institutions	-54,113	-6,597
Change in deposits and borrowings from the public	5,904	-6,578
Change in debt securities in issue	53,816	18,262
Change in other liabilities	-15,303	875
Change in provisions	141	-111
Cash flow from operating activities	**-37,764**	**5,938**
Investing activities		
Acquisition of investments in associated undertakings	-53	-58
Sale of investments in associated undertakings	722	19
Acquisition of properties and equipment	-183	-226
Sale of properties and equipment	18	20
Acquisition of intangible assets	-34	-83
Sale of intangible assets	-	-
Cash flow from investing activities	**470**	**-328**
Financing activities		
Redeemed subordinated liabilities	-3,539	-4
Dividend paid	-1,750	-
Cash flow from financing activities	**-5,289**	**-4**
Cash flow for the year	**-34,302**	**12,471**
Cash and cash equivalents at the beginning of year	90,404	77,933
Cash and cash equivalents at the end of year	56,102	90,404
Change	**-34,302**	**12,471**

Comments on the cash flow statement

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

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

DKKm	2014	2013
Depreciation	371	383
Impairment charges	703	14
Loan losses	1,831	2,694
Change in provisions	11	5
Profit from associated undertakings net of deducted dividends	67	3
Other	-99	114
Total	**2,884**	**3,212**

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

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

DKKm	2014	2013
Interest payments received	22,073	22,902
Interest expenses paid	-11,133	-11,391

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

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

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

DKKm	31 Dec 2014	31 Dec 2013
Cash and balances with central banks	52,030	83,750
Loans to credit institutions, payable on demand	4,072	6,654
Total	**56,102**	**90,404**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks, where the following conditions are fulfilled;
- the central bank is domiciled in the country where NBD is established
- the balance on the account is readily available any time.

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

5-year overview, Group

Income statement (DKKm)	2014	2013	2012	2011	2010
Net interest income	11,004	11,709	11,468	11,131	11,641
Net fee and commission income	5,521	4,917	4,527	4,236	4,029
Net result from items at fair value	-176	289	119	38	1,628
Profit from companies accounted for under the equity method	84	196	155	103	219
Other operating income	3,140	317	353	582	774
Total operating income	**19,573**	**17,428**	**16,622**	**16,090**	**18,291**
General administrative expenses:					
Staff costs	-5,672	-5,573	-5,890	-6,427	-6,001
Other expenses	-4,432	-4,040	-3,929	-3,352	-3,086
Depreciation, amortisation and impairment charges of tangible and intangible assets	-1,074	-397	-451	-269	-235
Other operating expenses	-2	-62	-52	-432	-1,013
Total operating expenses	**-11,180**	**-10,072**	**-10,322**	**-10,480**	**-10,335**
Profit before loan losses	**8,393**	**7,356**	**6,300**	**5,610**	**7,956**
Net loan losses	-1,831	-2,694	-4,264	-2,761	-3,399
Operating profit	**6,562**	**4,662**	**2,036**	**2,849**	**4,557**
Income tax expense	-861	-998	-522	-661	-1,077
Net profit for the year	**5,701**	**3,664**	**1,514**	**2,188**	**3,480**

Balance sheet (DKKm)[3]	2014	2013	2012	2011	2010
Interest-bearing securities	74,798	77,749	61,802	85,799	128,754
Loans to central banks and credit institutions	98,305	79,534	57,874	84,150	77,898
Loans to the public	607,165	600,863	608,940	607,082	679,315
Other assets	37,037	68,054	89,946	56,499	83,135
Total assets	**817,305**	**826,200**	**818,562**	**833,530**	**969,102**
Deposits by credit institutions	57,831	111,944	118,541	145,349	239,805
Deposits and borrowings from the public	318,546	312,642	319,220	313,122	346,942
Debt securities in issue	359,283	305,468	287,205	272,972	253,822
Subordinated liabilities	14,550	18,089	18,093	20,258	9,504
Other liabilities	22,408	37,231	38,462	49,975	86,047
Equity	44,687	40,826	37,041	31,854	32,982
Total liabilities and equity	**817,305**	**826,200**	**818,562**	**833,530**	**969,102**

Ratios and key figures	2014	2013	2012	2011	2010
Return on equity, %[1]	13.3	9.4	4.4	6.8	11.0
Cost/income ratio	57	58	62	65	57
Loan loss ratio, basis points	30	45	70	46	50
Common Equity Tier 1 capital ratio, excl. transition rules[2,3,4]	14.8	14.0	12.1	10.1	8.9
Tier 1 capital ratio, excl. transition rules, %[2,3]	14.8	14.0	12.1	10.1	8.9
Total capital ratio, excl. transition rules, %[2,3]	19.5	20.5	18.2	17.0	11.9
Total capital ratio including subordinated loan, excl. transition rules, %[2,3,5]	19.5	20.5	18.2	17.0	15.4
Tier 1 capital, DKKm[2,3,4]	37,826	36,064	34,009	29,312	27,621
Risk exposure amount excl. transition rules, DKKbn[3,4]	255	258	280	289	310
Number of employees (full-time equivalents)[3]	6,325	6,440	6,584	7,885	7,968
Average number of employees	6,363	6,538	7,091	8,036	7,949

1 2012 (but not 2011 and 2010) restated due to the amendment to IAS 19, implemented 1 January 2013.
2 Including the profit for the year.
3 End of year.
4 The end of 2013 ratios are reported under Basel II regulation framework and the end of 2014 ratios are reported using basel III (CRR/CRDIV) framework.
5 Total capital ratio for 2010 includes a subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

The Danish Financial Supervisory Authority’s ratio system is shown in note G39.

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.

Tier 1 capital
The Tier 1 capital of an institution consists of the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital of the institution. Common equity Tier 1 includes consolidated shareholders' equity excluding proposed dividend, deferred taxes, intangible assets, 60% expected shortfall deduction (the negative difference between expected losses and provisions).

Own funds
Own funds consists of the sum of the Tier 1 capital and Tier 2 capital consisting of subordinated loans excluding 40% of the expected shortfall deduction.

Risk exposure amount
Total assets and off-balance sheet items valued on the basis of the credit and market risks as well as operational risks of the Group's undertakings, in accordance with regulations governing capital adequacy, excluding carrying amount of shares, intangible assets and deferred tax, which have been deducted from own funds.

Common Equity Tier 1 capital ratio
Common Equity Tier 1 capital as a percentage of risk exposure amount.

Tier 1 capital ratio
Tier 1 capital as a percentage of the risk exposure amount.

Total capital ratio
Own funds as a percentage of risk exposure amount.

Loan loss ratio
Net loan losses divided by closing 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).

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

Notes to the financial statements

Note G1
Accounting policies

Table of contents

1. Basis for presentation

The consolidated annual report for NBD Group is prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU Commission and additional Danish disclosure requirements.

The disclosure, required in the standards, are disclosed in the notes and in the separate Risk, Liquidity and Capital management section page 8-21 in the Board Of Director's rapport.

On 5 February 2015 the Board of Directors approved the annual report, subject to final approval of the Annual General Meeting on 18 March 2015.

The annual report are prepared in Danish millions Kroner (DKKm), the presentation and functional currency of the parent company Nordea Bank Danmark A/S.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2013 Annual Report. The new accounting requirements implemented during 2014 and their effects on NBD's financial statements are described below. Furthermore, the presentation of liabilities and corresponding assets in pooled schemes is changed as described below.

Applied materiality and change in classification

The consolidated financial statements are a result of processing large numbers of transactions including applied critical judgements and estimation uncertainty and aggregating those into classes according to their nature or function. The aggregated transactions are presented in classes of similar items in the consolidated financial statements. Line items not individually material, is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

IFRS disclosure requirements are substantial. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these consolidated financial statements and otherwise not warranted or not applicable.

Minor changes have been made in the comparative figures for 2013 due to reclassification of 'Investment property and 'Prepaid expenses and accrued income' to 'Other assets' and 'Accrued expenses and prepaid income' to 'Other liabilities'. There has been no effect on net profit for the year, total comprehensive income for the year, totals assets or total equity.

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

The new standards IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" as well as amendments to IAS 28 "Investments in Associates and Joint Ventures" were implemented 1 January 2014 but has not had any significant impact on the financial statements of NBD.

IFRS 10 clarifies which entities should be consolidated in the consolidated financial statements and how to perform the consolidation. IFRS 10 did not change the scope of consolidation for NBD in 2014. IFRS 11 describes the accounting for investments in entities in which two or more investors have joint control. NBD has currently no such interests and IFRS 11 has therefore not had any impact on the financial statements in 2014. IFRS 12 has added disclosures, mainly regarding unconsolidated structured entities. These disclosures can be found in note G38 "Interests in structured entities". The standard also includes guidance on disclosures for subsidiaries and associates, but these disclosure requirements are similar to the previous disclosure requirements in IAS 27 and IAS 28.

The accounting requirements in IAS 28 are unchanged apart from that the disclosure requirements have been moved to IFRS 12.

Pooled schemes

NBD applies the fair value option on pooled schemes and thereby measures the liabilities and the corresponding assets at fair value through profit or loss. In the consolidated financial statements for 2014 the pool scheme liabilities and assets have been presented as 'Designated at fair value through profit or loss'. Previously the pool scheme liabilities were presented as 'Other financial liabilities' and the corresponding assets as 'Held for trading'. The comparable figures have been changed. The change in the presentation has no impact on the Net profit for the year, Total comprehensive income for the year, totals assets or total equity.

3. Changes in IFRSs not yet applied by NBD

IFRS 9 "Financial instruments"
IASB has during 2014 completed the new standard for financial instruments, IFRS 9 "Financial instruments". IFRS 9 covers classification and measurement, impairment and general hedging and replaces the current requirements for these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. Earlier application is permitted. The EU commission has not yet endorsed IFRS 9 and there is currently no official timetable for this process. NBD does not currently intend to early adopt the standard.

The changes in classification and measurement are not expected to have a significant impact on NBD's income statement or balance sheet as the mixed measurement model will be maintained. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy and large exposures are not expected in the period of initial application, but this is naturally dependent on the financial instruments on NBD's balance sheet at transition. NBD has not yet finalised the impact assessment.

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that the new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy, but no impact on large exposures, in the period of initial application. NBD has not yet finalised the impact assessment.

The main change to the general hedging requirements is that the standard aligns hedge accounting more closely with the risk management activities. As NBD generally uses macro (portfolio) hedge accounting NBD's assessment is that the new requirements will not have any significant impact on NBD's financial statements, capital adequacy, or large exposures in the period of initial application. NBD has not yet finalised the impact assessment.

IFRS 15 "Revenue from Contracts with Customers"
The IASB has published the new standard, IFRS 15 "Revenue from Contracts with Customers". The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 "Revenue". The new standard is effective for annual periods beginning on or after 1 January 2017, with earlier application permitted. The EU-commission is expected to endorse the standard during the second quarter 2015. NBD does not currently intend to early adopt the standard. The standard does not apply to financial instruments or lease contracts. NBD has not finalised the investigation of the impact on the financial statements but the current assessment is that the new standard will not have any significant impact on NBD's financial statements, capital adequacy, or large exposures in the period of initial application.

Amendments to IFRS 11 "Accounting for Acquisition of Interest in Joint Operations"
The IASB has issued amendments to IFRS 11 "Joint Arrangements", which add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after I January 2016. Earlier application is permitted. The EU commission is expected to endorse the amendment during the first quarter 2015. NBD does not currently intend to early adopt the amendments. As NBD does not have any joint venture the assessment is that the amendments will not have any effects on NBD's financial statements, capital adequacy or large exposures in the period of initial application.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
The IASB has amended the requirements in IFRS 10 and IAS 28 regarding sales and contribution of assets between an investor and its associate or joint venture due to inconsistent treatment of gains and losses of such transactions in those standards. The amendments should be applied prospectively to transactions that occur in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The EU commission is expected to endorse the amendments during the fourth quarter 2015. NBD does not currently intend to early adopt the amendments. The new requirements are not expected to have any effect on NBD's financial statements, capital adequacy, or large exposures in the period of initial application as the new requirements are in line with NBD's current accounting policies.

IFRIC 21 "Levies"
The IASB has published IFRIC 21 "Levies". The interpretation is effective for annual periods beginning on or after 1 January 2014. The EU commission endorsed this interpretation during 2014. In contrast to IFRS, the EU commission requires the standard to be applied for annual periods beginning on or after 17 June 2014. NBD will apply the interpretation as from 1 January 2015. IFRIC 21 is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 clarifies that if a levy is triggered by operating as a bank at the end of the reporting period, the liability for the levy is not recognised prior to that date. NBD's assessment is that the new interpretation will not have any significant impact on NBD's financial statements, capital adequacy, or large exposures in the period of initial application.

Other changes in IFRS
The IASB has published the following new or amended standards that are assessed to have no impact on NBD's financial statement, capital adequacy or large exposures in the period of initial application:
- IFRS 14 "Regulatory Deferral Accounts"
- Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to IAS 19: "Defined Benefit Plans: Employee Contributions"
- "Annual Improvements to IFRSs, 2010-2012 Cycle"
- "Annual Improvements to IFRSs, 2011-2013 Cycle"
- "Annual Improvements to IFRSs, 2012-2014 Cycle"

4. Critical judgements and estimation uncertainty

The preparation of financials statements in accordance with generally accepted accounting principles requires, in some cases, the use of judgements and estimates by management. Actual outcomes can later, to some extent, differ from the estimates and the assumptions made.

In this section a description is made of:

- the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, and
- the judgements made when applying accounting policies (apart from those involving estimations) that have the most significant effect on the amounts recognised in the financial statements.

Critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions.
- the valuation of deferred tax assets
- claims in civil lawsuits.

Fair value measurement of certain financial instruments

NBD's accounting policy for determining the fair value of financial instruments is described in section 10 "Determination of fair value of financial instruments" and Note G31 "Assets and liabilities at fair value". Critical judgements that have a significant impact on the recognised amounts for financial instruments is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices. Those judgements relate to the following areas:

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

When determining fair value of financial instruments that lack quoted prices or recently observed market prices there is also a high degree of estimation uncertainty. That estimation uncertainty is mainly a result of the judgement management exercises when:

- selecting an appropriate discount rate for the instrument and
- determining expected timing of future cash flows from the instruments.

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

The fair value of financial assets and financial liabilities measured at fair value using a valuation technique, levels 2 and 3 in the fair value hierarchy, was DKK 465bn (DKK 401bn) and DKK 73bn (DKK48bn) respectively at the end of the year.

Sensitivity analysis disclosures covering fair values of financial instruments with significant unobservable inputs can be found in Note G31 "Assets and liabilities at fair value".

Estimation uncertainty also arises at initial recognition of financial instruments that are part of larger structural transactions. Although subsequently not necessarily held at fair value such instruments are initially recognised at fair value and as there is normally no separate transaction price or active market for such individual instruments the fair value has to be estimated.

Impairment testing of goodwill

NBD's accounting policy for goodwill is described in section 15 "Intangible assets", Note G17 "Intangible assets" lists the cash generating units to which goodwill has been allocated. NBD's total goodwill amounted to DKK 1,312m (DKK 1,312m) at the end of the year.

The estimation of future cash flows and the calculation of the rate used to discount those cash flows are subject to estimation uncertainty. The forecast of future cash flows is sensitive to the cash flow projections for the near future (2-3 years) and to the estimated sector growth rate for the period beyond 2-3 years. The growth rates are based on historical data, updated to reflect the current situation, which implies estimation uncertainty.

The rates used to discount future expected cash flows are based on the long-term risk free interest rate plus a risk premium (post tax). The risk premium is based on external information of risk premiums.

For information on the sensitivity to changes in relevant parameters, see Note G17 "Intangible assets".

Impairment testing of loans to the public/credit institutions

NBD's accounting policy for impairment testing of loans is described in section 13 "Loans to the public/credit institutions".

Management is required to exercise critical judgements and estimates when calculating loan impairment allowances on both individually assessed and collectively assessed loans. NBD's total lending before impairment allowances was DKK 715,853m (DKK 691,292m) at the end of the year. For more information, see Note G11 "Loans and impairment".

The most judgemental area is the calculation of collective impairment allowances. When testing a group of loans collectively for impairment, judgement has to be exercised when identifying the events and/or the observable data that indicate that losses have been incurred in the group of loans. NBD monitors its portfolio through rating migrations and a loss event is an event resulting in a negative rating migration. Assessing the net present value of the cash flows generated by the customers in the group of loans also includes estimation uncertainty. This includes the use of historical data on probability of default and loss given default supplemented by acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

Valuation of deferred tax assets

NBD's accounting policy for the recognition of deferred tax assets is described in section 18 "Taxes" and Note G10 "Taxes".

The valuation of deferred tax assets is influenced by management's assessment of NBD's future profitability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences. These assessments are updated and reviewed at each balance sheet date, and are, if necessary, revised to reflect the current situation.

The carrying amount of deferred tax assets was DKK 65m (DKK 79m) at the end of the year.

Claims in civil lawsuits

Within the framework of the normal business operations, NBD faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently, none of the current disputes are considered likely to have any significant adverse effect on NBD or its financial position. See also Note G24 "Provisions" and Note G28 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company NBD and those entities that the parent company controls. Control exists when NBD is exposed to variability in returns from its investments in another entity and has the ability to affect those returns through its power over the other entity. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights. For entities where voting rights does not decide control, see section "Structured entities" below.

All group undertakings are consolidated using the acquisition method. Under the acquisition method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the group undertaking´s assets and assumes its liabilities and contingent liabilities. The group's acquisition cost is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed.

As at the acquisition date NBD recognises the identifiable assets acquired and the liabilities including contingent liabilities assumed at their acquisition date fair values.

For each business combination NBD measures the non-controlling interests in the acquired business either at fair value or at their proportionate share of the acquired identifiable net assets.

When the aggregate of the consideration transferred in a business combination and the amount recognised for non-controlling interest exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is recognised as goodwill.

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

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

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

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

Note P14 "Equity investments in group undertakings" lists the major group undertakings in the NBD Group.

Investments in associated undertakings

The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where NBD otherwise has significant influence.

Significant influence is the power to participate in the financial and operating decisions of the investee but is not control over those decisions. Investments within NBD's investment activities, which are classified as a venture capital organisation within NBD, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

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

NBD does generally not have any sales or contribution of assets to or from associated undertakings. Other transactions between NBD and its associates are not eliminated. Note G16 "Investments in associated undertakings" lists the major associated undertakings in the NBD Group.

Structured entities

A structured entity is an entity created to accomplish a narrow and well defined objective where voting rights are not the dominant factor in determining control. Often legal arrangements impose strict limits on the decision making powers of the management over the on-going activities of a structured entity. The same consolidation requirements apply to these entities, but as voting rights do not decide whether control exists, other factors are used to determine control.

Power can exist due to agreements or other types of influence over a structured entity. Nordea normally has power over entities sponsored or established by Nordea. Nordea has created a number of structured entities to allow clients to invest in assets invested in by the structured entity. Some structured entities invest in tradable financial instruments, such as shares and bonds (mutual funds). Structured entities can also invest in structured credit products or acquire assets from customers of Nordea, although only one such structured entity currently exists. Undertakings of the Nordea Group that do not form part of the NBD Group is generally the investment manager and has sole discretion about investments and other administrative decisions and thus has power over these entities.

Typically, Nordea will receive service and commission fees in connection with the creation of the structured entity, or because it acts as investment manager, custodian or in some other function. Such income is normally not significant enough to expose Nordea to variability in returns and will thus not trigger consolidation. In some structured entities Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In the case NBD in relation to these structured entities is exposed to variability in returns and as the power over these entities affects the return, these structured entities are be consolidated. Nordea normally considers a share of more than 30% of the return produced by a structured entity to give rise to variability and thus give control. Variability is measured as the sum of fees received and revaluation of assets held. For other contracts where the depositor decide both the amount and which assets to invest in, NBD is considered to act as an agent and does thus not have control.

Information about unconsolidated structured entities is disclosed in note G38 "Interests in structured entities".

