Nordea

Press release

Copenhagen, Helsinki, Oslo, Stockholm, 18 July 2012

Second Quarter Report 2012

Strong income and solid cost control

CEO Christian Clausen's comment to the report:
"We maintained good business momentum and increased return on equity despite continued pressure on interest rates, financial turmoil and the slowdown in European economic activity.

We have continued to make progress in building the future bank. The execution of our New Normal plan has led to more business and growing income, while costs have remained stable and efficiency in capital, liquidity and funding has increased.

By taking early action, Nordea has maintained a strong rating and thus been able to continue to support customers in developing their family finances or corporate businesses. This is our most important contribution to growth and development in the societies where we operate."

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

First half-year 2012 vs first half-year 2011 (second quarter 2012 vs first quarter 2012):

- Net interest income up 9% (up 3%)
- Operating profit up 9% (up 6%)
- Core tier 1 capital ratio increased to 11.8% excluding transition rules from 11.0% (up from 11.6% in the first quarter)
- Cost / income ratio down to 50% (unchanged at 50%)
- Net loan losses up to 26 basis points from 23 basis points (unchanged at 26 basis points)
- Return on equity 12.1%, up from 11.7% (up to 12.5% from 11.7%)

Summary key figures, EURm	Q2 2012	Q1 2012	Ch. %	Q2 2011	Ch. %	H1 2012	H1 2011	Ch. %
Net interest income	1,462	1,420	3	1,326	10	2,882	2,650	9
Total operating income	2,606	2,531	3	2,342	11	5,137	4,852	6
Profit before loan losses	1,316	1,255	5	1,067	23	2,571	2,312	11
Net loan losses	-217	-218	0	-118	84	-435	-360	21
Loan loss ratio (ann.), bps	26	26		15		26	23	
Operating profit	1,099	1,037	6	949	16	2,136	1,952	9
Risk-adjusted profit	851	799	7	643	32	1,650	1,414	17
Diluted EPS, EUR	0.21	0.19		0.18		0.40	0.36	
Return on equity, %	12.5	11.7		11.5		12.1	11.7	

Currency rates used for DKK, NOK and SEK for the second quarter 2012 are for income statement items 7.44, 7.57 and 8.88 respectively.

For further information:
Christian Clausen, President and Group CEO, +46 8 614 7804
Fredrik Rystedt, Group CFO, +46 8 614 7812
Rodney Alfvén, Head of Investor Relations, +46 8 614 7880 (or +46 72 235 05 15)
Jan Larsson, Head of Group Identity & Communications, +46 8 614 7916 (or +46 70 593 34 12)

Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, more than 1,000 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

CEO comment

Nordea has solid business momentum with a record level of income, strengthened capital position and an ROE above 12%.

The political turbulence in Greece and financial challenges in Spain dominated the macro development in the spring. Despite successful measures by authorities, the euro area is back in recession.

Even if the Nordic region stands out as a more stable part of Europe, most countries still face declining economic growth. The lower activity level is gradually reducing consumption and investments, which means that the demand for loans and other banking services in the Nordic market is low. Still, Nordea has improved its business development in the first half of 2012.

Increased efficiency, income growth and stable ROE

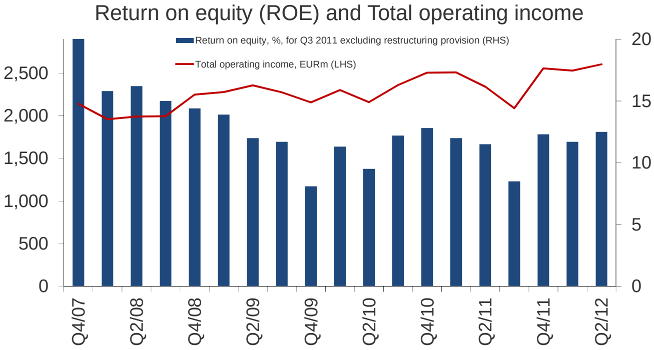
The plan initiated last year – reduced number of employees, cost reductions and higher efficiency in capital, liquidity and funding – is counterbalancing the market challenges. This intensive work has made it possible to keep risk-weighted assets and costs well under control through the quarter despite the strong business momentum.