Currency translation of foreign entities

The consolidated financial statements are prepared in Danish millions Kroner (DKKm), the presentation and functional currency of the parent company Nordea Bank Danmark A/S. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements and statements of comprehensive income are translated at the average exchange rate, which is approximately equal to the spot rate. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

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

6. Recognition of operating income and impairment

Net interest income

Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation. The effective interest includes fees considered to be an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). The effective interest rate equals the rate that discounts the contractual future cash flows to the carrying amount of the financial asset or financial liability.

Interest income and expenses from financial instruments are, with the exceptions described below, classified as "Net interest income".

Interest income and interest expense related to all balance sheet items held at fair value in Markets are classified as "Net result from items at fair value" in the income statement. Also the interest on the net funding of the operations in Markets is recognised in this line.

The interest component in FX swaps, and the interest paid and received in interest rate swaps plus changes in accrued interest, is classified as "Net result from items at fair value", apart for derivatives used for hedging, where such components are classified as "Net interest income".

Net fee and commission income

NBD earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan as well as other fees received as payments for certain acts are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

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

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

Net result from items at fair value

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

Realised and unrealised gains and losses derive from:

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

Interest income and interest expense related to all balance sheet items held at fair value in Markets are classified as "Net result from items at fair value" in the income statement. Also the interest on the net funding of the operations in Markets is recognised in this line.

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

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

"Net result from items at fair value" also includes losses from counterparty risk on instruments classified into the category `"Financial assets at fair value through profit or loss" as well as impairment on instruments classified into the category "Available for sale". However, the fair value adjustments of credit risk on loans granted in accordance with the mortgage finance law (see section 12 "Financial instruments" and Note G31 "Assets and liabilities at fair value") are reported under "Net loan losses". Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-sections "Net loan losses" and "Impairment of securities held as financial non-current assets" below).

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

Profit from companies accounted for under the equity method

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

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

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

Other operating income

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

Other operating expenses

Other operating expenses consist of losses to the Danish Deposit Guarantee Fund excluding the fixed annual payment to the bank department of the Danish Deposit Guarantee Fund recognised under General administrative expenses, Other expenses.

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 12 "Financial instruments"), in the items "Loans to credit institutions" and "Loans to the public" on the balance sheet, are reported as "Net loan losses", together with losses from financial guarantees. Also the fair value adjustments of credit risk on loans granted in accordance with the mortgage finance law (see section 12 "Financial instruments" and Note G31 "Assets and liabilities at fair value") are reported under "Net loan losses". Losses are reported net of any collateral and other credit enhancements. NBD's accounting policies for the calculation of impairment losses on loans can be found in section 13 "Loans to the public/credit institutions".

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

Impairment of securities held as financial non-current assets

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

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

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

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

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

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

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

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

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within section 12 "Financial instruments", as well as Note G33 "Transferred financial assets and obtained collaterals".

8. Translation of assets and liabilities denominated in foreign currencies

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

9. Hedge accounting

NBD applies the EU carve out version of IAS 39 for portf olio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and be designated as the hedging instrument. It also removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

NBD uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments as well as to hedge the exposure to variability in future cash flows and the exposure to net investments in foreign operations.

There are three forms of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments in foreign operations

Fair value hedge accounting

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

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

The fair value change of the hedged items held at amortised cost in a portfolio hedge of interest rate risks is reported separately from the portfolio in the item "Fair value changes of the hedged items in portfolio hedge of interest rate risk" on the balance sheet.

Hedged items

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

Hedging instruments

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

Cash flow hedge accounting

NBD does not use cash flow hedge accounting.

Hedges of net investments

NBD does not use hedges of net investments.

Hedge effectiveness

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

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

If the hedge relationship does not fulfil the requirements, hedge accounting is terminated. For fair value hedges the hedging instrument is reclassified to a trading derivative and the change in the fair value of the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

10. Determination of fair value of financial instruments

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

Fair value is defined as the price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities.

An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. The absolute level for liquidity and volume required for a market to be labelled active vary with the instrument classes. For some classes low price volatility is seen, also for those instruments within the class where the trade frequency is high. For instruments in such a class the liquidity requirements are lower and correspondingly, the age limit for the prices used for establishing fair value is higher.

The labelling of markets to be active or non-active is assessed regularly. The trade frequency and volume are monitored daily.

NBD is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:
- Interest-bearing securities
- Shares (listed)
- Derivatives (listed)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. The adequacy of the valuation technique, including an assessment of whether to use quoted prices or theoretical prices, is monitored on a regular basis.

Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. The adequacy of the valuation model is assessed by measuring its capability to hit market prices. This is done by comparison of calculated prices to relevant benchmark data, e.g. quoted prices from exchange, the counterparty´s valuations, price data from consensus services etc.

NBD is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:
- Loans to the public (mortgage loans in the subsidiary Nordea Kredit Realkreditaktieselskab)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

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

Note G31 "Assets and liabilities at fair value" provides a breakdown of fair values of financial instruments measured on the basis of:
- quoted prices in active markets for the same instrument (level 1)
- valuation techniques using observable data (level 2)
- valuation techniques using non-observable data (level 3).

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

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

For further information, see Note G31 "Assets and liabilities at fair value".

11. Cash and balances with central banks
Cash and balances with central banks consist of cash and balances with central banks, where the following conditions are fulfilled:
- The central bank is domiciled in the country where NBD is operating under a banking licence
- The balance is readily available at any time

12. Financial instruments
Classification of financial instruments
Each financial instrument has been classified into one of the following categories:

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

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

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. In Note G30 "Classification of financial instruments" the classification of the financial instruments in NBD's balance sheet into different categories is presented.

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

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

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

The major parts of the financial assets/ liabilities classified into the category "Designated at fair value through profit or loss" are mortgage loans and related issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab.

Assets and liabilities in Nordea Kredit Realkreditaktieselskab are classified into the category "Designated at fair value through profit or loss" to eliminate or significantly reduce an accounting mismatch. When NBD grants mortgage loans to customers in accordance with the mortgage finance law NBD at the same time issues bonds with matching terms, so called "match funding". The customers can repay the loans either through repayments of the principal or by purchasing the issued bonds and return them as a settlement of the loan. The bonds play an important part in the Danish money market and NBD consequently buys and sells own bonds in the market. If the loans and bonds were measured at amortised cost such buy-backs of bonds would give rise to an accounting mismatch as any gains or losses would have to be recognised immediately in the income statement. If such bonds are subsequently sold in the market any premium or discount would be amortised over the expected maturity, which would also create an accounting mismatch. To avoid such an accounting mismatch NBD measures both the loans and bonds at fair value.

Interest-bearing securities, shares and investment contracts held under so called "pooled schemes" are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch with the related deposits that are managed at fair value and consequently also classified into the category Designated at fair value through profit or loss.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Offsetting of financial assets and liabilities
NBD offsets financial assets and liabilities on the balance sheet if there is a legal right to offset, in the ordinary course of business and in case of bankruptcy, and if the intent is to settle the items net or realise the asset and settle the liability simultaneously. This is generally achieved through the central counterparty clearing houses that NBD has agreements with.

Exchanged traded derivatives are generally accounted for as settled on a daily basis when cash is paid or received and the instrument is reset to market terms. Derivative assets and liabilities against central counterparty clearing houses are, as mentioned above, generally set off on the balance sheet, but net cash collateral received or paid is generally accounted for separately as cash collateral paid (asset) or received (liability), which is also the case for cash collateral paid or received in bilateral OTC derivative transactions. Cash collateral paid or received in bilateral OTC derivative transactions are consequently not offset against the fair value of the derivatives.

13. Loans to the public/credit institutions
Financial instruments classified as "Loans to the public/ credit institutions" on the balance sheet and into the category "Loans and receivables" are measured at amortised cost (see also the separate section 7 "Recognition and derecognition of financial instruments on the balance sheet" as well as Note G30 "Classification of financial instruments").

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

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

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

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

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

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

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

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

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

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of the estimated cash flows (discounted with original effective interest rate), including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

For significant loans that have been individually identified as impaired the measurement of the impairment loss is made on an individual basis.

For insignificant loans that have been individually identified as impaired and for loans not identified as impaired on an individual basis the measurement of the impairment loss is measured using portfolio based expectation of the future cash flows.

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

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

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

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

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

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

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

14. Leasing

NBD as lessor

Finance leases

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

NBD as lessee

Operating leases

Operating leases are not recognised in NBD's balance sheet.

For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of NBD's benefit. The original lease terms range between 3 and 25 years.

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

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

15. Intangible assets

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

Goodwill

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

IT development/Computer software

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

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

Customer-related intangible assets

In business combinations a portion of the purchase price is normally allocated to a customer-related intangible asset, if the asset is identifiable and under NBD's control. An intangible asset is identifiable if it arises from contractual or legal rights, or could be separated from the entity and sold, transferred, licenced, rented or exchanged. The asset is amortised over its useful life, generally over 10 years.

Impairment

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates largely independent cash inflows in relation to other assets. For goodwill, the cash-generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk-free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See Note G17 "Intangible assets" for more information on the impairment testing.

16. Properties and equipment

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

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

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

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

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

17. Investment properties

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

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

18. Taxes

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

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

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

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

Current tax assets and current tax liabilities are offset when the legal right to offset exists and NBD intends to either settle the tax asset and the tax liability net or to recover the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax liabilities.

19. Employee benefits

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

Short-term benefits

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

More information can be found in Note G6 "Staff costs".

Post-employment benefits

Pension plans

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

The major defined benefit pension plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit liability determined using the projected unit credit method, the net amount is recognised as a liability (Retirement benefit liability). If not, the net amount is recognised as an asset (Retirement benefit asset). Non-funded pension plans are recognised as Retirement benefit liabilities.

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

Pension costs

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. NBD's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Actuarial calculations including projected unit credit method are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note G25 "Retirement benefit assets and liabilities").

When establishing the present value of the obligation and the fair value of any plan assets, remeasurement effects may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The remeasurement effects are recognised immediately in equity through other comprehensive income.

When the calculation results in a benefit the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan and is included in the "Retirement benefit liabilities" or in the »Retirement benefit asset«

Discount rate in defined benefit pension plans
The discount rate is determined by reference to high-quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds.

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

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

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as "Salaries and remuneration" and post-employment benefits as "Pension costs" in Note G6 "Staff costs".

20. Equity

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

For each business combination, NBD measures the non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets.

Other reserves
Other reserves comprise income and expenses, net after tax effects which are reported in equity through other comprehensive income. These reserves include reserve for financial assets classified into the category Available for sale and accumulated remeasurements of defined benefit pension plans as well as a reserve for translation differences.

Retained earnings
Retained earnings comprise undistributed profits from previous years.

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

21. Financial guarantee contracts and credit commitments

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

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

22. Share-based payment

Equity-settled programmes
Nordea has annually issued Long Term Incentive Programmes from 2007 through 2012. Employees participating in these programmes are granted share-based equity-settled rights, ie. rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The value of such rights is expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the Group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. The fair value is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights/Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

For more information see Note G6 "Staff costs".

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

23. Related-party transactions

NBD defines related parties as
- shareholders with significant influence
- other undertakings of the Nordea Group
- associated undertakings
- key management personnel
- other related parties.

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

Shareholders with significant influence
Shareholders with significant influence are shareholders that have in one way or another significant influence on NBD. Nordea Bank AB has a significant influence over Nordea Bank Danmark A/S.

Other undertakings of the Nordea Group
Other undertakings of the Nordea Group consist of subsidiaries of Nordea Bank AB and do not form part of the NBD Group.

Intra-group transactions between legal entities are performed according to the arm's length principle in compliance with the OECD transfer pricing requirements.

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

Further information on the associated undertakings included in the NBD Group is found in Note G16 "Investments in associated undertakings".

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

For information about compensation, pensions and other transactions with key management personnel, see Note G6 "Staff costs"

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

Information concerning transactions between Nordea Bank Danmark A/S and other related parties is found in Note G36 "Related-party transactions".

24. Segment reporting
Nordea Bank Danmark A/S does not have debt instruments traded in a public market. Segment reporting in accordance with IFRS 8 is therefore not required for Nordea Bank Danmark Group. For segment reporting for Nordea Bank AB Group see Note G2 in the financial statements for Nordea Bank AB.

25. Activities country-by-country
According to the Danish Financial Supervisory Authority´s Executive order § 124a country-by-country information are required on a consolidated basis. Nordea Bank Danmark Group has no activities in foreign subsidiaries and branches. Consequently, no country-by-country information is disclosed in the annual report.

Note G2
Net interest income

DKKm	2014	2013
Interest income		
Loans to central banks and credit institutions	40	-6
Loans to the public	17,793	18,794
Interest-bearing securities	938	1,075
Other interest income	3,412	3,050
Interest income[1,2]	**22,183**	**22,913**
Interest expense		
Deposits by credit institutions	-177	-150
Deposits and borrowings from the public	-2,335	-2,621
Debt securities in issue	-8,030	-7,824
Subordinated liabilities	-341	-379
Other interest expenses	-296	-231
Interest expense[3]	**-11,179**	**-11,204**
Net interest income	**11,004**	**11,709**

[1] Of which contingent leasing income amounts to DKK 4m (DKK 9m). Contingent leasing income in NBD consists of variable interest rates, excluding the fixed margin. If the contingent leasing income decreases there will be an offsetting impact from lower funding expenses.
[2] Of which negative interest income amounted to DKK 53m (DKK 104m).
[3] Of which positive interest expense amounted to DKK 3m (DKK 21m).

Interest income from financial instruments not measured at fair value through profit or loss amounts to DKK 9,577m (DKK 10,179m). Interest expenses from financial instruments not measured at fair value through profit or loss amount to DKK -3,178m (DKK -3,439m). Interest on impaired loans amounts to an insignificant portion of interest income.

Note G3
Net fee and commission income

DKKm	2014	2013
Asset management commissions	1,413	1,277
Life insurance	23	23
Brokerage, securities issues and corporate finance	2,093	1,834
Custody and issuer services	324	234
Deposits	30	30
Total savings related commissions	3,883	3,398
Payments	421	417
Cards	391	341
Total payment commissions	812	758
Lending	697	639
Guarantees and documentary payments	330	328
Total lending related to commissions	1,027	967
Other commission income	348	324
Fee and commission income	**6,070**	**5,447**
Savings and investments	-187	-124
Payments	-137	-143
Cards	-121	-176
Other commission expenses	-104	-87
Fee and commission expenses	**-549**	**-530**
Net fee and commission income	**5,521**	**4,917**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounts to DKK 716m (DKK 663m). The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounts to DKK 3,453m (DKK 3,074m). The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Note G4
Net result from items at fair value

DKKm	2014	2013
Shares/participations and other share-related instruments	784	2,333
Interest-bearing securities and other interest-related instruments	-619	-710
Other financial instruments	-357	-1,374
Foreign exchange gains/losses	16	35
Investment properties	0	5
Total	**-176**	**289**
Net result from categories of financial instruments		
Available for sale assets, realised	11	-15
Financial instruments designated at fair value through profit or loss	450	153
Financial instruments held for trading	-636	151
Financial instruments under fair value hedge accounting	13	12
of which net result on hedging instruments	-1,165	296
of which net result on hedged items	1,178	-284
Financial assets measured at amortised cost[1]	7	5
Financial liabilities measured at amortised cost	-	-
Other	-21	-17
Total	**-176**	**289**

[1] Related to instruments classified into the category "Loans and receivables".

Note G5
Other operating income

DKKm	2014	2013
Income from group companies	210	152
Income from real estate	12	14
Disposals of tangible and intangible assets	17	6
Divestment of stake in Nets Holding A/S	2,814	-
Other	87	145
Total	**3,140**	**317**

Note G6
Staff costs

DKKm	2014	2013
Salaries and remuneration (specification below)	-4,448	-4,423
Pension costs (specification below)	-431	-424
Social security contributions	-622	-556
Other staff costs	-171	-170
Total	**-5,672**	**-5,573**

Salaries and remuneration		
To the Board of Directors		
- Fixed salary and benefits	0	0
- Performance-related compensation	-	-
To the Executive Management[1]		
- Fixed salary and benefits	-10	-11
- Performance-related compensation[2]	-5	-3
Total	**-15**	**-14**
To other employees[3]	-4,433	-4,409
Total	**-4,448**	**-4,423**

1 The Executive Management (including former members of the Executive Management) included in 2014 8 (12) individuals.

2 The Executive Management participates in the incentive programmes. These programmes are described in the Remuneration section in the Board of Directors' report and on page 22-23. (The amounts include allotment value in 2014 (and 2013) from LTIP.)

3 Salaries and remuneration to employees that have significant influence on NBD's risk profile amount to DKK 609m (DKK 460m). Salaries and remuneration are split between fixed salary and benefits DKK 485m (DKK 341m) and paid performance-related compensation DKK 124m (DKK 119m) earned in the period 2010-2013 (2009-2012). Employees that have significant influence on NBD's risk profile included in 2014 496 individuals (370 individuals).

Pension costs		
Defined benefits plans (Note G25)	21	4
Defined contribution plans:		
- The Executive Management[1,2]	-8	-7
- Other employees[3]	-444	-421
Total	**-431**	**-424**

1 The Executive Management (including former members of the Executive Management) included in 2014 8 (12) individuals.

2 Including former executive management members DKK 1m (DKK 4m).

3 Pension costs to employees that have significant influence on NBD's risk profile amount to DKK 54m (DKK 36m).

Compensation including pension		
The Board of Directors[1]	0	0
The Executive Management[2]	-23	-21
Total	**-23**	**-21**

1 The Board of Directors included in 2014 unchanged 5 individuals.

2 The Executive Management (including former members of the Executive Management) included in 2014 8 (12) individuals.

Further information about NBD's salary policy and practice is available on www.nordea.com/remuneration. The disclosures are not covered by the statutory audit.

Note G6
Staff costs *(cont.)*

Commitments with the Board of Directors and the Executive Management

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

DKKm	31 Dec 2014	31 Dec 2013
Loans etc		
The Executive Management	-	2
The Board of Directors	12	4

Interest income on these loans to members of the bank's Executive Management and Board af Directors amounts to DKK 0.1m (DKK 0.1m). The Executive Management consist of 2 members (3 members).

Loans to members of the bank's Executive Management and Board of Directors consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on terms based on market conditions. At the end of 2014 interest on the loans was payable at the rate of 2.3% and 0.3-0.5% per year, respectively. Loans to family members of the Executive Management and the Board of Directors are granted on the same terms.

Loans etc. to members of the Executive Management and the Board of Directors in the parent company Nordea Bank AB consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on terms based on market conditions. At the end of 2014 the loans amounted to DKK 4m (DKK 4m) and interest on the loans was payable at a rate of 0.3%.

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

Note G6
Staff costs *(cont.)*

Long Term Incentive Programmes

Conditional Rights LTIP 2012	2014 Matching Share	2014 Performance Share I	2014 Performance Share II	2013 Matching Share	2013 Performance Share I	2013 Performance Share II
Outstanding at the beginning of year	286,012	674,542	286,012	278,012	701,229	278,012
Granted[1]	12,720	29,876	12,720	10,582	25,388	10,582
Transfer during the year	6,251	18,753	6,251	-2,582	-52,075	-2,582
Forfeited	-14,763	-41,531	-14,763	-	-	-
Outstanding at end of year	**290,220**	**681,640**	**290,220**	**286,012**	**674,542**	**286,012**
Of which currently exercisable	-	-	-	-	-	-

Rights LTIP 2011	2014 Matching Share	2014 Performance Share I	2014 Performance Share II	2013 Matching Share	2013 Performance Share I	2013 Performance Share II
Outstanding at the beginning of year	204,029	408,058	204,029	198,362	396,724	198,362
Granted[1]	9,221	18,442	9,221	7,549	15,098	7,549
Transfer during the year	7,844	15,688	7,844	-	-	-
Forfeited	-3,338	-78,362	-123,104	-1,882	-3,764	-1,882
Allotted	-179,248	-299,487	-80,661	-	-	-
Outstanding at end of year	**38,508**	**64,339**	**17,329**	**204,029**	**408,058**	**204,029**
Of which currently exercisable	-	-	-	-	-	-

Rights LTIP 2010	2014 Matching Share	2014 Performance Share I	2014 Performance Share II	2013 Matching Share	2013 Performance Share I	2013 Performance Share II
Outstanding at the beginning of year	26,917	28,438	12,113	204,614	409,228	204,614
Transfer during the year	-	-	-	-	-	-
Forfeited	-	-	-	-	-193,052	-112,537
Allotted	-6,462	-6,828	-2,908	-177,697	-187,738	-79,964
Outstanding at end of year	**20,455**	**21,610**	**9,205**	**26,917**	**28,438**	**12,113**
Of which currently exercisable	-	-	-	-	-	-

[1] Granted rights are compensation for dividend on the underlying Nordea share during the year.

Note G6
Staff costs *(cont.)*

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

	LTIP 2012			LTIP 2011		
	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	-	-	-	-	-	-
Grant date	13 May 2012	13 May 2012	13 May 2012	13 May 2011	13 May 2011	13 May 2011
Vesting period, months	36	36	36	36	36	36
Contractual life, months	36	36	36	36	36	36
Allotment	May 2015	May 2015	May 2015	May 2014	May 2014	May 2014
Fair value at grant date, EUR[1]	6.06	6.06	2.19	7.33	7.33	2.65

[1] The fair value has been recalculated due to dividend during the vesting period which the participants are compensated for through additional Matching and Performance Shares.

	LTIP 2010		
	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.00	1.00	1.00
Exercise price, EUR	-	-	-
Grant date	13 May 2010	13 May 2010	13 May 2010
Vesting period, months	36	36	36
Contractual life, months	36	36	36
Allotment	April/May 2013	April/May 2013	April/May 2013
Fair value at grant date, EUR	6.75	6.75	2.45

Conditions and requirements

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

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

Note G6
Staff costs *(cont.)*

	LTIP 2012	LTIP 2011	LTIP 2010
Service condition, Matching Share/ Performance Share I and II	Employed, with certain exemptions, within the Nordea Group during the three-year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three-year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three-year vesting period.
Performance condition, Performance Share I	Average RAROCAR during the period 2012 up to and including 2014. Full right to exercise will be obtained if the RAROCAR amounts to 17%.	Compound Annual Growth Rate in RAPPS from year 2010 (base year) to and including year 2013. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceeds 10%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceeds 9%.
EPS knock-out, Performance Share I	-	Average reported EPS for 2011-2013 lower than EUR 0.26.	Average reported EPS for 2010-2012 lower than EUR 0.26.
Performance conditions, Performance Share II	RAROCAR during the period 2012 up to and including 2014 and P/B-ranking year-end 2014 compared to a peer group. Full right to exercise will be obtained if the RAROCAR amounts to 14% and if Nordea's P/B-ranking is 1-5.	TSR during 2011-2013 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2010-2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.
Cap	The market value of the allotted shares is capped to the participant's annual salary for year-end 2011.	The market value of the allotted shares is capped to the participant's annual salary for year-end 2010.	The market value of the allotted shares is capped to the participant's annual salary for year-end 2009.
Dividend compensation	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.		-

Note G6
Staff costs *(cont.)*

Fair value calculations
The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2012	LTIP 2011	LTIP 2010
Weighted average share price, EUR	6.70	8.39	6.88
Right life, years	3.0	3.0	3.0
Deduction of expected dividends	No	No	No
Risk free rate, %	Not applicable	Not applicable	Not applicable
Expected volatility, %	Not applicable	Not applicable	Not applicable

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2012, LTIP 2011 and LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest.

The value of the Performance Share II is based on market-related conditions and fulfilment of the TSR, RAROCAR and P/B targets have been taken into consideration when calculating the right's fair value at grant. When calculating the impact from the market conditions, it has been assumed that all possible outcomes have equal possibilities. Also the caps in each programme have been taken into consideration when calculating the rights' fair value at grant. The adjustment to fair value is approximately 2-3% of the weighted average share price.

Expenses for equity-settled share-based payment programmes[1]

DKKm	LTIP 2012	LTIP 2011	LTIP 2010	Total
Expected expense for the whole programme	51	32	24	
Maximum expense for the whole programme	51	32	24	
Total expense 2014[2]	22	4	-	26
Total expense 2013	10	12	5	27

[1] All amounts excluding social security contribution.
[2] Of which DKK 0.6m (DKK 1.3m) is related to the executive management and DKK 0.0m (DKK 0.0m) is related to the Board of Directors.

When calculating the expected expense an expected annual employee turnover of 5% has been used. The expected expense is recognised over the vesting period of 36 months.

Note G6
Staff costs *(cont.)*

Cash-settled share-based payment transactions
Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. The below table only includes deferred amounts indexed with Nordea TSR. Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year in the table below relates to variable compensation earned the previous year.

In addition Nordea in 2013 introduced the Executive Incentive Programme ("EIP") which aims to strengthen Nordea's capability to retain and recruit the best talents. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth. EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The EIP shall not exceed the fixed salary. EIP shall be paid in the form of cash and be subject to TSR-indexation, deferral, forfeiture clauses and retention as per relevant remuneration regulations. The main part of EIP 2014 is paid no earlier than autumn 2018. Participation in the programme is offered to up to 400 managers and key employees except GEM who are instead offered a GEM EIP, within the Nordea Group. EIP is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2014 is decided during spring 2015, and a reservation of DKK 87m incl. social costs is made in 2014. 80% of the allocated amount will be subject to TSR-indexation.

The below table only includes deferred amounts indexed with Nordea TSR. EIP has been included as from 2014, when deferred. Further information regarding all deferred amounts can be found in the separate report on remuneration published on www.nordea.com. The information is not covered by the statutory audit.

	Share linked deferrals	
DKKm	2014	2013
Opening balance	86	68
Deferred/earned during the year	45	59
TSR indexation during the year	12	28
Payments during the year[1]	-51	-69
Translation differences	0	0
Closing balance	**92**	**86**

1 There have been no adjustments due to forfeitures in 2014.

Note G7
Other expenses

DKKm	2014	2013
Information technology	-1,884	-1,603
Marketing and representation	-149	-172
Postage, transportation, telephone and office expenses	-376	-363
Rents, premises and real estate	-804	-743
Other[1]	-1,219	-1,159
Total	**-4,432**	**-4,040**

[1] Including DKK 397m to the Danish Guarantee Scheme (DKK 384m).

Note G8
Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

DKKm	2014	2013
Properties and equipment	-156	-157
Intangible assets (Note G17)	-215	-227
Total	**-371**	**-384**

Impairment charges/reversed impairment charges

DKKm	2014	2013
Properties and equipment	-	-
Intangible assets (Note G17)	-703	-14
Total	**-703**	**-14**
Total	**-1,074**	**-397**

Note G9
Net loan losses

DKKm	2014	2013
Loan losses divided by class		
Realised loan losses	-	-
Allowances to cover realised loan losses	-	-
Recoveries on previous realised loan losses	-	-
Provisions	0	0
Reversals of previous provisions	0	0
Loans to credit institutions[1]	**0**	**0**
Realised loan losses	-2,433	-2,476
Allowances to cover realised loan losses	1,962	2,088
Recoveries on previous realised loan losses	168	163
Provisions	-4,043	-4,975
Reversals of previous provisions	2,613	2,374
Loans to the public[1]	**-1,731**	**-2,826**
Realised loan losses	-20	0
Allowances used to cover realised loan losses	20	0
Recoveries on previous realised loan losses	-	-
Provisions	-675	-36
Reversals of previous provisions	575	168
Off-balance sheet items[2]	**-100**	**132**
Net loan losses	**-1,831**	**-2,694**

1 See Note G11 “Loans and impairment”.
2 Included in Note G24 “Provisions” as “Transfer risk, off-balance and individually assessed guarantees and other commitments”.

Note G10
Taxes

Income tax expense

DKKm	2014	2013
Current tax[1]	-1,040	-1,155
Deferred tax[1]	179	157
Total	**-861**	**-998**

[1] Including adjustments relating to prior years (see below).

For current and deferred tax recognised in Other comprehensive income, see statement of comprehensive income

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

Profit before tax	6,562	4,662
Tax calculated at a tax rate of 24.5% (25%)	-1,608	-1,166
Tax-exempt income	736	71
Adjustment of tax assets related to tax losses	-	16
Non-deductible expenses	-33	-48
Adjustments relating to prior years	68	117
Change of tax rate	21	61
Not creditable foreign taxes	-45	-49
Tax charge	**-861**	**-998**
Average effective tax rate, %	13	21

	Deferred tax assets		Deferred tax liabilities	
DKKm	2014	2013	2014	2013
Deferred tax related to:				
Tax losses carry forward	65	79	-	-
Loans to the public	-	-	328	390
Shares	-	-	44	23
Intangible assets	-	-	304	451
Properties and equipment	3	13	-	-
Retirement benefit assets	-	-	18	32
Liabilities/provisions	149	136	-	-
Netting of deferred tax assets and liabilities	-152	-149	-152	-149
Total	**65**	**79**	**543**	**747**

Note G10
Taxes *(cont.)*

DKKm	2014	2013
Movements in deferred tax assets/liabilities, net are as follows:		
Amount at beginning of year (net)	-668	-831
Deferred tax relating to items recognised in other comprehensive income	11	2
Reclassifications	-	4
Deferred tax in the income statement	179	157
Amount at end of year (net)	**-479**	**-668**
Current tax assets	**130**	**-**
Of which expected to be settled after more than 1 year	-	-
Current tax liabilities	**201**	**217**
Of which expected to be settled after more than 1 year	201	199
Unrecognised deferred tax assets		
Unused tax losses carry forward	330	332
Unused tax credits	-	-
Total	**330**	**332**

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

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable. The tax asset recognised relates to Fionia Asset Company A/S. The recognition of the unused tax loss in Fionia Asset Company A/S is supported by low risk investments in accordance with the company's investment strategy.

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

Note G11
Loans and impairment

	Central banks and credit institutions		The public[1]		Total	
DKKm	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Loans, not impaired	98,305	79,534	589,963	584,327	688,268	663,861
Impaired loans:	-	-	27,585	27,431	27,585	27,431
- of which performing	-	-	20,035	18,610	20,035	18,610
- of which non-performing	-	-	7,550	8,821	7,550	8,821
Loans before allowances	**98,305**	**79,534**	**617,548**	**611,758**	**715,853**	**691,292**
Allowances for individually assessed impaired loans	-	-	-9,374	-9,834	-9,374	-9,834
- of which performing	-	-	-6,319	-6,083	-6,319	-6,083
- of which non-performing	-	-	-3,055	-3,751	-3,055	-3,751
Allowances for collectively assessed impaired loans	0	0	-1,009	-1,061	-1,009	-1,061
Allowances	**0**	**0**	**-10,383**	**-10,895**	**-10,383**	**-10,895**
Loans, carrying amount	**98,305**	**79,534**	**607,165**	**600,863**	**705,470**	**680,397**

[1] Finance leases, where NBD is a lessor, are included in Loans to the public, see Note G18 Leasing.

Note G11
Loans and impairment *(cont.)*

Movements of allowance accounts for impaired loans

DKKm	Central banks and credit institutions			The public		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2014	**-**	**0**	**0**	**-9,834**	**-1,061**	**-10,895**
Provisions	-	-	-	-3,617	-426	-4,043
Reversals of previous provisions	-	0	0	2,135	478	2,613
Changes through the income statement	**-**	**0**	**0**	**-1,482**	**52**	**-1,430**
Allowances used to cover realised loan losses	-	-	-	1,962	-	1,962
Translation differences	-	-	-	-20	-	-20
Closing balance at 31 Dec 2014	**-**	**0**	**0**	**-9,374**	**-1,009**	**-10,383**
Opening balance at 1 Jan 2013	**-**	**0**	**0**	**-9,581**	**-840**	**-10,421**
Provisions	-	-	-	-4,283	-692	-4,975
Reversals of previous provisions	-	0	0	1,903	471	2,374
Changes through the income statement	**-**	**0**	**0**	**-2,380**	**-221**	**-2,601**
Allowances used to cover realised loan losses	-	-	-	2,088	-	2,088
Translation differences	-	-	-	39	-	39
Closing balance at 31 Dec 2013	**-**	**0**	**0**	**-9,834**	**-1,061**	**-10,895**

DKKm	Total Individually assessed	Total Collectively assessed	Total
Opening balance at 1 Jan 2014	**-9,834**	**-1,061**	**-10,895**
Provisions	-3,617	-426	-4,043
Reversals of previous provisions	2,135	478	2,613
Changes through the income statement	**-1,482**	**52**	**-1,430**
Allowances used to cover realised loan losses	1,962	-	1,962
Translation differences	-20	-	-20
Closing balance at 31 Dec 2014	**-9,374**	**-1,009**	**-10,383**
Opening balance at 1 Jan 2013	**-9,581**	**-840**	**-10,421**
Provisions	-4,283	-692	-4,975
Reversals of previous provisions	1,903	471	2,374
Changes through the income statement	**-2,380**	**-221**	**-2,601**
Allowances used to cover realised loan losses	2,088	-	2,088
Translation differences	39	-	39
Closing balance at 31 Dec 2013	**-9,834**	**-1,061**	**-10,895**

Note G11
Loans and impairment *(cont.)*

Allowances and provisions[1]

	Central banks and credit institutions		The public		Total	
DKKm	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Allowances for items in the balance sheet	0	0	-10,383	-10,895	-10,383	-10,895
Provisions for off-balance sheet items	-8	-8	-242	-163	-250	-171
Total allowances and provisions	**-8**	**-8**	**-10,626**	**-11,058**	**-10,634**	**-11,066**

[1] Included in Note G25 "Provisions" as "Transfer risk, off-balance" and "Individually assessed guarantees and other commitments".

Key ratios (basis points)[1]	31 Dec 2014	31 Dec 2013
Impairment rate, gross	385.3	396.8
Impairment rate, net	254.4	254.6
Total allowance rate	145.0	157.6
Allowances in relation to impaired loans, %	34.0	35.9
Total allowances in relation to impaired loans, %	37.6	39.7
Non-performing loans, not impaired, DKKm	674	1,795

[1] For definitions, see Business definitions on page 31.

Note G12
Interest-bearing securities

DKKm	31 Dec 2014	31 Dec 2013
State and sovereigns	8,161	13,198
Mortgage institutions	63,510	59,611
Other credit institutions	3,095	5,248
Corporates	90	242
Total	**74,856**	**78,299**
of which financial instruments pledge as collateral (Note G13)	-58	-550
Total	**74,798**	**77,749**

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

Note G13
Financial instruments pledged as collateral

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

DKKm	31 Dec 2014	31 Dec 2013
Interest bearing securities	58	550
Shares	-	-
Total	**58**	**550**

For information on transferred assets, see Note G33.

Note G14
Shares

DKKm	31 Dec 2014	31 Dec 2013
Shares	2,271	11,189
Shares taken over for protection of claims	171	184
Fund units, equity related	13,609	13,766
Fund units, interest related	5,452	4,209
Total	**21,503**	**29,348**
Of which financial instruments pledged as collateral (Note G13)	-	-
Total	**21,503**	**29,348**

Note G15
Derivatives and hedge accounting

DKKm, 31 Dec 2014	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives	708	996	179,866
Equity derivatives	11	12	442
Foreign exchange derivatives	12	37	175,802
Credit derivatives	-	-	-
Total derivatives held for trading	**731**	**1,045**	**356,109**
Derivatives used for hedge accounting			
Interest rate derivatives	117	1,552	141,744
Foreign exchange derivatives	-	-	-
Total derivatives used for hedge accounting	**117**	**1,552**	**141,744**
Total derivatives	**848**	**2,597**	**497,853**

DKKm, 31 Dec 2013	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives	225	238	100,131
Equity derivatives	1	1	2
Foreign exchange derivatives	20	10	14,391
Credit derivatives	-	1,452	3,730
Total derivatives held for trading	**246**	**1,701**	**118,254**
Derivatives used for hedge accounting			
Interest rate derivatives	297	469	145,222
Foreign exchange derivatives	-	-	-
Total derivatives used for hedge accounting	**297**	**469**	**145,222**
Total derivatives	**543**	**2,171**	**263,476**

Note G16
Investments in associated undertakings

DKKm	31 Dec 2014	31 Dec 2013
Acquisition value at beginning of year	1,004	967
Acquisitions during the year	53	58
Sales/disposals during the year	-722	-19
Share in earnings	84	196
Dividend received	-151	-198
Translation differences	-22	-
Acquisition value at end of year	**245**	**1,004**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**245**	**1,004**

NBD's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

DKKm	31 Dec 2014	31 Dec 2013
Total assets	7,402	9,693
Net profit or loss	28	122
Other comprehensive income	-	13
Total comprehensive income	28	135

31 Dec, DKKm	Registration number	Domicile	Carrying amount 2014	Carrying amount 2013	Ownership 2014, %	Ownership 2013, %
Credit institutions						
LR Realkredit A/S	26045304	Copenhagen	75	76	39	39
Total			**75**	**76**		
Other						
Fleggaard Busleasing GmbH	134650777	Harrislee	3	5	39	39
Agro & Ferm A/S	29636672	Esbjerg	-	0	-	34
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	65	64	33	33
Axcel IKU Invest A/S	24981800	Copenhagen	0	0	33	33
Swipp Holding ApS	36439696	Copenhagen	23	-	30	-
Bluegarden Holding A/S	27226027	Ballerup	19	23	29	29
Nets Holding A/S	27225993	Ballerup	-	809	-	21
Nordea Fleet (NF-fleet A/S)	29185263	Taastrup	12	7	20	20
Bankernes Kontantservice A/S	33077599	Copenhagen	35	6	20	20
E-nettet A/S	21270776	Copenhagen	13	13	19	20
Total			**170**	**928**		
Total			**245**	**1,004**		

Note G17
Intangible assets

DKKm	31 Dec 2014	31 Dec 2013
Goodwill[1, 2]	1,312	1,312
Computer software and other intangible assets[3]	572	1,456
Total	**1,884**	**2,768**
Computer software and other intangible assets		
Acquisition value at beginning of year	2,355	2,275
Acquisitions during the year	34	83
Sales/disposals during year	-497	-3
Acquisition value at end of year	**1,892**	**2,355**
Accumulated amortisation at beginning of year	-798	-574
Amortisation according to plan for the year	-215	-227
Accumulated amortisation on sales/disposals during the year	497	3
Accumulated amortisation at end of year	**-516**	**-798**
Accumulated impairment charges at beginning of year	-101	-87
Impairment charges during the year	-703	-14
Accumulated impairment charges at end of year	**-804**	**-101**
Total	**572**	**1,456**

1 The goodwill has been allocated to the cash generating unit Retail Banking Denmark.
2 Excluding goodwill in associated undertakings.
3 Mainly internally developed software.

Impairment charges during the year relate to impairment of capitalised computer software. The main driver was the decision in Nordea to build new core banking and payment platforms, but to some extent also current decisions following the reassessment of useful lives of other systems.

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

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

Cash flows in the near future (between 2 and 3 years) are based on financial forecasts, derived from forecast margins, volumes, sales and cost development. These input variables are based on historical data adjusted to reflect Nordea's assumptions about the future. Cash flows for the period beyond the forecasting period are based on estimated sector growth rates. For impairment testing, a growth rate of 2.0% (2.5%) has been used for all cash-generating units. Growth rates are based on historical data, updated to reflect the current situation.

Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at a rate based on the long-term risk-free interest rate plus a risk premium. The post-tax discount rate used for the impairment test 2014 is 8.5% (8.5%), which equals a pre-tax rate of 10.9% (11.3%).

The impairment tests conducted in 2014 did not indicate any need for goodwill impairment. See Note G1 section 15 for more information.