We continue to focus on helping customers making it possible to realise their plans. In the first half year, we had more than 1 million household and corporate advisory meetings, increased loans to households by EUR 4.2bn and deposits by EUR 3.3bn. Loans to small and mid-size enterprises increased by EUR 600m. In addition, we maintained our position as the Nordic market leader in wholesale banking with continued high volumes of syndicated loans, bond financing and financial advice.

The number of Gold and Private Banking customers increased by 19,000. The strong business momentum has contributed to increased net interest income. Flat costs contributed to a cost/income ratio at 50%.

Loan losses stayed at the same level as in the first quarter and our credit quality remained solid. There are still two areas where we have special attention – Denmark and shipping. We have good insights in the development and close cooperation with customers facing potential problems.

Operating profit exceeded EUR 2,000m in the first half year and was 9% higher than a year ago.



Implementation of the New Normal plan

The strong business momentum has further enhanced our financial position. The core tier one capital ratio increased to 11.8%. Despite increasing lending, the corresponding risk-weighted assets (RWA) are reduced. The RWA on the derivative book are more volatile reflecting the drop in interest rates and strength of the US dollar. These contracts are an important part of our corporate offer as they help not least small and midsize companies to cover their risks on interest rates and currency as well as commodity and energy prices, and thus make it possible to realise more projects and investments.

The Group is LCR-compliant and continues to have excellent access to the international funding markets. We have issued EUR 17bn in long-term funding in the first half of the year, exceeding the full-year redemptions for 2012.

Return on equity was 12.5% in the quarter, in line with our ambitions to stay on par with the strongest banks in Europe. From that strong starting point, we run more than a hundred projects within Nordea's New Normal plan to ensure that we can reach our financial target and build the bank of the future.

In *Retail Banking*, we redesign our distribution model to focus branch resources on advice, and contact centres, internet and mobile banking on transactions and simpler services. That improves service to customers and reduces costs. We take measures to ensure that prices reflect cost of capital, funding and liquidity in a fair way and we optimise capital efficiency across the value chain.

In *Wholesale Banking*, we develop our relations with the largest companies in the Nordics to maintain our market-leading position in all four countries. We continue to work intensely with business selection and pricing. At the same time, we develop capital-light products that meet customers' needs and focus on growing ancillary income.

In *Wealth Management*, we have increased efficiency in serving private banking customers, reduced the number of funds to sharpen our offering and reduce costs, and continued the shift towards more capital-efficient products in our life operations. The efficiency measures allow us to strengthen investment returns while improving services.

Costs excluding currency effects and variable salaries were down in the first half year compared to one year ago, in line with plans. We continue to implement efficiency measures to ensure a flat cost development despite inflationary pressure.

In this challenging environment it is particularly important to maintain and build even stronger customer relations. Through strong relationships and close dialogue we can together find the best suited solutions for each and every customer at a fair price in this new environment.

Christian Clausen
President and Group CEO

Income statement[1]

EURm	**Q2 2012**	Q1 2012	Change %	Q2 2011	Change %	**Jan-Jun 2012**	Jan-Jun 2011	Change %
Net interest income	**1,462**	1,420	3	1,326	10	**2,882**	2,650	9
Net fee and commission income	**611**	596	3	623	-2	**1,207**	1,225	-1
Net result from items at fair value	**494**	469	5	356	39	**963**	900	7
Equity method	**14**	23	-39	13	8	**37**	31	19
Other operating income	**25**	23	9	24	4	**48**	46	4
Total operating income	**2,606**	**2,531**	**3**	**2,342**	**11**	**5,137**	**4,852**	**6**
Staff costs	**-761**	-771	-1	-744	2	**-1,532**	-1,512	1
Other expenses	**-465**	-455	2	-485	-4	**-920**	-938	-2
Depreciation of tangible and intangible assets	**-64**	-50	28	-46	39	**-114**	-90	27
Total operating expenses	**-1,290**	**-1,276**	**1**	**-1,275**	**1**	**-2,566**	**-2,540**	**1**
Profit before loan losses	**1,316**	**1,255**	**5**	**1,067**	**23**	**2,571**	**2,312**	**11**
Net loan losses	**-217**	-218	0	-118	84	**-435**	-360	21
Operating profit	**1,099**	**1,037**	**6**	**949**	**16**	**2,136**	**1,952**	**9**
Income tax expense	**-278**	-262	6	-249	12	**-540**	-510	6
Net profit for the period	**821**	**775**	**6**	**700**	**17**	**1,596**	**1,442**	**11**