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

Note G18
Leasing

Nordea as a lessor

Finance leases

NBD owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note G11) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

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

DKKm	31 Dec 2014	31 Dec 2013
Gross investments	6,520	6,711
Less unearned finance income	-511	-540
Net investments in finance leases	**6,009**	**6,171**
Less unguaranteed residual values accruing to the benefit of the lessor	-	-
Present value of future minimum lease payments receivable	**6,009**	**6,171**
Accumulated allowance for uncollectible minimum lease payments receivable	-	-

As of 31 December 2014 the gross investment and the net investment by remaining maturity were distributed as follows:

31 Dec 2014, DKKm	Gross investment	Net investment
0-1 year	1,330	1,272
1-5 years	4,017	3,701
> 5 years	1,173	1,036
Total	**6,520**	**6,009**

Nordea as a lessee

Operating leases

NBD has entered into operating lease agreements for premises and office equipment.

Leasing expenses during the year, DKKm	31 Dec 2014	31 Dec 2013
Leasing expenses during the year	488	438
of which minimum lease payments	488	438
of which contingent rents	-	-
Leasing income during the year regarding sub-lease payments	64	82
Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:		
0-1 year	296	236
1-5 years	845	838
> 5 years	114	85
Total	**1,255**	**1,159**

Total sub-lease payments expected to be received under non-cancellable sub-leases amount to DKK 0m (DKK 0m).

Note G19
Other assets

DKKm	31 Dec 2014	31 Dec 2013
Claims on securities settlement proceeds	2,945	13,804
Prepaid expenses	961	899
Investment properties[1]	83	121
Other	2,012	1,924
Total	**6,001**	**16,748**

[1] Investment properties consist of the portfolio of repossessed properties. The method applied when calculating fair value is a rate of return calculation based on internal models. As a supplement to these values, appraisals were obtained from independent external valuers for parts of the investment properties.

Note G20
Deposits by credit institutions

Central banks	4,070	6,474
Banks	35,427	100,198
Other credit institutions	18,334	5,272
Total	**57,831**	**111,944**

Note G21
Deposits and borrowings from the public

Deposits	286,630	280,553
Contracts where the return is based on separate assets	31,916	32,089
Repurchase agreements	-	-
Total	**318,546**	**312,642**

Note G22
Debt securities in issue

Bond loans issued by Nordea Kredit	359,283	305,468
Total	**359,283**	**305,468**

Note G23
Other liabilities

Liabilities on securities settlement proceeds	2,691	13,765
Sold, not held, securities	760	1,226
Accrued expenses	2,364	2,116
Prepaid income	220	205
Other	12,385	16,415
Total	**18,420**	**33,727**

Note G24
Provisions

DKKm	31 Dec 2014	31 Dec 2013
Provision for restructuring costs	256	71
Transfer risk, off-balance	10	11
Individually assessed guarantees and other commitments	240	160
Other	4	27
Total	**510**	**269**

Movement in the balance sheet

DKKm, 31 Dec 2014	Restructuring	Transfer risk	Guarantees/ commitments	Other	Total
At beginning of year	71	11	160	27	269
New provisions made	320	7	667	-	994
Provisions utilised	-78	-	-23	-23	-124
Reversals	-57	-8	-564	-	-629
Reclassifications	-	-	-	-	0
At end of year	**256**	**10**	**240**	**4**	**510**

Provision for restructuring costs amounts to DKK 256m (DKK 71m) and covers termination benefits and other provisions mainly related to redundant premises. The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this NBD's plans to reduce the number of employees, partly through close down of branches. The majority of the provision is expected to be used during 2015. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed.

Provision for Transfer risk of DKK 10m (DKK 11m) is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note G11. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed guarantees and other commitments amounted to DKK 240m (DKK 160m).

Note G25
Retirement benefit assets and liabilities

Net retirement benefit liability/asset

DKKm	31 Dec 2014	31 Dec 2013
Liabilities	824	849
Plan assets	923	959
Net liability(-)/asset(+)	**99**	**110**
- of which retirement benefit liabilities	49	16
- of which retirement benefit assets	148	126

Movements in the obligation		
Opening balance	849	867
Interest cost	26	30
Pensions paid	-57	-62
Past service cost and settlements	-112	-
Remeasurement	118	14
Closing balance	**824**	**849**

Movements in the fair value of plan assets		
Opening balance	959	982
Expected return on assets	31	34
Pensions paid	-55	-51
Settlements	-96	-
Contributions	14	-
Remeasurement (actual return less interest income)	70	-6
Closing balance	**923**	**959**

The defined benefit plans in NBD are structured in accordance with Danish regulations and practice. The DBPs are final salary and service based pension plans providing pension benefits on top of the statutory systems. The DBPs are closed for new entrants, new employees are offered DCPs. Plan assets are generally held in a separate pension foundation. Minimum funding requirements differ between the plans. Some pension plans are not covered by funding requirements and are unfunded. Quarterly assessments are made to secure the level of future contributions.

Defined benefit plans may impact NBD via changes in the net present value of obligations and/or changes in the market value of plan assets. Changes in the obligation are most importantly driven by changes in assumptions on discount rates (interest rates and credit spreads), salary increases, turnover and mortality as well as relevant experience adjustments where the actual outcome differs from the assumption. Assets are invested in diversified portfolios with bond exposures mitigating the interest rate risk in the obligations and a fair amount of real assets (inflation protected) to reduce the long term inflationary risk in liabilities.

Note G25
Retirement benefit assets and liabilities *(cont.)*

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on different actuarial assumptions.

Assumptions[1] (%)	2014	2013
Discount rate[2]	2.3	3.5
Salary increase	2.5	2.5

[1] The assumptions disclosed for 2014 have an impact on the liability calculation by year-end 2014, while the assumptions disclosed for 2013 are used for calculating the pension expense in 2014.
[2] More information on the discount rate can be found in Note G1, section 19.

Defined benefit pension cost
The total net pension cost related to defined benefit plans recognised in the NBD's income statement (as staff costs) for the year is positive DKK 21m (positive DKK 4m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note G6).

Key management NBD personnel
Nordea Bank Danmark has pension obligations regarding present and former members of the Executive Management. Defined benefit plans for the Executive Management are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as obligations except for DKK 5m (DKK 16m) booked as Retirement benefit obligations in the bank at the end of the year. NBD has no pensions obligations related to the Board of Directors and the employees that have significant influence on NBD's risk profile.

Note G26
Subordinated liabilities

DKKm	31 Dec 2014	31 Dec 2013
Hybrid capital loans	-	-
Other subordinated loans	14,550	18,089
Total	**14,550**	**18,089**

Subordinated loans are subordinated to other liabilities.

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

See Note P22 for a specification of subordinated loans.

Note G27
Assets pledged as security for own liabilities

DKKm	31 Dec 2014	31 Dec 2013
Assets pledged for own liabilities		
Securities related to repurchase agreements and securities lending[1]	58	550
Loans to the public	380,886	363,749
Other pledged assets[2]	3,984	4,020
Total	**384,928**	**368,319**
The above pledges pertain to the following liabilities		
Deposits by credit institutions	2,532	3,083
Deposits and borrowings from the public	0	-
Derivatives	1,162	1,196
Debt securities in issue after eliminations	359,283	305,458
Other liabilities	-	-
Total	**362,977**	**309,737**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note G33 Transferred financial assets and obtained collaterals.

[2] Other pledged assets mainly relating to bonds and cash had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

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

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

Note G28
Contingent liabilities

DKKm	31 Dec 2014	31 Dec 2013
Guarantees:		
Loan guarantees	9,175	8,777
Other guarantees	16,014	16,309
Documentary credits	2,662	2,565
Other contingent liabilities	31	22
Total	**27,882**	**27,674**

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

NBD A/S is jointly taxed with the Danish companies, branches etc. of Nordea.The companies etc. included in the joint taxation have joint several unlimited liability for Danish corporation taxes and withholding taxes on dividends and interest. At 31 december 2014, the net taxes receivable from to the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 70m (net taxes payable DKK 93m). Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc, may entail that the companies' assets/liabilities will increase. The Danish Group as a whole is not liable to others.

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

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

Other guarantees include guarantees to the Danish Guarantee Scheme.

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

Note G29
Capital adequacy

Capital adequacy is a measure of the financial strength of a bank, usually expressed as a ratio of capital to assets. There is a worldwide capital adequacy standard (Basel III) drawn up by the Basel Committee on Banking Supervision. Within the EU, the capital adequacy requirements are outlined in the Capital Requirements Directive IV (CRD IV) and Capital Requirements Regulation (CRR).

CRD IV/CRR require higher capitalisation levels and better quality of capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk based requirement, measures to promote the build-up of capital that can be drawn in periods of stress and the introduction of liquidity standards. CRD IV was implemented through national law within all EU countries during 2014 , while the CRR entered into force in all EU countries the first of January 2014.

The Basel III framework is built on three Pillars:

- Pillar I – requirements for the calculation of RWA and Capital
- Pillar II – rules for the Supervisory Review Process (SRP)
  Including the Internal Capital Adequacy Assessment Process(ICAAP)
- Pillar III – rules for the disclosure on risk and capital management, including capital adequacy

Nordea performs an ICAAP with the purpose to review the management, mitigation and measurement of material risks within the business environment in order to assess the adequacy of capitalisation and to determine an internal capital requirements reflecting the risks of the institution.

Note G29
Capital adequacy *(cont.)*

The ICAAP is a continuous process which increases awareness of capital requirements and exposure to material risks throughout the organisation, both in the business area and legal entity dimensions. Stress tests are important drivers of risk awareness, looking at capital and risk from a firm-wide perspective on a regular basis and on an ad-hoc basis for specific areas or segments. The process includes a regular dialogue with supervisory authorities, rating agencies and other external stakeholders with respect to capital management, measurement and mitigation techniques used.

Nordea Bank Denmark's capital levels continue to be adequate to support the risks taken, both from an internal perspective as well as from the perspective of supervisors. Heading into 2015, Nordea will continue to closely follow the development of the new capital requirement regime as well as maintain its open dialogue with the supervisory authorities.

The disclosures in this note cover the Nordea Bank Denmark Group.

Common Equity Tier 1 capital and Tier 1 capital
Common Equity Tier (CET) 1 capital is defined as eligible capital including eligible reserves, net of regulatory required deductions made directly to CET 1 capital. The capital recognised as CET1 capital holds the ultimate characteristics for loss absorbance defined from a going concern perspective and represents the most subordinated claim in the event of liquidation. The Tier 1 capital is defined as the sum of CET 1 capital and Additional Tier 1 (AT1) capital where AT1 capital is the total of instruments (hybrids) issued by the bank wich are fully compliant with CRD IV and those that meet the transitional regulatory criteria and not included in the CET1 net after AT1 deductions.

All Tier 1 capital instruments are undated subordinated capital loans.

Eligible capital and eligible reserves
Paid up capital is the share capital contributed by shareholders. The share premium paid is included as eligible capital. Eligible reserves consist primarily of retained earnings, other reserves and income from current year. Retained earnings are earnings from previous years reported via the income statement. Other reserves are related to revaluation and translation reserves referred to acquisitions and associated companies under the equity method. The equity interests of minority shareholdings in companies that are fully consolidated in the financial group are not included. Positive income from current year is included as eligible capital after verification by the external auditors, however negative income must be deducted.

Additional Tier 1 instruments
Nordea Bank Denmark Group has no Additional Tier 1 instruments.

Tier 2 capital
Tier 2 capital must be subordinated to depositors and general creditors of the bank. It cannot be secured or covered by a guarantee of the issuer or related entity or include any other arrangement that legally or economically enhances the seniority of the claim vis-a`-vis depositors and other bank creditors.

Tier 2 instruments
Tier 2 instruments consists mainly of subordinated debt. Tier 2 instruments may include two different types of subordinated loan capital; undated loans and dated loans. Nordea Bank Denmark only holds dated loans. According to the regulation, Tier 2 instruments issued that fulfil the CRD IV requirements are fully included whereas remaining instruments are phased out according to transitional rules.

The basic principle for subordinated debt in own funds is the order of priority in case of a default or bankruptcy situation. Under such conditions, the holder of the subordinated loan would be repaid after other creditors, but before shareholders. The share of outstanding loan amount possible to include in the Tier 2 capital related to dated loans is reduced if the remaining maturity is less than five years.

During 2014 Nordea Bank Denmark called EUR 475m of its Tier 2 loan. As of year-end, Nordea Bank Denmark held EUR 2.0bn in dated subordinated loans.

Capital situation
Generally, Nordea has the ability to transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by the local regulator and are of importance when governing the capital position within the Group. There are no such restrictions directly affecting NBD as per end of 2014.

More Capital Adequacy information for the NBD can be found in the Risk, liquidity and capital management section pages 8-21.

Note G29
Capital adequacy *(cont.)*

Transitional own funds

DKKm, 31 Dec 2014 **Common Equity Tier 1 capital: instruments and reserves**		(A) amount at disclosure date	(C) amounts subject to pre-regulation (eu) no 575/2013 treatment or prescribed residual amount of regulation (eu) no 575/2013
1	Capital instruments and the related share premium accounts	5,000	-
	of which: Share capital	5,000	-
2	Retained earnings	21,585	-
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	12,390	-
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	202	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**39,177**	**-**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-357	-
8	Intangible assets (net of related tax liability) (negative amount)	-1,884	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	-
11	Fair value reserves related to gains or losses on cash flow hedges	-	-
12	Negative amounts resulting from the calculation of expected loss amounts	-260	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	1,237	-
15	Defined-benefit pension fund assets (negative amount)	-26	-
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	-
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-60	-
	Of which: Available for sale loss	-	-
	Of which: Available for sale gain	-60	-
28	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	**-1,351**	**-**
29	**Common Equity Tier 1 (CET1) capital**	**37,826**	**-**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	-
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	-
Additional Tier 1 (AT1) capital: regulatory adjustments			
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	-174
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	**-174**
44	**Additional Tier 1 (AT1) capital**	**-**	**-**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**37,826**	**-**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	11,912	-
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	-
51	**Tier 2 (T2) capital before regulatory adjustments**	**11,912**	**-**
Tier 2 (T2) capital: regulatory adjustments			
56a	Residual amounts deducted from Tier 2capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-174	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-174**	**-**
58	**Tier 2 (T2) capital**	**11,739**	**-**
59	**Total capital (TC = T1 + T2)**	**49,565**	**-**
60	**Total risk weighted assets**	**254,730**	**-**

Note G29
Capital adequacy *(cont.)*

Transitional own funds *(cont.)*

Common Equity Tier 1 capital: instruments and reserves		(A) amount at disclosure date	(C) amounts subject to pre-regulation (eu) no 575/2013 treatment or prescribed residual amount of regulation (eu) no 575/2013
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.8%	-
62	Tier 1 (as a percentage of risk exposure amount)	14.8%	-
63	Total capital (as a percentage of risk exposure amount)	19.5%	-
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	0.0%	-
65	of which: capital conservation buffer requirement	0.0%	-
66	of which: countercyclical buffer requirement	0.0%	-
67	of which: systemic risk buffer requirement	0.0%	-
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.8%	-
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	-
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	92	-
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	-
Applicable caps on the inclusion of provisions in Tier 2			
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	203,904	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	1,223	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
84	Current cap on T2 instruments subject to phase out arrangements	2,829	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

Note G29
Capital adequacy *(cont.)*

Minimum capital requirement and REA

DKKm	31 Dec 2014 Minimum capital requirement	31 Dec 2014 REA	31 Dec 2013 Minimum capital requirement	31 Dec 2013 REA
Credit risk	**17,679**	**220,985**	**17,709**	**221,360**
- of which counterparty credit risk	31	393	18	221
IRB	16,312	203,904	16,430	205,372
- of which corporate	10,309	128,864	10,657	133,214
- of which advanced	9,791	122,392	-	-
- of which foundation	518	6,472	10,657	133,214
- of which institutions	511	6,383	340	4,249
- of which retail	5,262	65,777	5,268	65,848
- of which secured by immovable property collateral	2,753	34,413	2,607	32,590
- of which other retail	2,509	31,364	2,661	33,258
- of which other	230	2,880	165	2,061
Standardised	1,367	17,081	1,279	15,987
- of which central governments or central banks	48	604	31	391
- of which regional governments or local authorities	-	-	-	-
- of which public sector entities	-	-	-	-
- of which multilateral development banks	-	-	-	-
- of which international organisations	-	-	-	-
- of which institutions	108	1,348	89	1,111
- of which corporate	252	3,149	264	3,301
- of which retail	396	4,936	383	4,788
- of which secured by mortgages on immovable properties	84	1,055	104	1,297
- of which in default	8	102	14	170
- of which associated with particularly high risk	398	4,976	-	-
- of which covered bonds	4	45	2	30
- of which institutions and corporates with a short-term credit assessment	-	-	-	-
- of which collective investments undertakings (CIU)	-	-	-	-
- of which equity	32	403	-	-
- of which other items	37	463	392	4,899
Credit Value Adjustment Risk	**3**	**39**	**-**	**-**
Market risk	**304**	**3,799**	**515**	**6,437**
- of which trading book, Internal Approach	135	1,685	301	3,765
- of which trading book, Standardised Approach	169	2,114	214	2,672
- of which banking book, Standardised Approach	-	-	-	-
Operational risk	**2,393**	**29,907**	**2,401**	**30,019**
Standardised	2,393	29,907	2,401	30,019
Sub total	**20,379**	**254,730**	**20,625**	**257,815**
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	10,379	129,741	10,320	128,993
Total	**30,758**	**384,471**	**30,945**	**386,808**

Note G29
Capital adequacy *(cont.)*

Capital requirements for market risk

	Trading book, IA		Trading book, SA		Banking book, SA		Total	
DKKm, 31 Dec 2014	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other[1]	574	46	318	25	-	-	892	71
Equity risk	278	22	1,796	144	-	-	2,074	166
Foreign exchange risk	283	23	-	-	-	-	283	23
Settlement risk	-	-	-	-	-	-	-	-
Diversification effect	-405	-32	-	-	-	-	-405	-32
Stressed Value-at-Risk	955	76	-	-	-	-	955	76
Incremental Risk Measure	-	-	-	-	-	-	-	-
Comprehensive Risk Measure	-	-	-	-	-	-	-	-
Total	**1,685**	**135**	**2,114**	**169**	**-**	**-**	**3,799**	**304**

[1] Interest rate risk column Trading book IA includes both general and specific interest rate risk which is elsewhere referred to as interest rate VaR and credit spread VaR.

At Nordea.com/Investor+Relations/Capital+adequacy+reports/Capital+instruments Nordea has disclosed a description of the main features of the Common Equity Tier 1 and Tier 2 capital instruments issued by Nordea Bank Danmark in accordance with CRR article 437(1) b). Additionally, full terms and conditions of Common Equity Tier 1 and Tier 2 capital instruments according to Art. 437 (1) c) are disclosed. The disclosures are not covered by the statutory audit.

Note G30
Classification of financial instruments

DKKm, 31 Dec 2014	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and demand balances with central banks	5,030	-	-	-	-	-	-	5,030
Loans to credit institutions and central banks	51,782	-	46,429	94	-	-	-	98,305
Loans to the public	221,559	-	-	385,606	-	-	-	607,165
Interest-bearing securities	-	-	17,887	10,859	-	46,052	-	74,798
Financial instruments pledged as collateral	-	-	58	-	-	-	-	58
Shares	-	-	3,266	18,237	-	-	-	21,503
Derivatives	-	-	731	-	117	-	-	848
Fair value changes of the hedged items in portfolio hedge of interest rate risk	371	-	-	-	-	-	-	371
Investments in associated undertakings	-	-	-	-	-	-	245	245
Intangible assets	-	-	-	-	-	-	1,884	1,884
Properties and equipment	-	-	-	-	-	-	753	753
Deferred tax assets	-	-	-	-	-	-	65	65
Current tax assets	-	-	-	-	-	-	130	130
Retirement benefit assets	-	-	-	-	-	-	148	148
Other assets	5,918	-	-	83	-	-	-	6,001
Total	**284,660**	**-**	**68,371**	**414,879**	**117**	**46,052**	**3,225**	**817,305**

DKKm, 31 Dec 2014	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	2,809	8,893	-	46,129	-	57,831
Deposits and borrowings from the public	-	58,642	-	259,904	-	318,546
Debt securities in issue	-	359,283	-	-	-	359,283
Derivatives	1,045	-	1,552	-	-	2,597
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	88	-	88
Current tax liabilities	-	-	-	-	201	201
Other liabilities	760	-	-	13,308	4,352	18,420
Deferred tax liabilities	-	-	-	-	543	543
Provisions	-	-	-	-	510	510
Retirement benefit liabilities	-	-	-	-	49	49
Subordinated liabilities	-	-	-	14,550	-	14,550
Total	**4,614**	**426,818**	**1,552**	**333,979**	**5,655**	**772,618**

Note G30
Classification of financial instruments *(cont.)*

DKKm, 31 Dec 2013	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and demand balances with central banks	15,859	-	-	-	-	-	-	15,859
Loans to credit institutions and central banks	75,184	-	4,037	313	-	-	-	79,534
Loans to the public	231,303	-	-	369,560	-	-	-	600,863
Interest-bearing securities	-	-	20,423	11,594	-	45,732	-	77,749
Financial instruments pledged as collateral	-	-	550	-	-	-	-	550
Shares	-	-	12,448	16,900	-	-	-	29,348
Derivatives	-	-	246	-	297	-	-	543
Fair value changes of the hedged items in portfolio hedge of interest rate risk	282	-	-	-	-	-	-	282
Investments in associated undertakings	-	-	-	-	-	-	1,004	1,004
Intangible assets	-	-	-	-	-	-	2,768	2,768
Properties and equipment	-	-	-	-	-	-	746	746
Deferred tax assets	-	-	-	-	-	-	79	79
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	126	126
Other assets	15,722	-	770	256	-	-	-	16,748
Total	**338,350**	**-**	**38,474**	**398,623**	**297**	**45,732**	**4,723**	**826,200**

DKKm, 31 Dec 2013	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	1,580	4,378	-	105,986	-	111,944
Deposits and borrowings from the public	-	68,612	-	244,030	-	312,642
Debt securities in issue	-	305,468	-	-	-	305,468
Derivatives	1,701	-	470	-	-	2,171
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	85	-	85
Current tax liabilities	-	-	-	-	217	217
Other liabilities	1,226	3,592	-	24,426	4,483	33,727
Deferred tax liabilities	-	-	-	-	747	747
Provisions	-	-	-	-	269	269
Retirement benefit liabilities	-	-	-	-	16	16
Subordinated liabilities	-	-	-	18,089	-	18,089
Total	**4,507**	**382,050**	**470**	**392,616**	**5,732**	**785,374**

Note G30
Classification of financial instruments *(cont.)*

Loans designated at fair value through profit or loss

DKKm	31 Dec 2014	31 Dec 2013
Carrying amount	385,700	369,873
Maximum exposure to credit risk	385,700	369,873
Carrying amount of credit derivatives used to mitigate the credit risk	-	-

Financial liabilities designated at fair value through profit or loss

Changes in fair values of financial liabilities attributable to changes in credit risk
The financial liabilities designated at fair value through profit or loss exposed to changes in credit risk are issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab, DKK 359bn (DKK 309bn), the funding of the Markets operation, DKK 36bn (DKK 41bn) and deposits linked to the investment return of separate assets, DKK 32bn (DKK 32bn). The funding of Markets is generally of such a short-term nature that the effect of changes in own credit risk is not significant. The value of the asset linked deposits is directly linked to the assets in the contracts and there is consequently no effect from changes in own credit risk in these contracts. For the issued mortgage bonds in Nordea Kredit Realkreditaktieselskab a change in the liability's credit risk and price will have a corresponding effect on the value of the loan. The reason is that a change in the price of the bonds will be offset by the opposite change in the value of the prepayment option of the loan.

The fair value of bonds issued in Nordea Kredit Realkreditaktieselskab increased in 2014 by approximately DKK 0.0bn (increase of approximately DKK 0.2bn) due to changes in own credit risk. The cumulative change since designation was a decrease of approximately DKK 5bn (decrease of approximately DKK 5bn). The calculation method of the estimated fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates, which are the average yield on Danish and German government bonds and for variable rate loans, the swap rate. The calculation method is subject to uncertainty related to a number of assumptions and estimates.

Changes in fair values of financial assets attributable to changes in credit risk
Lending designated at fair value through profit or loss exposed to changes in credit risk consist of lending in the Danish subsidiary Nordea Kredit Realkreditaktieselskab, DKK 381bn (DKK 364bn) and lending in the Markets operation, DKK 5bn (DKK 6bn). The fair value of lending in Nordea Kredit Realkreditaktieselskab decreased by DKK 0.3bn (decreased DKK 0.3bn) in 2014 due to changes in credit risk. The cumulative change since designation is a decrease of DKK 1.1bn (decrease DKK 1.2bn). The method used to estimate the amount of change in the fair value attributable to changes in credit risk is simular to the incurred loss impairment model for amortised cost assets under IAS 39. The lending in Markets is generally of such a short-term nature (mainly overnight deposits) that the effect of changes in credit risk is not significant. Also instruments classified as "Other assets" and "Prepaid expenses and accrued income" are of such a short-term nature that the impact from changes in credit risk is not significant.

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

DKKm, 31 Dec 2014	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	426,818	413,524

DKKm, 31 Dec 2013		
Financial liabilities at fair value through profit or loss	382,050	377,108

Note G31
Assets and liabilities at fair value

Assets and liabilities at fair value on the balance sheet

Categorisation into the fair value hierarchy

DKKm, 31 Dec 2014	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks and credit institutions	-	46,523	-	46,523
Loans to the public	-	385,606	-	385,606
Interest-bearing securities	45,999	28,761	38	74,798
Financial instruments pledged as collateral	58	-	-	58
Shares	18,012	-	3,491	21,503
Derivatives	-	848	-	848
Other assets	-	-	83	83
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	11,702	-	11,702
Deposits and borrowings from the public	-	58,642	-	58,642
Debt securities in issue	359,283	-	-	359,283
Derivatives	-	2,597	-	2,597
Other liabilities	760	-	-	760

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

DKKm, 31 Dec 2013	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks and credit institutions	-	4,350	-	4,350
Loans to the public	-	369,560	-	369,560
Interest-bearing securities	55,731	21,960	58	77,749
Financial instruments pledged as collateral	547	3	-	550
Shares	25,518	-	3,829	29,347
Derivatives	-	543	-	543
Other assets	-	770	121	891
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	5,958	-	5,958
Deposits and borrowings from the public	-	36,523	-	36,523
Debt securities in issue	305,468	-	-	305,468
Derivatives	-	2,171	-	2,171
Other liabilities	1,226	3,592	-	4,818

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

Note G31
Assets and liabilities at fair value *(cont.)*

Determination of fair value for items measured at fair value on the balance sheet
Fair value measurements of assets and liabilities carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

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

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

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

All valuation models, both complex and simple models, make use of market parameters. These parameters comprise interest rates, volatilities, correlations etc. Some of these parameters are observable while others are not. For non-exotic currencies the interest rates are all observable, and the volatilities and the correlations on the interest rates and FX rates are observable up to a certain maturity. Volatilities and correlations are also observable for the most liquid equity instruments in the short end. For less liquid equity instruments, the option market is fairly illiquid, and hence the volatilities and correlations are unobservable. For each instrument the sensitivity towards unobservable parameters is measured. If the impact from unobservable parameters on the valuation is significant the instrument is categorised as Level 3 in the fair value hierarchy.

For interest-bearing securities the categorisation into the three levels are based on the internal pricing methodology. These instruments can either be directly quoted in active markets (Level 1) or measured using a methodology giving a quote based on observable inputs (Level 2). Level 3 bonds are characterised by illiquidity.

For OTC derivatives valuation models are used for establishing fair value. For collateralised contracts OIS interest rates are used for discounting. These rates are observable in the market. The valuation is in addition based on several other market parameters, depending on the nature of the contract. Complex valuation models are used for more exotic OTC derivates. The models are usually in-house developed, and based on assumptions about the behaviuor of the underlying asset and statistical scenario analysis. As mentioned above OTC derivatives are generally categorised as Level 2 in the fair value hierarchy and all significant model parameters are thus observabe in active markets. For vanilla derivatives standard models like e.g. Black-Scholes are used for valuation.

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

Note G31
Assets and liabilities at fair value *(cont.)*

NBD holds loans and issued debt securities in the subsidiary Nordea Kredit Realkreditaktieselskab at designated fair value. When NBD grants mortgage loans to borrowers, in accordance with the Danish mortgage finance law, NBD at the same time issues debt securities with matching terms, so called "match funding". Fair value of the issued debt securities is based on quoted prices and thus categorised as Level 1 in the fair value hierarchy. As the borrowers have the right to purchase debt securities issued by NBD in the market and return these as repayment for their loans, the fair value of the loans is the same as the fair value of the issued bonds (due to the revaluation of the repayment option embedded in the loan) adjusted for changes in the credit risk of the borrower. The credit risk adjustment is calculated based on an incurred loss model.

Fair value is generally calculated as the theoretical net present value of the individual instruments, based on independently sourced market parameters as described above, and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. Fair value of financial assets and liabilities are generally calculated as the theoretical net present value of the individual instruments, based on independently sourced market parameters as described above, and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment.

An important part of the portfolio adjustment relates to counterparty risk in OTC-derivaives. The adjustment is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart. Nordea also takes into account NBD´s credit spread in the valuation of derivatives (DVA).

Another important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

Transfers between level 1 and 2

During the year, NBD transferred interest-bearing securities of DKK 2bn from level 2 to level 1 of the fair value hierarchy. The reason for the transfer from level 2 to level 1 was that the instruments have been actively traded during the year and reliable qouted prices are obtained in the market.

Note G31
Assets and liabilities at fair value *(cont.)*

Movements in level 3 shares

DKKm, 31 Dec 2014	At 1 Jan 2014	Reclassification	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]
Shares	3,829	-	181	374

DKKm, 31 Dec 2014 *(cont.)*	Purchases	Sales	Transfers into level 3	Transfers out from level 3	Translation differences	At 31 Dec 2014
Shares	422	-1,315	-	-	-	3,491

DKKm, 31 Dec 2013	At 1 Jan 2013	Reclassification	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]
Shares	4,404	-	261	183

DKKm, 31 Dec 2013 *(cont.)*	Purchases	Sales	Transfers into level 3	Transfers out from level 3	Translation differences	At 31 Dec 2013
Shares	906	-1,928	-	-	3	3,829

[1] Relates to those assets and liabilities held at the end of the reporting period.

Fair value gains/losses recognised in the income statement during the year are included in net result from items at fair value, see Note G4.

The valuation processes for fair value measurements in Level 3 shares
Financial instruments
Valuation principles in Nordea are determined in and approved by the Group Valuation Committee (GVC). GVC issues guiding policies to the business units on how to establish a robust valuation process and minimise the valuation uncertainty. The GVC also serves as escalation point.

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

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

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

Note G31
Assets and liabilities at fair value *(cont.)*

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

DKKm, 31 Dec 2014	Fair value[1]	Valuation techniques
Shares		
Private equity funds	1,405	Adjusted net asset value[1]
Hedge funds	996	Net asset value[1]
Credit Funds	815	Net asset value[1]
Other funds	145	Net asset value/Fund prices[1]
Other	130	-
Total[2]	**3,491**	

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

[2] Effects of reasonalbly possible alternative assumptions are DKK 349m/-105m.

The table above shows for shares categorised in level 3, the fair value and the valuation technique used to estimate the fair value.

Fair value of assets and liabilities in level 3 are estimated using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. For financial instruments portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note G1 section 10 “Determination of fair value of financial instruments”).

The footnote 2 in the table above shows the sensitivity of the fair values of level 3 financial instruments to changes in key assumptions. Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table. The range disclosed are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

In order to calculate the sensitivity (range) in fair value of shares the fair value was increased and decreased within a total range of 2-10 percentage units depending of the valuation uncertainty and underlying assumptions. Higher ranges are applied to instruments with more uncertain valuations relative to actively traded instruments and underlying uncertainties in individual assumptions.

Movements in deferred Day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (day 1 profit) is deferred. For more information see, Note G1 “Accounting policies”.

At 31 Dec 2014 deferred Day 1 profit amounted to DKK 0m (DKK 0m).

Note G31
Assets and liabilities at fair value *(cont.)*

Determination of fair values for items not measured at fair value on the balance sheet

Cash and balances with central banks
The fair value of "Cash and balances with central banks" is the same as the carrying amount. The fair value is based on quoted prices in active markets for relevant currencies and therefore the fair value measurement is categorised into Level 1 in the fair value hierarchy.

Loans
The total fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" is not significantly different from the carrying amount. The fair value has been calculated as the carrying amount adjusted for fair value changes in interest rate risk. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rates in the portfolios. The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Other assets
The balance sheet item "Other assets" consist of short-term receivables and accrued interest receivables. The fair value is therefore considered to be equal to the carrying amount and categorised into Level 3 in the fair value hierarchy.

Deposits and debt instruments
The total fair value of "Deposits by credit institutions", "Deposits and borrowings from the public" and "Subordinated liabilities" is not significantly different from the carrying amount. The fair value has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rates in the portfolios. The fair value changes in the credit risk are calculated as the difference between the credit spreads in the nominal interest rates compared with current spreads. As the contractual maturity is short for "Deposits and credit institutions" and "Deposits and borrowing from the public" the changes in NBD's own credit risk related to these items is assumed not to be significant. The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Other liabilities
The balance sheet item "Other liabilities" consist of short-term payables, mainly payables on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is categorised into Level 3 in the fair value hierarchy.

Note G32
Financial instruments set off on balance or subject to netting agreements

31 Dec 2014, DKKm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	278	-13	265	-265	-	-	-
Reverse repurchase agreements	46,428	-	46,428	-	46,428	-	-
Total	**46,706**	**-13**	**46,693**	**-265**	**-46,428**	**-**	**-**

31 Dec 2014, DKKm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	1,868	-13	1,855	-265	-	-278	1,312
Repurchase agreements	2,809	-	2,809	-	-2,809	-	-
Total	**4,677**	**-13**	**4,664**	**-265**	**-2,809**	**-278**	**1,312**

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

Note G32
Financial instruments set off on balance or subject to netting agreements *(cont.)*

31 Dec 2013, DKKm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	503	-2	501	-475	-	-	26
Reverse repurchase agreements	4,037	-	4,037	-	-4,037	-	-
Total	**4,540**	**-2**	**4,538**	**-475**	**-4,037**	**-**	**26**

31 Dec 2013, DKKm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	2,170	-2	2,168	-475	-	-95	1,598
Repurchase agreements	1,580	-	1,580	-	-1,580	-	-
Total	**3,750**	**-2**	**3,748**	**-475**	**-1,580**	**-95**	**1,598**

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

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

For a describtion of counterparty risk see section Risk, Liquidity and Capital management, counterparty credit risk, in the Board of Directors' report.

Note G33
Transferred financial assets and obtained collaterals

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

All assets transferred continue to be recognised on the balance sheet if NBD is still exposed to changes in the fair value of the assets. This is the case for repurchase agreements and securities lending transactions.

Repurchase agreements are a form of collateralised borrowing where NBD sells securities with an agreemement to repurchase them at a later date at a fixed price. The cash received is recognised as a deposit (liability). Securities delivered under repurchase agreements are not derecognised from the balance sheet.

Securities lending transactions are transactions where NBD lends securities it holds to a counterpart and receives a fee.

As both repurchase agreements and securities lending transactions results in the securities are returned to NBD, all risks and rewards of the instruments transferred is retained by NBD, although they are not available for NBD during the period during which they are transferred. The counterpart in the transactions holds the securities as collateral, but has no recourse to other assets in NBD.

Securitisation consists of a Special Purpose Entity, that NBD has established to allow customers to invest in structured products.

DKKm	31 Dec 2014	31 Dec 2013
Repurchase agreements		
Interest-bearing securities	58	550
Shares	-	-
Securities lending agreements		
Interest-bearing securities	-	-
Shares	-	-
Securitisations		
Interest-bearing securities	10	10
Other	-	-
Total	**68**	**560**

Liabilities associated with the assets

DKKm	31 Dec 2014	31 Dec 2013
Repurchase agreements		
Deposits by credit institutions	-	557
Deposits and borrowings from the public	-	-
Other	-	-
Securities lending agreements		
Deposits by credit institutions	-	-
Deposits and borrowings from the public	-	-
Other	-	-
Securitisations		
Debt securities in issue	-	-
Other	-	-
Total	**-**	**557**
Net	**68**	**3**

For information on financial instruments pledged as collateral, see Note G13.

Note G33
Transferred financial assets and obtained collaterals *(cont.)*

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

DKKm	31 Dec 2014	31 Dec 2013
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	42,468	2,726
of which repledged or sold	40,973	2,438
Securities borrowing agreements		
Received collaterals which can be repledged or sold	-	-
of which repledged or sold	-	-
Total	**42,468**	**2,726**

Note G34
Investments, customer bearing the risk

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

DKKm	31 Dec 2014	31 Dec 2013
Assets		
Interest-bearing securities[1]	12,263	13,318
Shares	18,066	16,715
Other assets	123	135
Total assets[2]	**30,452**	**30,169**
Liabilities		
Deposits and borrowings from the public	31,916	32,089
Total liabilities	**31,916**	**32,089**

1 Of which own bonds in Nordea Kredit Realkredit DKK 1,405m (DKK 1,724m).
2 In addition, cash deposits amounted to DKK 1,463m (DKK 1,921m).