Business volumes, key items[1]

EURbn	**30 Jun 2012**	31 Mar 2012	Change %	30 Jun 2011	Change %
Loans to the public	**350.3**	340.8	3	325.0	8
Deposits and borrowings from the public	**200.8**	193.5	4	180.9	11
Assets under management	**199.8**	197.2	1	191.1	5
Equity	**26.8**	26.0	3	24.8	8
Total assets	**708.8**	694.0	2	573.9	24

Ratios and key figures

	Q2 2012	Q1 2012	Q2 2011	**Jan-Jun 2012**	Jan-Jun 2011
Diluted earnings per share, EUR	**0.21**	0.19	0.18	**0.40**	0.36
EPS, rolling 12 months up to period end, EUR	**0.69**	0.66	0.73	**0.69**	0.73
Share price[2], EUR	**6.77**	6.80	7.41	**6.77**	7.41
Total shareholders' return, %	**-1.2**	17.1	-1.6	**15.6**	-3.5
Equity per share[2], EUR	**6.63**	6.43	6.13	**6.63**	6.13
Potential shares outstanding[2], million	**4,050**	4,047	4,047	**4,050**	4,047
Weighted average number of diluted shares, million	**4,028**	4,027	4,027	**4,028**	4,027
Return on equity, %	**12.5**	11.7	11.5	**12.1**	11.7
Cost/income ratio, %	**50**	50	54	**50**	52
Loan loss ratio, basis points	**26**	26	15	**26**	23
Core Tier 1 capital ratio, excl transition rules[2] %	**11.8**	11.6	11.0	**11.8**	11.0
Tier 1 capital ratio, excl transition rules[2] %	**12.8**	12.6	12.1	**12.8**	12.1
Total capital ratio, excl transition rules[2] %	**14.3**	14.2	13.8	**14.3**	13.8
Core Tier 1 capital ratio[2] %	**9.6**	9.4	9.3	**9.6**	9.3
Tier 1 capital ratio[2] %	**10.5**	10.3	10.2	**10.5**	10.2
Total capital ratio[2] %	**11.7**	11.6	11.7	**11.7**	11.7
Tier 1 capital[2] EURm	**23,288**	23,039	21,745	**23,288**	21,745
Risk-weighted assets incl transition rules[2], EURbn	**223**	224	213	**223**	213
Number of employees (full-time equivalents)[2]	**31,988**	32,557	34,169	**31,988**	34,169
Risk-adjusted profit, EURm	**851**	799	643	**1,650**	1,414
Economic profit, EURm	**385**	348	253	**733**	631
Economic capital[2], EURbn	**18.7**	18.4	17.3	**18.7**	17.3
EPS, risk-adjusted, EUR	**0.21**	0.20	0.16	**0.41**	0.35
RAROCAR, %	**18.4**	17.8	14.9	**18.1**	16.3

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

[2] End of period.

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Macroeconomic and financial market development

The second quarter has been characterised by an escalation of the European sovereign debt crisis leading to renewed market volatility, driven by uncertainty related to the Greek election, to Italy and especially to the Spanish banking sector. In June, some stabilisation has been seen which has resulted in improved sentiment in the end of the quarter.

Macroeconomic development

The global economic growth outlook deteriorated during the second quarter, indicating a potential synchronised slowdown in the world economy. European economies remain weak due to austerity measures, continued deleveraging and falling consumer confidence.

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

Financial market development

Developments in financial markets have been driven by the intensification of turmoil in Europe. Peripheral yields rose back to crisis levels while government yields in core countries fell to new all-time lows – and short-term yields even into negative territory.

Nordic sovereign debt strengthened further as investors search for high-quality assets as highlighted by the historic negative yields on short-term Danish government bonds.

Equity markets reversed the positive development from the first quarter and European equities fell more than 20% from March highs before regaining almost half of the loss during June.