Note G35
Maturity analysis for assets and liabilities

Expected maturity

31 Dec 2014, DKKm	Note	Expected to be recovered or settled: Within 12 months	After 12 months	Total
Cash and balances with central banks		5,030	-	5,030
Loans to credit institutions and central banks	G11	98,082	223	98,305
Loans to the public	G11	100,509	506,655	607,165
Interest-bearing securities	G12	3,075	71,723	74,798
Financial instruments pledged as collateral	G13	58	-	58
Shares	G14	20,989	514	21,503
Derivatives	G15	741	107	848
Fair value changes of the hedged items in portfolio hedge of interest rate risk		10	361	371
Investments in associated undertakings	G17	-	245	245
Intangible assets	G18	7	1,877	1,884
Properties and equipment		4	749	753
Deferred tax assets	G10	-	65	65
Current tax assets	G10	130	-	130
Retirement benefit assets	G25	-	148	148
Other assets	G19	5,680	321	6,001
Total assets		**234,315**	**582,989**	**817,305**
Deposits by credit institutions	G20	57,831	-	57,831
Deposits and borrowings from the public	G21	270,974	47,572	318,546
Debt securities in issue	G22	87,918	271,365	359,283
Derivatives	G15	2,349	248	2,597
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G16	17	71	88
Current tax liabilities	G10	-	201	201
Other liabilities	G23	17,880	540	18,420
Deferred tax liabilities	G10	64	479	543
Provisions	G24	285	225	510
Retirement benefit liabilities	G25	-	49	49
Subordinated liabilities	G26	1,492	13,058	14,550
Total liabilities		**438,810**	**333,808**	**772,618**
Equity		**5,500**	**39,187**	**44,687**
Total liabilities and equity		**444,310**	**372,995**	**817,305**

Note G35
Maturity analysis for assets and liabilities *(cont.)*

Expected maturity

31 Dec 2013, DKKm	Note	Expected to be recovered or settled: Within 12 months	After 12 months	Total
Cash and balances with central banks		15,859	-	15,859
Loans to credit institutions and central banks	G11	79,258	276	79,535
Loans to the public	G11	97,778	503,085	600,863
Interest-bearing securities	G12	27,610	50,139	77,749
Financial instruments pledged as collateral	G13	550	-	550
Shares	G14	27,507	1,842	29,348
Derivatives	G15	266	277	543
Fair value changes of the hedged items in portfolio hedge of interest rate risk		20	261	282
Investments in associated undertakings	G17	-	1,004	1,004
Intangible assets	G18	-	2,769	2,768
Properties and equipment		-	746	746
Deferred tax assets	G10	-	79	79
Current tax assets	G10	-	-	-
Retirement benefit assets	G25	-	126	126
Other assets	G19	16,441	308	16,748
Total assets		**265,288**	**560,912**	**826,200**
Deposits by credit institutions	G20	111,944	-	111,944
Deposits and borrowings from the public	G21	261,088	51,554	312,642
Debt securities in issue	G22	67,289	238,179	305,468
Derivatives	G15	1,647	524	2,171
Fair value changes of the hedged items in portfolio hedge of interest rate risk		40	44	85
Current tax liabilities	G10	19	198	217
Other liabilities	G23	33,257	470	33,727
Deferred tax liabilities	G10	19	728	747
Provisions	G24	114	154	269
Retirement benefit liabilities	G25	-	16	16
Subordinated liabilities	G26	3,543	14,546	18,089
Total liabilities		**478,961**	**306,414**	**785,374**
Equity		**1,750**	**39,075**	**40,826**
Total liabilities and equity		**480,711**	**345,489**	**826,200**

Note G35
Maturity analysis for assets and liabilities *(cont.)*

Contractual undiscounted cash flow

31 Dec 2014, DKKm	Within 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing financial assets	217,494	43,371	185,660	565,989	1,012,514
Non-interest-bearing financial assets and non-financial assets	-	-	-	36,979	36,979
Total financial assets	**217,494**	**43,371**	**185,660**	**602,968**	**1,049,493**
Interest-bearing financial liabilities	350,102	103,536	178,418	203,588	835,644
Non-interest-bearing financial liabilities and non-financial liabilities and equity	-	-	-	67,094	67,094
Unrecognised guarantees and documentary credits	27,882	-	-	-	27,882
Unrecognised credit commitments	151,317	-	-	-	151,317
Total financial liabilities	**529,301**	**103,536**	**178,418**	**270,682**	**1,081,937**
Derivatives, cash inflow	73,622	2,628	1,089	619	77,958
Derivatives, cash outflow	-73,797	-2,786	-2,022	-837	-79,442
Net exposure	**147,419**	**5,414**	**3,111**	**1,456**	**157,400**
Exposure	**-164,388**	**-54,751**	**10,353**	**333,742**	**124,956**
Cumulative exposure	**-164,388**	**-219,139**	**-208,786**	**124,956**	

31 Dec 2013, DKKm	Within 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing financial assets	234,510	34,150	182,817	594,775	1,046,252
Non-interest-bearing financial assets and non-financial assets	-	-	-	51,646	51,646
Total financial assets	**234,510**	**34,150**	**182,817**	**646,421**	**1,097,898**
Interest-bearing financial liabilities	352,574	88,251	197,392	184,870	823,087
Non-interest-bearing financial liabilities and non-financial liabilities and equity	-	-	-	78,057	78,057
Unrecognised guarantees and documentary credits	27,674	-	-	-	27,674
Unrecognised credit commitments	175,266	-	-	-	175,266
Total financial liabilities	**555,514**	**88,251**	**197,392**	**262,927**	**1,104,084**
Derivatives, cash inflow	63,764	7,982	2,295	833	74,874
Derivatives, cash outflow	63,892	8,109	2,200	629	74,830
Net exposure	**-128**	**-127**	**95**	**204**	**44**
Exposure	**-321,132**	**-54,228**	**-14,480**	**383,698**	**-6,142**
Cumulative exposure	**-321,132**	**-375,360**	**-389,840**	**-6,142**	

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

Note G36
Related-party transactions

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

DKKm	Shareholders with significant influence 31 Dec 2014	Shareholders with significant influence 31 Dec 2013	Other Nordea Group Companies 31 Dec 2014	Other Nordea Group Companies 31 Dec 2013	Associated undertakings 31 Dec 2014	Associated undertakings 31 Dec 2013	Other related parties[1] 31 Dec 2014	Other related parties[1] 31 Dec 2013
Assets								
Loans	755	352	49,449	7,867	279	976	-	-
Interest-bearing securities	32	-	1,920	4,102	-	-	-	-
Derivatives	1	1	112	403	-	-	-	-
Other assets	237	159	2,115	2,538	-	-	-	-
Total assets	**1,025**	**513**	**53,596**	**14,910**	**279**	**976**	**-**	**-**
Liabilities								
Deposits	7,870	53,061	19,256	28,063	757	225	90	78
Debt securities in issue	-	-	41,972	43,489	-	-	-	-
Derivatives	18	9	1,322	1,988	-	-	-	-
Other liabilities	641	362	6	4,132	-	-	-	-
Subordinated liabilities	14,550	18,089	-	-	-	-	-	-
Total liabilities	**23,079**	**71,521**	**62,556**	**77,672**	**757**	**225**	**90**	**78**
Off balance								
Contingent liabilities	-	-	-	-	10	77	-	-

DKKm	Shareholders with significant influence 2014	Shareholders with significant influence 2013	Other Nordea Group Companies 2014	Other Nordea Group Companies 2013	Associated undertakings 2014	Associated undertakings 2013	Other related parties[1] 2014	Other related parties[1] 2013
Net interest income	-291	-405	-574	-678	6	24	-1	-1
Net fee and commission income	23	13	1,349	1,088	6	15	-	-
Net result from items at fair value	-10	12	-1,601	-956	2	1	-	-
Other operating income	116	97	94	54	-	0	-	-
Total operating expenses	-1,829	-1,451	-41	-46	-	-217	-	-
Profit before loan losses	**-1,991**	**-1,734**	**-773**	**-538**	**14**	**-178**	**-1**	**-1**

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

Related-party transactions (arms length basis)
Material transactions between Nordea Bank Danmark Group and other group companies in Nordea include the following:

- Services rendered to Nordea Bank Finland Plc regarding trading, sale, controlling and settlement of financial instruments.
- Derivates with Nordea Bank Finland Plc for hedging market and credit risk.
- Services rendered from Nordea Bank AB regarding IT operation and development.

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

Compensation to and commitments with Board of Directors and the Executive Management (Key management personnel)
Compensation to and commitments with Board of Directors and the Executive Management are specified in Note G6.

Note G37
Credit risk disclosures

Group
Credit risk management and credit risk analysis etc is described in the Risk, liquidity and capital management section pages 8-21 of the Directors´ report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2014, which is available at www.nordea.com. The pillar 3 report are not covered by the statutory audit.

Much of the information in this note is collected from the Pillar 3 report in order to fulfill the disclosure requirement regarding credit risk in the Annual Report.

The Pillar 3 report contains the disclosures required by the Capital Requirements Regulation (CRR), which is based on the Basel III framework. The pillar 3 disclosure is aligned to how NBD manages credit risk and is believed to be the best way to explain the credit risk exposures in NBD. Credit risk exposures occur in different forms and are divided into the following types: Tables presented in this note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Exposure types

DKKm	31 Dec 2014	31 Dec 2013
On-balance sheet items	751 349	773 083
Off-balance sheet items	92 183	69 921
Securities financing	725	489
Derivatives	1 265	627
Exposure At Default (EAD)	**845 522**	**844 120**

Link between credit risk exposure and the balance sheet
This section discloses the link between the loan portfolio as defined by accounting standards and exposure as defined in CRR IV. The main differences are outlined in this section to illustrate the link between the different reporting methods. Original exposure is the exposure before taking into account substitution effects stemming from credit risk mitigation, credit conversion factors (CCFs) for off-balance exposure and allowances within the standardised approach. In this note, however, exposure is defined as exposure at default (EAD) for IRB exposure and exposure value for standardised exposure unless otherwise stated. In accordance with the CRR, credit risk exposure presented in this report, is divided between exposure classes where each exposure class is divided into exposure types as follows:

- On-balance sheet items
- Off-balance sheet items (e.g. guarantees and unutilised amounts of credit facilities)
- Securities financing (e.g. reversed repurchase agreements and securities lending)
- Derivatives

Items presented in the Annual Report, are divided as follows, in accordance with the accounting standards:

- On-balance sheet items (e.g. loans to credit institutions, loans to the public, reversed repurchase agreements, positive fair value for derivatives, treasury bills and interest-bearing securities)
- Off-balance sheet items (e.g. guarantees and unutilised lines of credit)

Note G37
Credit risk disclosures *(cont.)*

On-balance sheet items

31 Dec 2014, DKKm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Other	Balance sheet
Cash and balances with central banks	52,037	-	-	-	52,037
Loans to credit institutions and central banks	4,869	-	46,429	-	51,298
Loans to the public	617,548	-	-	-10,384	607,165
Interest-bearing securities and pledged instruments	63,042	11,814	-	-	74,856
Derivatives[1]	-	-	1,219	-	1,219
Intangible assets	-	-	-	1,884	1,884
Other assets and prepaid expenses	15,345	17,942	-	-4,440	28,846
Total assets	**752,841**	**29,756**	**47,648**	**-12,940**	**817,305**
Exposure at default[2]	**751,349**				

31 Dec 2013, DKKm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Other	Balance sheet
Cash and balances with central banks	83,868	-	-	-	83,868
Loans to credit institutions and central banks	7,488	-	4,037	-	11,525
Loans to the public	611,758	-	-	-10,895	600,863
Interest-bearing securities and pledged instruments	61,604	16,695	-	-	78,299
Derivatives[1]	-	-	825	-	825
Intangible assets	-	-	-	2,768	2,768
Other assets and prepaid expenses	8,437	25,732	-	13,883	48,052
Total assets	**773,155**	**42,427**	**4,862**	**5,756**	**826,200**
Exposure at default[2]	**773,083**				

[1] Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.

[2] The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

Note G37
Credit risk disclosures *(cont.)*

Off-balance sheet items

31 Dec 2014, DKKm	Credit risk in Basel III calculation	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	27,882	-	27,882
Commitments	151,317	-	151,317
Total	**179,200**	**-**	**179,200**

31 Dec 2014, DKKm	Credit risk in Basel III calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	108,539	1,168	109,707	51%	56,032
Checking accounts	34,441	-	34,441	64%	22,014
Loan commitments	8,315	-	8,315	46%	3,853
Guarantees	25,161	8	25,170	40%	10,150
Other	2,743	-	2,743	5%	134
Total	**179,200**	**1,176**	**180,376**		**92,183**

31 Dec 2013, DKKm	Credit risk in Basel II calculation	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	27,674	-	27,674
Commitments	175,266	-	175,266
Total	**202,940**	**-**	**202,940**

31 Dec 2013, DKKm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and checking accounts	169,769	-	169,769	29%	49,231
Loan commitments	5,481	-	5,481	49%	2,704
Guarantees	24,709	-	24,709	72%	17,784
Other	2,981	-	2,981	7%	202
Total	**202,940**	**-**	**202,940**		**69,921**

Note G37
Credit risk disclosures *(cont.)*

Exposure classes split by exposure type

31 Dec 2014, DKKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	71,029	3,466	-	-	74,495
Institutions	60,701	1,083	725	1,265	63,774
Corporate	239,810	62,059	-	-	301,869
Retail	369,165	25,575	-	-	394,739
Other	10,645	-	-	-	10,645
Total exposure	**751,349**	**92,183**	**725**	**1,265**	**845,522**

31 Dec 2013, DKKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	102,552	1,021	-	-	103,573
Institutions	50,133	951	489	627	52,200
Corporate	237,571	41,789	-	-	279,360
Retail	362,389	25,518	-	-	387,907
Other	20,438	642	-	-	21,080
Total exposure	**773,083**	**69,921**	**489**	**627**	**844,120**

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2014, DKKm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	80,528	74,495	2,887	-
Institutions	66,700	63,774	301	203
Corporate	371,037	301,869	28,435	121,544
Retail	406,234	394,739	3,051	301,238
Other	10,697	10,645	34	1
Total exposure	**935,196**	**845,522**	**34,707**	**422,986**

31 Dec 2013, DKKm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	104,420	103,573	2,489	-
Institutions	54,362	52,200	329	15
Corporate	393,868	279,360	6,011	117,738
Retail	397,063	387,908	1,977	287,550
Other	27,424	21,080	-	-
Total exposure	**977,137**	**844,120**	**10,806**	**405,303**

Note G37
Credit risk disclosures *(cont.)*

Collateral distribution

(%)	31 Dec 2014	31 Dec 2013
Financial collateral	1	2
Receivables	0	0
Residential real estate	71	71
Commercial real estate	26	26
Other physical collateral	2	1
Total	**100**	**100**

Assets taken over for protection of claims[1]

DKKm	31 Dec 2014	31 Dec 2013
Current assets, carrying amount:		
Land and buildings	83	121
Shares and other participations	171	184
Other assets		
Total	**253**	**305**

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

Past due loans, excl. impaired loans

	31 Dec 2014		31 Dec 2013	
DKKm	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	849	1,548	3,139	1,525
31-60 days	249	132	1,415	135
61-90 days	85	141	157	121
>90 days	118	646	495	736
Total	**1,301**	**2,467**	**5,206**	**2,517**
Past due not impaired loans divided by loans to the public after allowances %	0.45	0.81	2.21	0.83

Loans to corporate customers, by size of loan

DKKm		31 Dec 2014	%	31 Dec 2013	%
0-10	(EURm)	153,971	52,9	150,938	52.8
10-50	(EURm)	45,187	15,5	46,540	16.3
50-100	(EURm)	24,497	8,4	21,650	7.6
100-250	(EURm)	36,635	12,6	37,069	13.0
250-500	(EURm)	20,382	7,0	26,154	9.2
500-	(EURm)	10,414	3,6	3,145	1.1
Total		**291,086**	**100**	**285,495**	**100**

Interest-bearing securities
For more information about credit risk related to interest-bearing securities, see Note G12 where the carrying amount of interest-bearing securities is split on different types of counterparties.

Note G38
Interests in structured entities

Structured entities are entities designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. It normally has restricted activities with a narrow and well defined objective. If NBD controls such an entity, it is consolidated.

Unconsolidated structured entities
For structured entities in which NBD has an interest but do not control it, disclosures are provided. To be considered to have an interest in such an entity, NBD must be exposed to variability in returns on the investment in the structured entity. Investment funds are the only interest in unconsolidated structured entities NBD currently holds. Variability in returns is assessed based on both fees received and revaluation of holdings in the funds.

There are the following products where NBD invests in investment funds:
a) on behalf of depositors where the return is based the investment
b) illiquid investments in private equity and credit funds

As NBD is exposed to variability in returns on a gross basis, information about these funds are disclosed although the net exposure is considerably less. Any change in value on investment funds acquired on behalf of depositors are reflected in the value of the related liability and the maximum net exposure to losses are zero.

Investments in illiquid private equity and credit funds are an integrated part of managing balance sheet risks in NBD. The maximum loss on these funds is estimated to DKK 627m, equal to the investment in the funds excl. investments on behalf of depositor's.

NBDs interests in unconsolidated structured entities and any related liability are disclosed in the table below.

DKKm	31 Dec 2014
Assets, carrying amount	
Shares	10,947
Total assets	**10,947**
Liabilities	
Deposits and borrowings from the public	10,320
Total liabilities	**10,320**
Off balance, nominal amount	
Loan commitments	-

NBD has not sponsored any unconsolidated structured entity in which NBD do not currently have an interest.

Note G39
The Danish Financial Supervisory Authority's ratio system

%	2014	2013	2012	2011	2010
Capital ratios					
Total capital ratio	19.5	20.5	18.2	17.0	11.9
Tier 1 capital ratio	14.8	14.0	12.1	10.1	8.9
Earnings[1]					
Return on equity before tax	15.3	12.0	5.9	8.8	14.4
Return on equity after tax	13.3	9.4	4.4	6.8	11.0
Income/cost ratio (not %)	1.5	1.4	1.1	1.2	1.3
Return on assets	0.7	0.4	0.2	0.2	0.3
Market risk					
Interest rate risk	0.6	0.1	2.3	1.2	1.9
Currency position	1.6	6.9	7.6	3.7	2.2
Exchange-rate risk	0.0	0.0	0.0	0.0	0.0
Liquidity					
Excess liquidity in relation to statutory requirements	105.1	139.0	138.9	85.3	84.6
Credit risk					
The sum of large exposures	10.9	10.1	11.4	26.0	73.6
Write-down ratio for the year	0.4	0.4	0.7	0.5	0.4
Growth in loans for the year	1.0	-1.3	0.3	-10.6	1.4
Loans and receivables relative to equity (not %)	13.6	14.7	16.4	19.1	20.6

[1] 2012 (but not 2010-2011) restated due to the amendment to IAS 19, implemented 1 January 2013.

See definitions on page 106.

Financial statements, Parent company – Content

Income statement, parent company

DKKm	Note	2014	2013
Interest income		10,019	10,732
Interest expenses		-2,882	-3,109
Net interest income	P3	**7,137**	**7,623**
Dividends on shares etc		426	746
Fee and commission income	P4	6,571	5,933
Fees and commissions paid		-464	-450
Net interest and fee income		**13,670**	**13,851**
Value adjustments	P5	-474	383
Other operating income		3,120	313
Staff and administrative expenses	P6	-9,725	-9,236
Amortisation and depreciation as well as impairment losses on tangible and intangible assets		-1,066	-384
Other operating costs		-2	-62
Impairment losses on loans and guarantees etc	P7	-1,396	-2,252
Profit from equity investments in associates and group undertakings	P13, P14	1,818	1,753
Profit before tax		**5,945**	**4,366**
Tax	P8	-329	-589
Net profit for the year		**5,616**	**3,777**

Statement of comprehensive income, parent company

DKKm	2014	2013
Net profit for the period	**5,616**	**3,777**
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the period	-13	-1
Items that may not be reclassified subsequently to the income statement		
Defined benefit plans:		
Remeasurement of defined benefit plans	-48	-20
Tax on remeasurement of defined benefit plans	11	2
Other comprehensive income, net of tax	**-50**	**-19**
Total comprehensive income	**5,566**	**3,758**
Attributable to:		
Shareholder of Nordea Bank Denmark A/S	5,566	3,758
Non-controlling interest	-	-
Total	**5,566**	**3,758**

Balance sheet, parent company

DKKm	Note	31 Dec 2014	31 Dec 2013
Assets			
Cash in hand and demand deposits with central banks		5,027	15,609
Receivables from credit institutions and central banks	P9	169,500	127,495
Loans and other receivables at fair value	P10	-	-
Loans and other receivables at amortised cost	P11	225,913	236,780
Bonds at fair value		111,099	119,308
Bonds at amortised cost	P12	-	-
Shares etc		3,417	12,272
Equity investments in associates	P13	217	978
Equity investments in group undertakings	P14	29,350	27,968
Assets linked to pooled schemes	P15	30,452	30,169
Intangible assets		1,851	2,738
Total land and buildings		6	32
Owner-occupied properties	P16	6	32
Other tangible assets	P17	450	449
Current tax assets	P8	131	14
Assets held temporarily		25	57
Other assets	P18	6,364	16,383
Prepaid expenses and accrued income		688	643
Total assets		**584,490**	**590,895**
Equity and liabilities			
Debt			
Debt to credit institutions and central banks	P19	85,344	113,067
Deposits and other debt	P20	295,737	289,459
Deposits with pooled schemes	P15	31,916	32,089
Other non-derivative financial liabilities at fair value		71,421	52,950
Current tax liabilities	P8	201	199
Other liabilities	P21	39,079	42,652
Accrued expenses and prepaid income		37	65
Total debts		**523,735**	**530,481**
Provisions			
Provisions for pensions and similar liabilities		49	16
Provisions for deferred tax	P8	166	331
Provisions for losses on guarantees		1,058	1,046
Other provisions		255	97
Total provisions		**1,528**	**1,490**
Subordinated debt			
Subordinated debt	P22	14,550	18,089
Equity			
Share capital		5,000	5,000
Accumulated value changes		-8	25
Reserve for net revaluation under the equity method		12,770	11,750
Retained earnings		21,415	22,310
Proposed dividend		5,500	1,750
Total equity		**44,677**	**40,835**
Total equity and liabilities		**584,490**	**590,895**
Contingent liabilities	P23	319,040	326,942

Statement of changes in equity, parent company

DKKm	Share-capital[1,2]	Accumulated value changes: Translation of foreign operations	Accumulated value changes: Revaluation-reserves	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend[4]	Total equity
Balance at 1 Jan 2014	**5,000**	**5**	**20**	**11,750**	**22,310**	**1,750**	**40,835**
Net profit for the year	-	-	-	1,020	4,596	-	5,616
Other comprehensive income	-	-13	-	-	-	-	-13
Other	-	-	-20	-	20	-	-
Remeasurement of defined benefit plans	-	-	-	-	-37	-	-37
Share-based payments[3]	-	-	-	-	26	-	26
Dividends paid	-	-	-	-	-	-1,750	-1,750
Proposed dividend	-	-	-	-	-5,500	5,500	-
Balance at 31 Dec 2014	**5,000**	**-8**	**-**	**12,770**	**21,415**	**5,500**	**44,677**
Balance at 1 Jan 2013	**5,000**	**6**	**20**	**10,614**	**21,410**	**-**	**37,050**
Net profit for the year	-	-	-	1,136	2,641	-	3,777
Other comprehensive income	-	-1	-	-	-	-	-1
Remeasurement of defined benefit plans	-	-	-	-	-18	-	-18
Share-based payments[3]	-	-	-	-	27	-	27
Dividends paid	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-1,750	1,750	-
Balance at 31 Dec 2013	**5,000**	**5**	**20**	**11,750**	**22,310**	**1,750**	**40,835**

1 Share capital was at 31 Dec 2014 DKK 5,000m (DKK 5,000m). Unrestricted capital was at 31 Dec 2014 DKK 26,915m (DKK 24,060m).
2 Total shares registered were 50 million (50 million) owned by Nordea Bank AB, Stockholm, Sweden. Nominal amount per share is DKK 100. All issued shares are fully paid. All shares are of the same class and hold equal rights. The annual report for Nordea Bank AB is available on www.nordea.com.
3 Refers to the Long Term Incentive Programme (LTIP).
4 The proposed dividend payment of DKK 5,500m is equivalent to DKK 110 (DKK 35) per share.

5-year overview, parent company

Financial and operating data (DKKm)	2014	2013	2012	2011	2010
Net interest and fee income	13,670	13,851	13,811	13,332	15,692
Value adjustments	-474	383	-114	310	-1,120
Staff and administrative expenses	-9,725	-9,236	-9,472	-9,618	-8,663
Impairment losses on loans and guarantees etc	-1,396	-2,252	-3,704	-2,380	-3,172
Profit from equity investments in associates and group undertakings	1,818	1,753	1,178	925	1,814
Net profit for the year	5,616	3,777	1,501	2,103	3,456
Loans	225,913	236,780	251,390	267,433	361,419
Equity[1]	44,677	40,835	37,050	31,701	32,924
Total assets[1]	584,490	590,895	590,123	611,492	750,643

[1] The comparative figures for 2012 (but not for 2010-2011) have been restated due to the amendment to IAS 19.

Financial ratios (%)	2014	2013	2012	2011	2010
Total capital ratio	20.2	21.6	19.2	17.7	12.0
Tier 1 capital ratio	15.3	14.5	12.6	10.3	8.8
Return on equity before tax[1]	13.9	11.2	4.7	7.8	13.3
Return on equity after tax[1]	13.1	9.7	4.4	6.5	11.0
Ratio of operating income to operating expenses	1.5	1.4	1.1	1.2	1.3
Interest-rate risk	0.6	0.1	2.4	-0.2	2.0
Currency position	1.6	7.3	8.0	3.6	2.7
Exchange-rate risk	0.0	0.0	0.0	0.0	0.1
Loans related to deposits	71.7	76.5	80.9	87.3	120.3
Loans related to equity	5.1	5.8	6.8	8.4	11.0
Growth in loans for the year	-4.6	-5.8	-6.0	-26.0	-2.1
Excess liquidity in relation to statutory requirements for liquidity	136.1	182.4	179.8	121.5	107.5
The sum of large exposures	10.9	10.3	11.7	26.1	69.4
Write-down ratio for the year	0.4	0.6	1.0	0.6	0.6
Average number of employees	6,059	6,227	6,770	7,707	7,523
Return on assets[1]	1.0	0.6	0.2	0.3	0.4

[1] 2012 (but not for 2010-2011) have been restated due to the amendment to IAS 19.

Five-year financial summary, parent company

The financial ratios are calculated in accordance with the definitions of the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

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

Tier 1 capital ratio
Tier 1 capital net after deduction as a percentage of risk-weighted assets.

Return on equity before tax
Profit before tax as a percentage of average equity. Average equity is calculated as the simple average of equity at the beginning and at the end of the year.

Return on equity after tax
Profit after tax as a percentage of average equity. Average equity is calculated as the simple average of equity at the beginning and at the end of the year.

Ratio of operating income to operating expenses
Net interest and fee income, Value adjustments, Other operating income and Profit from equity investments in associates and group undertakings as a percentage of Staff and administrative expenses, Amortisation and depreciation as well as impairment losses on tangible and intangible assets, Other operating costs and Impairment losses on loans and guarantees etc.

Interest-rate risk
Interest-rate risk as a percentage of tier 1 capital net after deduction.

Currency position
Currency indicator 1 as a percentage of tier 1 capital net after deduction.

Return on assets
Net profit for the year as percentage of total assets.

Exchange-rate risk
Currency indicator 2 as a percentage of tier 1 capital net after deduction.

Loans related to deposits
Loans as a percentage of deposits.

Loans related to equity
Loans/equity.

Growth in loans for the year
Growth in loans from the beginning to the end of the year in per cent.

Excess liquidity in relation to statutory requirements
Cash in hand, demand deposits with the Danish central bank, fully secure and liquid demand deposits with credit institutions, certificates of deposit issued by the Danish central bank and not used as collateral as well as secure, easily realisable (listed) securities not used as collateral as a percentage of 10 per cent of reduced debt and guarantee commitments.

The sum of large exposures
The sum of large exposures as a percentage of the base capital, adjusted for exposures with credit institutions etc below DKK 1bn net after deduction of specifically secure components and obtained collaterals, guarantees etc.

Write-down ratio for the year
Impairment losses on loans and guarantees etc. during the year as a percentage of loans and guarantees etc before impairment losses on loans and guarantees.

Note P1
Accounting policies

Basis for presentation
The financial statements for the parent company Nordea Bank Danmark A/S are prepared in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's Executive Order on Financial Reports for credit institutions and investment companies etc (the Danish Financial Supervisory Authority's Executive Order).

The accounting policies applied by the Group, described in Note G1, are, in consideration of the following, also applicable to the parent company.

Financial assets available for sale
In accordance with the IFRS, financial assets categorised as being available for sale are measured at fair value, and changes in fair value are recognised directly in equity through the statement of comprehensive income. The category Financial assets available for sale is not applied in the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements, so value adjustments are recognised in the income statement.

Equity investments in group undertakings and associates
Equity investments in group undertakings and associates are measured at equity value. Profit from equity investments in group undertakings and associates includes tax on profit for the year.

Owner-occupied properties
Owner-occupied properties are measured at estimated fair value (remeasured value).

Presentation of income statement and balance sheet
The income statement and balance sheet are prepared in accordance with the formats of the Danish Financial Supervisory Authority's Executive Order.

Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the Annual Report 2013.

The presentation of liabilities and corresponding assets in pooled schemes is changed as described in note G1.

Differences between the Group's financial statements based on IFRS and the parent company's financial statements based on the Danish Financial Supervisory Authority's Executive Order
The accounting policies of the Danish Financial Supervisory Authority's Executive Order for measurement and recognition are in accordance with the Group's accounting policies prepared in accordance with the IFRS with the exception that:
- owner-occupied properties are measured at fair value (revalued amount)
- the category financial assets available for sale is not used.

Moreover, the presentation of the income statement, balance sheet etc. of the parent company and the Group differs.

In terms of amount the difference in the income statement and equity of the Group and the parent company is shown below:

	Net profit for the year		Equity	
DKKm	2014	2013	31 Dec 2014	31 Dec 2013
Group according to IFRS	5,701	3,664	44,687	40,826
Differences between IFRS and FSA Executive Order:				
- Financial assets available for sale	-86	150	-	-
- Tax effect	21	-37	-	-
- Fair value adjustment of owner-occupied properties	-20	-	-	20
- Non-controlling interests[1]	-	-	1,255	1,255
Group prepared according to FSA Executive Order	5,616	3,777	45,942	42,101
Non-controlling interests	-	-	-1,265	-1,265
Parent company prepared according to FSA Executive Order	5,616	3,777	44,677	40,835

[1] Non-controlling interests relate to proportionate consolidation of a special reserve in an consolidated undertaking.

Note P2
Net interest and fee income as well as value adjustments, broken down by categories of activity and into geographical markets

Activities

DKKm	2014	2013
Retail	11,612	11,787
Wholesale	3,125	2,918
Treasury	369	1,216
Wealth	-1,128	-1,019
Other	-783	-668
Total	**13,196**	**14,234**

Geographical markets
Pursuant to section 119 of the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements, NBD's net interest and fee income as well as value adjustments must be broken down into geographical markets if the markets deviate from each other. NBD only conducts activities to a minor extent outside Denmark, and, consequently, information is not disclosed about geographical markets.

Note P3
Net interest income

DKKm	2014	2013
Interest income		
Receivables from credit institutions and central banks	306	277
Reverse repurchase agreements, credit institutions and central banks	13	4
Loans and other receivables	8,491	9,174
Reverse repurchase agreements, loans	0	0
Bonds	960	1,081
Derivatives	-288	-265
Other interest income	537	461
Total interest income	**10,019**	**10,732**
Interest expenses		
Credit institutions and central banks	-175	-152
Repurchase agreements, credit institutions and central banks	30	59
Deposits and other debt	-2,388	-2,637
Repurchase agreements, deposits and other debt	0	0
Subordinated debt	-341	-379
Other interest expenses	-8	0
Total interest expenses	**-2,882**	**-3,109**
Net interest income	**7,137**	**7,623**

Note P4
Fee and commission income

DKKm	2014	2013
Securities trading and custody accounts	2,024	1,789
Payment services	464	459
Arrangement fees	527	517
Guarantee commission	1,048	987
Other fees and commissions	2,508	2,181
Total fee and commission income	**6,571**	**5,933**

Note P5
Value adjustments

DKKm	2014	2013
Other loans and receivables at fair value	-13	0
Bonds	92	46
Shares etc	286	1,585
Currency	26	65
Derivatives	-879	-1,326
Assets linked to pooled schemes	2,833	1,869
Deposits with pooled schemes	-2,833	-1,869
Other assets	-	-
Other liabilities	14	13
Total value adjustments	**-474**	**383**

Note P6
Staff and administrative expenses

DKKm	2014	2013
Salaries and remuneration (specification below)	-4,257	-4,234
Pension costs (specification below)	-411	-405
Social insurance contributions	-611	-544
Other staff expenses	-167	-182
Other administrative expenses	-4,279	-3,871
Total	**-9,725**	**-9,236**

Salaries and remuneration		
To the Board of Directors		
- Fixed salary and benefits	0	0
- Performance-related compensation	-	-
To the Executive Management[1]		
- Fixed salary and benefits	-10	-11
- Performance-related compensation[2]	-5	-3
Total	**-15**	**-14**
To other employees[3]	-4,242	-4,220
Total	**-4,257**	**-4,234**

[1] The Executive Management (including former members of the Executive Management) included in 2014 8 (12) individuals.

[2] The Executive Management participates in incentive programmes. These programmes are described in the Remuneration section in the Board of Directors' report and in Note G6. (Including allotment value in 2014 (and 2013) from LTIP.)

[3] Salaries and remuneration to employees that have significant influence on NBD's risk profile amount to DKK 598m (DKK 450m). Salaries and remuneration are split between fixed salary and benefits DKK 476m (DKK 332m) and paid performance-related compensation DKK 122m (DKK 118m) earned in the period 2010-2013 (2009-2012). Employees that have significant influence on NBD's risk profile included 485 (362) individuals.

Pension costs		
Defined benefit plans	21	4
Defined contribution plans:		
- The Executive Management[1,2]	-8	-7
- Other employees[3]	-424	-402
Total	**-411**	**-405**

[1] The Executive Management (including former members of the Executive Management) included in 2014 8 (12) individuals.

[2] Including former executive management members DKK 1m (DKK 4m).

[3] Pension costs to employees that have significant influence on NBD's risk profile amount to DKK 53m (DKK 36m).

Compensation including pension		
The Board of Directors[1]	0	0
The Executive Management[2]	-23	-21
Total	**-23**	**-21**

[1] The Board of Directors included unchanged 5 individuals.

[2] The Executive Management (including former members of the Executive Management) included in 2014 8 (12) individuals.

Note P6
Staff and administrative expenses *(cont.)*

Share-based payment is described in Note G6 and the total pension obligations are described in Note G25 to the consolidated financial statements. Further information about NBD's salary policy and practice is available on www.nordea.com/remuneration.

Disclosure according to section 77d (3) of the Financial Business Act[1]
The total remuneration earned by the Board of Directors and the Executive Management paid by the Nordea Bank AB Group is disclosed below according to section 77d (3) of the Financial Business Act.

DKKm	2014[2]	2013
Board of Directors[3]		
Mads G. Jakobsen[4]	6.4	-
Torsten Hagen Jørgensen[5]	14.5	10.5
Ari Kaperi	10.8	9.7
Gunn Wærsted[6]	14.7	14.1
Peter Nyegaard[4]	6.2	11.2
Fredrik Rystedt	-	0.3
Anne Rømer[3]	0.2	0.2

DKKm	2014[2]	2013
Executive Management[7]		
Peter Lybecker[6]	8.9	7.5
Jørgen Høholt	6.4	5.0
Anders Jensen[6]	1.9	5.5
Michael Rasmussen	-	2.2

According to section 77d (3) of the Financial Business Act, NBD is required to disclose the total remuneration for members of the Board of Directors and the Executive Management, including the remuneration the person has earned as a member of the Board of Directors and/or the Executive Management in companies within the Nordea Bank AB Group. The information for 2013 has been restated due to change in the disclosure requirements from paid to earned remuneration.

1 Total remuneration includes fixed salary, benefits, pension (pension premiums paid in defined contribution plans and pension rights earned during the year in defined benefit plans in accordance with IAS 19) for the year and earned variable remuneration. The remuneration relates to the period in duty.
2 Total average remuneration has increased from 2013 to 2014 due to higher outcome in variable salary from targets on Group level.
3 The external member of the Board of Directors, Anne Rømer, is the only member of the Board who receives remuneration as Board member. Remuneration relates to Board and Audit Committee fee.
4 On 1 June 2014 Mads G. Jakobsen replaced Peter Nyegaard as member of the Board of Directors.
5 On 28 January 2013 Torsten Hagen Jørgensen replaced Fredrik Rystedt as member of Board of Directors.
6 More than 40% of total remuneration is pension service costs, i.e. service cost, past service cost and curtailments and settlements as defined in IAS 19 as well as changed actuarial assumptions.
7 On 18 March 2013 CEO Michael Rasmussen left the Group and Anders Jensen was appointed CEO. Jørgen Høholt joined the Executive Management. Peter Nyegaard was appointed member of the Board of Directors and resigned from the Executive Management. Total remuneration 2013 for Peter Nyegaard relates to both positions. Anders Jensen left the Group 14 June 2014 and Peter Lybecker was appointed CEO.

Note P7
Impairment losses on loans and guarantees etc

DKKm	Loans and guarantees, individual impairment losses	Loans and guarantees, group impairment losses	Other receivables, individual impairment losses	Other receivables, group impairment losses	Total
Balance at 1 Jan 2014	**9,394**	**973**	**8**	**-**	**10,375**
Impairment losses during the year	2,461	348	7	-	2,816
Reversal of impairment losses effected in previous financial years	-1,234	-463	-7	-	-1,704
Other changes	20	-	-	-	20
Finally lost, previously individually written down	-1,515	-	-	-	-1,515
Balance at 31 Dec 2014	**9,126**	**858**	**8**	**-**	**9,992**
Balance at 1 Jan 2013	**9,140**	**789**	**20**	**-**	**9,949**
Impairment losses during the year	2,564	247	-	-	2,811
Reversal of impairment losses effected in previous financial years	-699	-63	-12	-	-774
Other changes	-45	-	-	-	-45
Finally lost, previously individually written down	-1,566	-	-	-	-1,566
Balance at 31 Dec 2013	**9,394**	**973**	**8**	**-**	**10,375**

The amount finally lost (written off) not previously individually written down/provided for was DKK 434m (DKK 362m). Recoveries amounted to DKK -150m (DKK -148m).

Note P8
Tax

Income tax expense

DKKm	2014	2013
Current tax[1]	-484	-684
Deferred tax[1]	155	95
Total	**-329**	**-589**

[1] Including adjustments relating to prior years (see below).

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

DKKm	2014	2013
Profit before tax	5,945	4,366
Tax calculated at a tax rate of 24.5% (25%)	-1,457	-1,092
Tax-exempt income	1,143	439
Non-deductible expenses	-37	-44
Adjustments relating to prior years	65	120
Change of tax rate	2	37
Not creditable foreign taxes	-45	-49
Tax charge	**-329**	**-589**
Average effective tax rate	6%	13%

	Deferred tax assets		Deferred tax liabilities	
DKKm	2014	2013	2014	2013
Deferred tax related to:				
Shares etc	-	-	-	-
Intangible assets	-	-	304	451
Tangible assets	11	19	-	-
Retirement benefit assets	-	-	18	32
Liabilities/provisions	145	133	-	-
Net statement of deferred tax assets and liabilities	-156	-152	-156	-152
Total	**-**	**-**	**166**	**331**
Of which expected to be settled after more than 1 year			166	331

DKKm	2014	2013
Movements in deferred tax assets/liabilities, net are as follows:		
Amount at beginning of year (net)	-331	-425
Deferred tax relating to items recognised in other comprehensive income	-	-
Reclassifications	-	-
Deferred tax on remeasurement of defined benefit plans	11	2
Deferred tax in the income statement	155	92
Amount at end of year (net)	**-166**	**-331**
Current tax assets	**131**	**14**
Of which expected to be settled after more than 1 year	-	-
Current tax liabilities	**201**	**199**
Of which expected to be settled after more than 1 year	201	199

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

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

Note P9
Receivables from credit institutions and central banks

DKKm	31 Dec 2014	31 Dec 2013
Receivables with notice from central banks	47,007	68,009
Receivables from credit institutions	122,493	59,486
Total	**169,500**	**127,495**
Of which genuine purchase and resale transactions	76,481	28,296

Note P10
Loans and other receivables at fair value

DKKm	31 Dec 2014	31 Dec 2013
Loans and other receivables at fair value	**-**	**-**
Of which genuine purchase and resale transactions	-	-

Loans and other receivables at fair value grouped by sectors and industries

Pct.	2014	2013
Public authorities	-	-
Trade and industry		
- Agriculture, hunting, forestry and fisheries	-	-
- Industry and extraction of raw materials	-	-
- Energy supply	-	-
- Building and construction	-	-
- Trade	-	-
- Transport, hotels and restaurants	-	-
- Information and communication	-	-
- Finance and insurance	-	-
- Real property	-	-
- Other trades and industries	-	-
Trade and industry, total	-	-
Private individuals	-	-
Total	**-**	**-**

Note P11
Loans and other receivables at amortised cost

DKKm	31 Dec 2014	31 Dec 2013
Loans and other receivables at amortised cost	**225,913**	**236,780**

Loans and guarantees grouped by sectors and industries

Pct.		
Public authorities	2.9	3.3
Trade and industry:		
- Agriculture, hunting, forestry and fisheries	8.5	7.7
- Industry and extraction of raw materials	4.4	4.1
- Energy supply	2.2	3.1
- Building and construction	1.4	1.4
- Trade	6.7	6.9
- Transport, hotels and restaurants	1.9	2.4
- Information and communication	1.8	1.1
- Finance and insurance	11.2	11.1
- Real property	8.1	7.6
- Other trades and industries	13.7	14.5
Trade and industry, total	59.9	59.9
Private individuals	37.2	36.8
Total	**100.0**	**100.0**

Loans and receivables, with objective evidence of impairment

Loans and receivables subject to individual impairment and provisioning amount to DKK 16bn (DKK 18bn) before allowance and DKK 8bn (DKK 10bn) after allowance.