Group result and development

Second quarter 2012

Income

Total income increased 3% from the previous quarter to EUR 2,606m.

Net interest income

Net interest income increased 3% compared to the previous quarter to EUR 1,462m. The net interest margin* was largely unchanged at 1.09% in the second quarter. Lending margins increased somewhat while deposit margins declined due to lower interest rates and continued fierce competition in savings deposits in the quarter.

Corporate lending

Corporate lending volumes, excluding reverse repurchase agreements, increased 2% in local currencies in the second quarter.

Household lending

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

Corporate and household deposits

Total deposits from the public increased to EUR 201bn, up 2% in local currencies excluding repurchase agreements, with an increase mainly in household deposits.

Group Corporate Centre

Net interest income was largely unchanged at EUR 106m compared to EUR 107m in the previous quarter.

Net fee and commission income

Net fee and commission income increased 3% to EUR 611m. Increases were seen in lending-related commissions, payment and cards as well as savings and investments. Commission expenses for the stability fund in Sweden and the deposit guarantee fund in Denmark were EUR 24m, somewhat up from the previous quarter.

Savings and investments commissions

Fees and commissions from savings and investments increased 3% in the second quarter to EUR 388m, due to higher custody and issuer-services commissions, while asset management commissions were largely unchanged. Assets under Management (AuM) increased to an all-time-high of EUR 199.8bn, following a net inflow of EUR 2.1bn in the second quarter and positive development in the portfolios.

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

Payment and cards and lending-related commissions
Payment and cards commissions increased 8% to EUR 230m, due to higher income from cards. Lending-related commissions increased 4% to EUR 172m.

Net result from items at fair value
Net result from items at fair value remained at a good level and increased 5% to EUR 494m. Results from customer-driven business were EUR 288m and total results decreased in Capital Markets unallocated income compared to the previous quarter.

Capital Markets income in customer business
The customer-driven capital markets activities continued to perform well, with a net fair value result from these areas of EUR 217m, compared to EUR 256m in the previous quarter.

Capital Markets unallocated income
The net fair value result in Capital Markets unallocated income, ie income from managing the risks inherent in customer transactions, decreased to EUR 145m compared to EUR 210m in the previous quarter.

Group Functions and eliminations
The net fair value result in Group Corporate Centre increased to EUR 24m compared to EUR 15m in the previous quarter. In other Group functions and eliminations, net result from items at fair value was EUR 37m in the second quarter (EUR -80m in the first quarter).

Life & Pensions
Net result from items at fair value in Life increased to EUR 71m in the second quarter, up 4% from the first quarter. The financial buffers were 6.7% of technical provisions, or EUR 1.7bn, at the end of the second quarter, an increase of 0.5 %-point compared to the first quarter.

Equity method
Income from companies accounted for under the equity method was EUR 14m, compared to EUR 23m in the previous quarter. Income related to the holding in the government export agency Eksportfinans was EUR 9m (EUR 17m).

Other operating income
Other operating income was EUR 25m compared to EUR 23m in the previous quarter.

Expenses
Total expenses amounted to EUR 1,290m, largely unchanged compared to the previous quarter in local currencies. Staff costs decreased 1% in local currencies to EUR 761m. Other expenses increased 3% in local currencies to EUR 465m, due to seasonal effects. Compared to the second quarter last year, total expenses were largely unchanged in local currencies.

The number of employees (FTEs) at the end of the second quarter decreased 2% compared to the end of the previous quarter. Compared to the end of the second quarter 2011, the number of employees (FTEs) has decreased 6%. The cost/income ratio was 50%, unchanged from the previous quarter.

Provisions for performance-related salaries in the second quarter were EUR 75m, compared to EUR 74m in the previous quarter.

Cost efficiency in the New Normal plan
The reduction in staff numbers which was announced last autumn has continued according to plan during the second quarter. The number of employees (FTEs) has been reduced by around 2,200 from the end of the second quarter 2011 and by almost 600 compared to the end of the first quarter 2012. This has resulted in an annualised gross reduction in the staff expenses of approx. EUR 160m.

In Poland, the plan proceeds to downscale the physical branch network from 193 branches to approximately 135 branches and the reduction of the number of employees (FTEs) by up to 400, equivalent of 20% of the total workforce at the end of 2011. In the second quarter, the number of employees has been reduced by around 170.