Loans and receivables subject to collective impairment and provisioning, amount to DKK 104bn (DKK 133bn) before allowance and DKK 103bn (DKK 132bn) after allowance.

Note P12
Bonds at amortised cost

DKKm	31 Dec 2014	31 Dec 2013
Carrying amount of held-to-maturity bonds	-	-
Fair value of held-to-maturity bonds	-	-

Note P13
Equity investments in associates

DKKm	31 Dec 2014	31 Dec 2013
Acquisition value at beginning of year	591	552
Additions during the year	52	58
Disposals during the year	-460	-19
Acquisition value at end of year	**183**	**591**
Accumulated impairment losses and revaluations at beginning of year	387	394
Net profit for the year	76	191
Dividends	-149	-198
Reversals of impairment losses and revaluations	-280	-
Exchange-rate differences	-	-
Accumulated impairment losses and revaluations at end of year	**34**	**387**
Total	**217**	**978**
Of which listed shares	-	-

Associates

	CVR number	Registered office	Profit DKKm[1]	Equity DKKm [1]	Ownership %
Credit institutions					
LR Realkredit A/S	26045304	Copenhagen	111	3,384	39
Other					
Agro & Ferm A/S	29636672	Esbjerg	-	-	34
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	8	51	33
Axcel IKU Invest A/S	24981800	Copenhagen	0	3	33
Swipp Holding ApS	36439696	Copenhagen	-	-	30
Bluegarden Holding A/S	27226027	Ballerup	-7	65	29
Bankernes Kontantservice A/S	33077599	Copenhagen	-85	27	20

[1] Net profit for the period and equity of equity investments in associates in accordance with the latest published financial statements.

Note P14
Equity investments in group undertakings

DKKm	31 Dec 2014	31 Dec 2013
Acquisition value at beginning of year	16,635	16,629
Acquisitions during the year	-	6
Acquisition value at end of year	**16,635**	**16,635**
Accumulated impairment losses and revaluations at beginning of year	11,334	10,163
Net profit or loss for the year	1,742	1,563
Dividends	-360	-392
Exchange-rate differences	-	-
Accumulated impairment losses and revaluations at end of year	**12,715**	**11,334**
Total	**29,350**	**27,968**
Of which listed shares	-	-

Group companies

	Number of shares	Profit DKKm	Equity DKKm	Ownership %	Registered office	CVR number
Fionia Asset Company A/S	148,742,586	57	8,797	100	Copenhagen	31934745
Nordea Finans Danmark A/S	406,000,000	243	1,426	100	Høje-Taastrup	89805910
Nordea Kredit Realkreditaktieselskab	17,172,500	1,340	18,838	100	Copenhagen	15134275
Danbolig A/S	1	-2	9	100	Copenhagen	13186502
Structured Finance Servicer A/S	2	1	8	100	Copenhagen	24606910
NJK1 ApS	46,383,900	103	271	100	Copenhagen	32771610
Nordea Finance Ltd.[1]	2	-	-	100	London	1654761
Total		**1,742**	**29,350**			

[1] In liquidation and will be finally closed in 2015.

Special Purpose Entity (SPE) – consolidated

DKKm	Purpose	Duration	Nordea's investment	Total assets
Kalmar Structured Finance A/S	Credit Linked Note	Between 1-5 years	10	10
Total			**10**	**10**

Note P15
Assets linked to pooled schemes

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

DKKm	31 Dec 2014	31 Dec 2013
Assets		
Interest-bearing securities	12,263	13,318
Shares etc.	18,066	16,715
Other assets	123	135
Total assets[1]	**30,452**	**30,169**
Liabilities		
Deposits and other debt	31,916	32,089
Total liabilities	**31,916**	**32,089**
Return to participants in pooled schemes	2,873	1,999

[1] In addition cash balances amount to DKK 1,464m (DKK 1,921m).

Note P16
Owner-occupied properties

DKKm	31 Dec 2014	31 Dec 2013
Revalued amount at beginning of year	32	33
Additions during the year	-	-
Disposals during the year	-25	-
Depreciation for the year	-1	-1
Revalued amount at end of year	**6**	**32**

Note P17
Other tangible assets

DKKm	31 Dec 2014	31 Dec 2013
Acquisition value at beginning of year	1,446	1,255
Additions during the year	171	217
Disposals during the year	-131	-26
Exchange-rate differences	-	-
Acquisition value at end of year	**1,486**	**1,446**
Accumulated depreciation at beginning of year	-997	-868
Accumulated depreciation on sales/disposals during the year	115	23
Depreciation for the year	-154	-152
Exchange-rate differences	-	-
Accumulated depreciation at end of year	**-1,036**	**-997**
Accumulated impairment losses at beginning of year	-	-
Impairment losses during the year	-	-
Exchange-rate differences	-	-
Accumulated impairment losses at end of year	**-**	**-**
Total	**450**	**449**

Note P18
Other assets

DKKm	31 Dec 2014	31 Dec 2013
Claims on securities settlement proceeds	2,945	13,804
Derivatives	942	543
Other	2,477	2,036
Total	**6,364**	**16,383**

Note P19
Debt to credit institutions and central banks

DKKm	31 Dec 2014	31 Dec 2013
Debt to credit institutions and central banks	**85,344**	**113,067**

Note P20
Deposits and other debt

DKKm	31 Dec 2014	31 Dec 2013
Demand	219,238	212,007
With notice period	2,675	2,538
Time deposits	52,767	50,594
Special types of deposit	21,057	24,320
Total	**295,737**	**289,459**

Note P21
Other liabilities

DKKm	31 Dec 2014	31 Dec 2013
Liabilities on securities settlement proceeds	2,691	13,765
Sold, not held, securities	18,695	11,958
Derivatives	2,597	2,171
Other	15,096	14,758
Total	**39,079**	**42,652**

Note P22
Subordinated debt

DKKm	31 Dec 2014	31 Dec 2013
Hybrid capital loans	-	-
Other subordinated debt	14,550	18,089
Total	**14,550**	**18,089**

Subordinated debt is subordinated to other liabilities.

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

Note P22
Subordinated debt *(cont.)*

At 31 December 2014 three loans – with terms specified below – were outstanding:

Issued by	Year of issue/ maturity	Call date	Nom. value EURm	Carrying amount DKKm	Interest rate (coupon)
Nordea Bank Danmark A/S	2010/2018	24 June 2015	200	1,492	Floating rate
Nordea Bank Danmark A/S	2011/2019	14 February 2016	1,450	10,819	Floating rate
Nordea Bank Danmark A/S	2011/2019	26 May 2016	300	2,239	Floating rate
Total				**14,550**	

DKKm	2014	2013
Interest etc for the year amounted to:		
Interest	-341	-379
Costs of increases in and repayments of subordinated debt	-	-
Amount included in the capital base at end of year	14,550	18,089

Note P23
Contingent liabilities

DKKm	31 Dec 2014	31 Dec 2013
Guarantees and other liabilities		
Guarantees:		
- Loan guarantees	122,408	111,975
- Other guarantees	19,614	16,499
Other liabilities:		
- Credit commitments[1]	174,325	195,881
- Documentary credits	2,662	2,565
- Other contingent liabilities	31	22
Total	**319,040**	**326,942**

[1] Including unutilised portion of approved overdraft facilities.

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

NBD A/S is jointly taxed with the Danish companies, branches etc. of Nordea.The companies etc. included in the joint taxation have joint several unlimited liability from Danish corporation taxes and withholding taxes on dividends and interest. At 31 december 2014, the net taxes receivable from the Danish Central Tax Administration by the companies included in the joint taxation amounted to DKK 70m. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc, may entail that the companies' assets/liabilities will increase. The Danish Group as a whole is not liable to others. In terms of payroll tax and VAT, NBD is registered jointly with Nordea, Branch of Nordea Bank AB, Sweden, the Danish PE agency of Nordea Bank Finland and with the majority of the Danish subsidiary undertakings in the Nordea Bank AB Group and these companies are jointly and severally liable for such taxes.

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

Other guarantees include guarantees to the Danish guarantee scheme.

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

Note P24
Assets pledged as security for own liabilities

DKKm	31 Dec 2014	31 Dec 2013
Assets pledged for own liabilities		
Securities related to repurchase agreements and securities lending[1]	36,529	38,892
Other pledged assets[2]	3,984	4,020
Total	**40,513**	**42,912**
The above pledges pertain to the following liability and commitment items		
Debt to credit institutions	39,987	44,065
Deposits and other debt	-	-
Derivatives	1,162	1,196
Other liabilities and commitments	-	-
Total	**41,149**	**45,261**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount.
[2] Other pledged assets mainly relating to bonds and cash had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

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

Note P25
Hedge accounting

Derivatives used for hedging

	2014			2013		
	Fair value		Total nom.	Fair value		Total nom.
DKKm	Positive	Negative	amount	Positive	Negative	amount
Derivatives						
Interest rate derivatives	117	1,552	141,744	297	469	145,222
Foreign exchange derivatives	-	-	-	-	-	-
Total derivatives used for hedge accounting	**117**	**1,552**	**141,744**	**297**	**469**	**145,222**
Of which						
- Fair value hedges	117	1,552	141,744	297	469	145,222
- Cash flow hedges	-	-	-	-	-	-

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

DKKm	31 Dec 2014	31 Dec 2013
Assets		
Carrying amount at beginning of year	282	501
Revaluation of hedged items during the year	89	-219
Carrying amount at end of year	371	282
Liabilities		
Carrying amount at beginning of year	85	212
Revaluation of hedged items during the year	3	-127
Carrying amount at end of year	88	85
Net carrying amount at end of year	**283**	**197**

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

Note P26
Capital adequacy

Summary of items included in own funds

DKKm	31 Dec 2014	31 Dec 2013
Calculation of own funds		
Equity	44,677	40,835
Proposed/actual dividend	-5,500	-1,750
Common Equity Tier 1 capital before regulatory adjustments	39,177	39,085
Intangible assets	-1,851	-2,738
IRB provisions shortfall (-)[1]	-197	-319
Pension assets in excess of related liabilities[2]	-130	-138
Other items, net	-252	-25
Total regulatory adjustments to Common Equity Tier 1 capital	-2,430	-3,219
Common Equity Tier 1 capital (net after deduction)	**36,747**	**35,866**
Additional Tier 1 capital before regulatory adjustments	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital	-	-
Tier 1 capital (net after deduction)	**36,747**	**35,866**
Tier 2 capital before regulatory adjustments	11,912	18,109
IRB provisions excess (+)/shortfall (-)	-	-319
Other items, net	-78	-
Total regulatory adjustments to Tier 2 capital	-78	-319
Tier 2 capital	11,834	17,790
Own funds (net after deduction)[3]	**48,581**	**53,656**

[1] Total shortfall in 2014. Transition rules allows 60% to be deducted in CET1 and 40% in T2. The transition effect is included in: Other items, net. For 2013 shortfall was 50% T1, 50% T2.
[2] Total deduction. Transition rules require only 20% to be deducted in 2014. The transition effect is included in other items, net (In 2013 100% was deducted).
[3] Own Funds adjusted for IRB provision, i.e. adjusted own funds equal 48,778m by 31 Dec 2014.

See capital adequacy ratios on page 20 of the annual report.

Note P27
Maturity analysis for selected assets and liabilities

Remaining maturity

31 Dec 2014	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Receivables from credit institutions and central banks	91,246	78,023	7	60	163	169,500
Loans and other receivables at fair value	-	-	-	-	-	-
Loans and other receivables at amortised cost	76,264	14,298	7,537	35,584	92,230	225,913
Debt to credit institutions and central banks	5,022	76,216	4,106	-	-	85,344
Deposits and other debt	205,558	31,814	10,793	202	47,370	295,737

Remaining maturity

31 Dec 2013	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Receivables from credit institutions and central banks	99,849	27,262	107	115	162	127,495
Loans and other receivables at fair value	-	-	-	-	-	-
Loans and other receivables at amortised cost	80,141	18,529	4,117	36,966	97,027	236,780
Debt to credit institutions and central banks	55,376	56,249	1,442	-	-	113,067
Deposits and other debt	199,018	30,771	8,072	475	51,123	289,459

Note P28
Related-party transactions

DKKm	Group undertakings 31 Dec 2014	Group undertakings 31 Dec 2013	Other Nordea Group Companies[1] 31 Dec 2014	Other Nordea Group Companies[1] 31 Dec 2013	Associated undertakings 31 Dec 2014	Associated undertakings 31 Dec 2013	Other related parties 31 Dec 2014	Other related parties 31 Dec 2013
Assets								
Loans	85,487	61,209	49,057	7,237	159	766	-	-
Interest-bearing securities	31,364	43,606	1,952	4,104	-	-	-	-
Derivatives	101	-	228	403	-	-	-	-
Other assets	77	309	2,351	2,681	-	-	-	-
Total assets	**117,029**	**105,124**	**53,588**	**14,425**	**159**	**766**	**-**	**-**
Liabilities								
Deposits	108,189	63,054	27,027	80,965	757	221	90	78
Derivatives	-	-	1,340	1,997	-	-	-	-
Other liabilities	17,935	10,786	647	4,087	-	-	-	-
Subordinated debt	-	-	14,550	18,089	-	-	-	-
Total liabilities	**126,124**	**73,840**	**43,564**	**105,138**	**757**	**221**	**90**	**78**
Off balance[2]								
Contingent liabilities	117,004	103,548	-	-	10	77	-	-

DKKm	Group undertakings 31 Dec 2014	Group undertakings 31 Dec 2013	Other Nordea Group Companies 31 Dec 2014	Other Nordea Group Companies 31 Dec 2013	Associated undertakings 31 Dec 2014	Associated undertakings 31 Dec 2013	Other related parties 31 Dec 2014	Other related parties 31 Dec 2013
Net interest income	1,006	1,596	-594	-741	3	18	-1	-1
Net fee and commission income	844	753	1,372	1,100	2	11	-	-
Value adjustments	174	-	-1,138	-1,095	-	1	-	-
Other operating income	54	59	210	152	-	0	-	-
Total operating costs	-22	-15	-1,792	-1,424	-	-223	-	-
Profit before impairment losses	**2,056**	**2,393**	**-1,942**	**-2,008**	**5**	**-193**	**-1**	**-1**

1 Including figures for shareholders with significant influence.

2 Nordea Bank Danmark A/S provides on an ongoing basis guarantees in favour of its wholly-owned mortgage banking subsidiary Nordea Kredit Realkreditaktieselskab, typically to cover the top 25% of the principal of mortgage loans disbursed. This guarantee commitment is computed on the basis of the remaining cash balance and amounted to DKK 97,523m at end 2014 (DKK 87,750m).

Compensation and loans to Board of Directors and the Executive Management (Key management personnel)
Compensation to Board of Directors and the Executive Management is specified in Note P6.
Loans to Board of Directors and the Executive Management and their family members are specified in Note G6 of the consolidated financial statements.

Related-party transactions (arms length basis)
Related-party transactions are described in Note G36 of the consolidated financial statements.

Otherwise, Nordea Bank Danmark's transactions with companies in the Nordea Group include lending, deposits, trading in securities and derivative financial instruments, guarantees etc as part of its normal banking business.

Note P29
Risk disclosures

NBD's financial risks and policies as well as financial risk management targets are described in the Risk, liquidity and capital management section on page 8-21 in the Board of Directors' report.

Proposed distribution of earnings

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

DKKm	
Retained earnings	22,319
Net profit for the year	5,616
Transferred to reserves	-1,020
Total	**26,915**

The Board of Directors proposes that the 2014 earnings are distributed as follows:

DKKm	
Dividends paid to the shareholder	5,500
To be carried forward	21,415
Total	**26,915**

The parent company's distributable earnings amount to DKK 26,915m. After the proposed distribution of earnings, the parent company's unrestricted shareholders' equity amounts to DKK 21,415m.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of NBD Group and Nordea Bank Danmark A/S for the financial year 2014.

The annual report for the group has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the annual report for the parent company has been prepared in accordance with the Financial Business Act. The annual report for the group has furthermore been prepared in accordance with additional Danish disclosure requirements for annual reports of financial companies. It is our opinion that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2014 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January – 31 December 2014.

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

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

Stockholm, 5 February 2015

Board of Directors

Mads G. Jakobsen (Chairman)	Torsten Hagen Jørgensen	Gunn Wærsted
Ari Kaperi	Anne Rømer	

Executive Management

Peter Lybecker (CEO)	Jørgen Høholt

Independent auditors' report

To the shareholders of Nordea Bank Danmark A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of Nordea Bank Danmark A/S for the financial year 1 January – 31 December 2014, page 24-124. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements are prepared in accordance with Danish disclosure requirements for financial institutions.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (the consolidated financial statements), the Danish Financial Business Act (the parent company financial statements) and Danish disclosure requirements for financial institutions and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2014 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January – 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for financial institutions in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company financial statements.

Statement on the Management's review
Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 5 February 2015

ERNST & YOUNG
Godkendt Revisionspartnerselskab

Finn L. Meyer
State Authorised Public Accountant

Henrik Barner Christiansen
State Authorised Public Accountant

Management

Board of Directors of Nordea Bank Danmark

Mads G. Jakobsen
(Chairman)
Position in Nordea: Executive Vice President, Deputy Head of Retail Banking
Born 1966 (48 years)
Shareholding: 25,145 Nordea[1]

External assignments
None.

Torsten Hagen Jørgensen
(Vice chairman and chairman of the audit committee)
Position in Nordea: Executive Vice President, CFO, Head of Group Corporate Centre
Born 1965 (49 years)
Shareholding: 63,988 Nordea[1]

External assignments
None.

Ari Kaperi
Position in Nordea: Executive Vice President, CRO, Head of Group Risk Management
Born 1960 (54 years)
Shareholding: 67,279 Nordea[1]

External assignments
Chairman of the Board of The Federation of Finnish Financial Services
Vice chairman of the Board of The Confederation of Finnish Industries EK
Member of the board of Varma Mutual Pension Insurance Company
Member of the Advisory Board of Finnish Business and Policy Forum Eva/ETLA
Member of the Advisory Board of Turku University Foundation
Member of the board of Art Foundation Merita
Member of the board of Foundation for Economic Education

Gunn Wærsted
Position in Nordea: Executive Vice President, Head of Wealth Management
Born 1955 (59 years)
Shareholding: 96,539 Nordea[1]

External assignments
Member of the Board of Finance Norway (FNO)
Chairman of the Board of Petoro AS
Member of the Nomination Committee of Schibsted ASA
Member of the Council of Det Norske Veritas (DnV)

Anne Rømer[2] (Member of the audit committee)
Born 1966 (48 years)
Shareholding: None.
Independent board member

External assignments
Chairman of the Board of Damco Danmark A/S
Chairman of the Board of Damco Sweden AB
Chairman of the Board of Damco Finland OY

Executive Management of Nordea Bank Danmark

Peter Lybecker
Internal assignments
Chief Executive Officer (CEO), Head of Strategic Partnerships
Chairman of the Board of Directors of Fionia Asset Company A/S
Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab
Member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finance Finland Ltd

External assignments
Chairman of the Boards of Directors of Bluegarden Holding A/S and Bluegarden A/S
Chairman of the Board of Directores of Bankernes Kontant Service A/S
Chairman of the Board of Directors of VP Securities A/S
Chairman of the Board of Directors of Danmarks Skibskredit A/S
Member of the Board of LR Realkredit A/S

Jørgen Høholt
Internal assignments
Head of Corporate & Institutional Banking Denmark
Member of the Board of Directors of NJK1 ApS

External assignments
None.

[1] Shareholdings as of 31 December 2014 also include shares held by family members and closely affiliated legal entities.
[2] Anne Rømer, Senior Director and CFO, Damco. Is considered by the Board as the independent member of the audit committee with expertise in accounting and / or audit pursuant to the requirements of the Executive Order on audit committees of companies and groups that are supervised by the FSA.

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