Net loan losses
Net loan loss provisions were EUR 217m and the loan loss ratio was 26 basis points (26 basis points in the previous quarter).

As expected, provisions for future loan losses in shipping and Denmark remained at elevated levels. In other areas, the losses were low. The overall credit quality is solid with strongly rated customers and positive rating migration.

The amount of individually assessed loan loss provisions increased from the previous quarter. The increase is to a large extent explained by clarified and stricter rules for loan loss provisioning in Denmark introduced by the Danish FSA. The new individually assessed loan losses were to a large extent covered by collective provisions that have consequently been released. Thereby, the new rules from the Danish FSA did not have any significant impact on the total level of loan loss provisions in Denmark. In total, collective provisions were reduced by EUR 106m in the second quarter, mainly in Denmark (in the first quarter, a net increase of collective provisions of EUR 4m).

Shipping
The tanker market and the dry cargo market have been hit hard due to lower global demand and overcapacity, which had a negative effect on freight rates. This has caused further deterioration of collateral values during the first half of this year and increased the need for additional loan loss provisions. The reduced investment appetite for shipping assets and banks' decreased willingness to lend to

shipping companies have made it more difficult to find ways for successful restructurings.

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

Denmark

The prolonged difficult situation in the economic environment has negatively affected certain overleveraged households, agriculture and SME customers. The housing market remains weak and house prices have continued to decline, reflecting high level of forced sales and overall cautiousness in private spending and investments. Nevertheless, core fundamentals in Danish economy are still relatively strong with expected GDP growth 2012, strong public financials and low unemployment level.

Nordea's overall credit quality is solid also in Denmark. Most corporates are financially strong with a relatively good outlook and the number of household mortgage customers facing problems is limited.

Operating profit

Operating profit increased 6% from the previous quarter to EUR 1,099m.

Taxes

The effective tax rate was 25.3%, unchanged compared to the previous quarter and 26.2% in the second quarter last year.

Net profit

Net profit increased 6% compared to the previous quarter to EUR 821m, corresponding to a return on equity of 12.5%. Diluted earnings per share were EUR 0.21 (EUR 0.19 in the previous quarter).

Risk-adjusted profit

Risk-adjusted profit increased to EUR 851m, up 7% from the previous quarter and up 32% compared to the second quarter last year.

The effect from currency fluctuations was very small on income and expenses for the second quarter compared to the first quarter 2012.

January – June 2012

The first half year 2012 showed continued high total income, up 6% compared to the first half year of 2011. Operating profit increased 9%, due to higher total income, and stable costs. Risk-adjusted profit increased by 17% compared to the same period last year.

The effect from currency fluctuations contributed to an increase in both income and expenses of 1 %-point for the first half year 2012 compared to the first half year of 2011.

Income

Net interest income increased 9% compared to the same period last year. Lending volumes increased 8% and corporate lending margins were higher, while deposit margins have decreased from last year.

Net fee and commission income decreased 1% compared to the first half year of 2011. Net result from items at fair value increased by 7% compared to the same period last year. The customer-driven capital markets operations continued to be strong with increasing volumes.

Income under the equity method was EUR 37m and other income was EUR 48m.

Expenses

Total expenses increased 1% compared to the same period last year. Staff costs increased 1%. In local currencies, total expenses were largely unchanged and staff costs increased 1% compared to the first half year of 2011.

Net loan losses

Net loan losses increased to EUR 435m, corresponding to a loan loss ratio of 26 basis points (17 basis points excluding provisions related to the Danish deposit guarantee fund).

Taxes

The effective tax rate in the first half year was 25.3%, compared to 26.1% last year.

Net profit

Net profit increased 11% to EUR 1,596m, due to higher income and stable costs.

Risk-adjusted profit

Risk-adjusted profit increased 17% compared to the same period last year to EUR 1,650m.

Other information

Credit portfolio
Total lending, excluding reversed repurchase agreements, amounted to EUR 323bn, up 1.5% in local currencies compared to the previous quarter. Overall, the credit quality in the loan portfolio remained solid in the second quarter, with a positive effect of migration in the portfolio.

The impaired loans ratio increased to 164 basis points of total loans, due to higher impaired loans mainly in Denmark and shipping. Total impaired loans gross increased by 12% from the previous quarter, mainly as a consequence of the new stricter impairment rules from the Danish FSA, and a few new impaired shipping exposures. The provisioning ratio decreased compared to the end of the first quarter to 42%.

Loan loss ratios and impaired loans

Basis points of loans	Q2 2012	Q1 12	Q4 2011	Q3 11	Q2 11
Loan loss ratios annualised, Group	26[1]	25[1]	36[1]	16[1]	12[1]
of which individual	38	25	40	24	20
of which collective	-12	0	-4	-8	-8
Banking Denmark	62[1]	64[1]	82[1]	57[1]	35[1]
Banking Finland	1	9	13	11	19
Banking Norway	6	13	22	-[3]	-
Banking Sweden	4	6	13	6	2
Banking Poland & Baltic countries	14	11	58	18	6
Corporate & Institutional Banking	25	4	0	-	-
Shipping, Offshore & Oil Services	185	176	209	76	71
Impaired loans ratio gross, Group (bps)	164	147	131	130	134
- performing	59%	61%	57%	62%	64%
- non-performing	41%	39%	43%	38%	36%
Total allowance ratio, Group (bps)	69	68	63	65	71
Provisioning ratio, Group[2]	42%	46%	48%	50%	52%

[1] Loan loss ratios in the table are excluding the provisions related to the Danish deposit guarantee fund. Including these provisions, loan loss ratios are for each quarter 26, 26, 33, 14 and 15 bps respectively in the Group, and 59, 69, 69, 49 and 47 bps respectively in Banking Denmark.
[2] Total allowances in relation to gross impaired loans.
[3] The " – " mark refers to net reversals and recoveries.

Market risk
Interest-bearing securities were EUR 94bn at the end of the second quarter, of which EUR 27bn in the life insurance operations and the remaining part in the liquidity buffer and trading portfolios. 37% of the portfolio comprises government or municipality bonds and 26% mortgage bonds, when excluding EUR 6bn of pledged securities.

Total Value at Risk (VaR) market risk was largely unchanged at EUR 43m in the second quarter compared to the previous quarter, with largely unchanged interest rate risk and decreased diversification effect between risk categories.

Market risk

EURm	Q2 2012	Q1 12	Q4 2011	Q2 11
Total risk, VaR	43	45	47	77
Interest rate risk, VaR	48	49	38	97
Equity risk, VaR	3	4	6	15
Foreign exchange risk, VaR	5	14	5	13
Credit spread risk, VaR	11	12	11	18
Diversification effect	36%	43%	22%	46%

Balance sheet
Total assets in the balance sheet increased 2% compared to the end of the previous quarter to EUR 709bn. The increase relates mainly to loans to the public. The market value for derivatives decreased somewhat, due to increased use of central counterparty clearing almost fully offsetting the impact from the decrease in market interest rates during the second quarter which led to an underlying increase in the market value of the derivatives. The effect on counterparty credit risk was reduced by netting of exposures and the use of collateral agreements.

Capital position and risk-weighted assets
The Group's core tier 1 capital ratio, excluding transition rules, was 11.8% at the end of the second quarter, a strengthening by 0.2 %-points from the end of the previous quarter. Improved capital ratios have been achieved by strong profit generation and a decrease in risk-weighted assets (RWA).

RWA were EUR 181.3bn excluding transition rules, down EUR 1.0bn, or 0.6%, compared to the previous quarter.

The core tier 1 ratio including transition rules under Basel II was 9.6%. The capital base was EUR 26.0bn, the tier 1 capital was EUR 23.3bn and the core tier 1 capital was EUR 21.3bn.

Capital ratios

%	Q2 2012	Q1 12	Q4 2011	Q2 11
Excluding transition rules:				
Core tier 1 capital ratio	11.8	11.6	11.2	11.0
Tier 1 capital ratio	12.8	12.6	12.2	12.1
Total capital ratio	14.3	14.2	13.4	13.8
Including transition rules:				
Core tier 1 capital ratio	9.6	9.4	9.2	9.3
Tier 1 capital ratio	10.5	10.3	10.1	10.2
Total capital ratio	11.7	11.6	11.1	11.7

Economic Capital (EC) was at the end of the second quarter EUR 18.7bn, up EUR 0.3bn compared to the end of the previous quarter.

Nordea's funding and liquidity operations

Nordea issued approx. EUR 5.8bn of long-term funding in the second quarter, of which approx. EUR 2.8bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

Major transactions during the second quarter included a EUR 1.5bn 7-year covered bond at a spread of midswap +40 basis points, the launch of an inaugural Samurai bond in the Japanese domestic market, a 3 to 10-year issue of JPY 120bn which was very well received in the market and a EUR 2.25bn dual-tranche transaction with a 5.25-year note priced at midswap +100 basis points and a 10-year note at midswap +135 basis points.

The portion of long-term funding of total funding was at the end of the second quarter approx. 69% (73% at the end of the previous quarter).

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

For short-term liquidity risks, Nordea maintains a measure close to the liquidity coverage ratio (LCR). The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV-liquid assets and amounted to EUR 68bn at the end of the second quarter (EUR 60bn at the end of the first quarter). The LCR for the Nordea Group is 144%.

Nordea share

During the second quarter, the share price of Nordea on the NASDAQ OMX Nordic Exchange depreciated from SEK 60.15 to SEK 59.40.

Quarterly development, Group

EURm	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Jan-Jun 2012	Jan-Jun 2011
Net interest income	1,462	1,420	1,427	1,379	1,326	2,882	2,650
Net fee and commission income	611	596	588	582	623	1,207	1,225
Net result from items at fair value	494	469	506	111	356	963	900
Equity method	14	23	15	-4	13	37	31
Other operating income	25	23	22	23	24	48	46
Total operating income	**2,606**	**2,531**	**2,558**	**2,091**	**2,342**	**5,137**	**4,852**
General administrative expenses:							
Staff costs	-761	-771	-714	-887	-744	-1,532	-1,512
Other expenses	-465	-455	-502	-474	-485	-920	-938
Depreciation of tangible and intangible assets	-64	-50	-50	-52	-46	-114	-90
Total operating expenses	**-1,290**	**-1,276**	**-1,266**	**-1,413**	**-1,275**	**-2,566**	**-2,540**
Profit before loan losses	**1,316**	**1,255**	**1,292**	**678**	**1,067**	**2,571**	**2,312**
Net loan losses	-217	-218	-263	-112	-118	-435	-360
Operating profit	**1,099**	**1,037**	**1,029**	**566**	**949**	**2,136**	**1,952**
Income tax expense	-278	-262	-243	-160	-249	-540	-510
Net profit for the period	**821**	**775**	**786**	**406**	**700**	**1,596**	**1,442**
Diluted earnings per share (DEPS), EUR	0.21	0.19	0.19	0.10	0.18	0.40	0.36
DEPS, rolling 12 months up to period end, EUR	0.69	0.66	0.65	0.65	0.73	0.69	0.73

Business areas

	Nordea Group																	
	Retail Banking			**Wholesale Banking**			**Wealth Management**			**Group Corporate Centre**			**Group Functions, Other and Eliminations**			**Nordea Group**		
	Q2	**Q1**		**Q2**	**Q1**		**Q2**	**Q1**		**Q2**	**Q1**		**Q2**	**Q1**		**Q2**	**Q1**	
EURm	**2012**	**2012**	***Chg***	**2012**	**2012**	***Chg***	**2012**	**2012**	***Chg***	**2012**	**2012**	***Chg***	**2012**	**2012**	***Chg***	**2012**	**2012**	***Chg***
Net interest income	997	970	*3%*	309	294	*5%*	34	43	*-21%*	106	107	*-1%*	16	6	*167%*	1,462	1,420	*3%*
Net fee and commission income	274	284	*-4%*	147	122	*20%*	211	212	*0%*	-2	0		-19	-22	*-14%*	611	596	*3%*
Net result from items at fair value	85	117	*-27%*	255	327	*-22%*	93	90	*3%*	24	15	*60%*	37	-80		494	469	*5%*
Equity method	5	2	*150%*	0	0		0	0		0	0		9	21	*-57%*	14	23	*-39%*
Other income	6	6	*0%*	1	0		9	5	*80%*	1	1	*0%*	8	11	*-27%*	25	23	*9%*
Total operating income	**1,367**	**1,379**	***-1%***	**712**	**743**	***-4%***	**347**	**350**	***-1%***	**129**	**123**	***5%***	**51**	**-64**		**2,606**	**2,531**	***3%***
Staff costs	-327	-333	*-2%*	-202	-202	*0%*	-123	-115	*7%*	-19	-18	*6%*	-90	-103	*-13%*	-761	-771	*-1%*
Other expenses	-410	-407	*1%*	-24	-22	*9%*	-73	-71	*3%*	-23	-18	*28%*	65	63	*3%*	-465	-455	*2%*
Depreciations	-23	-26	*-12%*	-10	-8	*25%*	-2	-1	*100%*	0	0		-29	-15	*93%*	-64	-50	*28%*
Total operating expenses	**-760**	**-766**	***-1%***	**-236**	**-232**	***2%***	**-198**	**-187**	***6%***	**-42**	**-36**	***17%***	**-54**	**-55**	***-2%***	**-1,290**	**-1,276**	***1%***
Net loan losses	-117	-154	*-24%*	-102	-65	*57%*	0	-1	*-100%*	0	0		2	2	*0%*	-217	-218	*0%*
Operating profit	**490**	**459**	***7%***	**374**	**446**	***-16%***	**149**	**162**	***-8%***	**87**	**87**	***0%***	**-1**	**-117**	***-99%***	**1,099**	**1,037**	***6%***
Cost/income ratio, %	56	56		33	31		57	53		33	29					50	50	
RAROCAR, %	16	16		22	23		16	19								18.4	17.8	
Economic capital (EC)	8,825	8,844	*0%*	6,098	6,129	*-1%*	2,674	2,469	*8%*	468	541	*-13%*	664	452		18,729	18,435	*2%*
Risk-weighted assets (RWA)	95,534	94,358	*1%*	71,572	74,421	*-4%*	3,486	3,602	*-3%*	4,509	5,012	*-10%*	6,157	4,888		181,258	182,281	*-1%*
Number of employees (FTEs)	18,427	18,916	*-3%*	6,110	6,169	*-1%*	3,571	3,601	*-1%*	442	424	*4%*				31,988	32,557	*-2%*
Volumes, EURbn:																		
Lending to corporates	92.7	91.3	*2%*	97.6	91.1	*7%*							3.0	3.6		193.3	186.0	*4%*
Household mortgage lending	123.4	121.2	*2%*	0.4	0.4	*2%*	5.3	5.2	*2%*							129.1	126.8	*2%*
Consumer lending	24.8	24.9	*0%*				3.2	3.1	*3%*							28.0	28.0	*0%*
Total lending	**240.9**	**237.4**	***1%***	**98.0**	**91.5**	***7%***	**8.4**	**8.3**	***1%***				**3.0**	**3.6**		**350.3**	**340.8**	***3%***
Corporate deposits	44.5	44.5	*0%*	61.9	63.2	*-2%*							7.3	1.3		113.7	109.0	*4%*
Household deposits	76.0	73.1	*4%*	0.2	0.2	*11%*	10.9	11.2	*-3%*							87.1	84.5	*3%*
Total deposits	**120.5**	**117.6**	***2%***	**62.1**	**63.4**	***-2%***	**10.9**	**11.2**	***-3%***				**7.3**	**1.3**		**200.8**	**193.5**	***4%***

	Nordea Group																	
	Retail Banking			**Wholesale Banking**			**Wealth Management**			**Group Corporate Centre**			**Group Functions, Other and Eliminations**			**Nordea Group**		
	Jan-Jun			**Jan-Jun**			**Jan-Jun**			**Jan-Jun**			**Jan-Jun**			**Jan-Jun**		
EURm	**2012**	**2011**	***Chg***	**2012**	**2011**	***Chg***	**2012**	**2011**	***Chg***	**2012**	**2011**	***Chg***	**2012**	**2011**	***Chg***	**2012**	**2011**	
Net interest income	1,967	1,761	*12%*	603	596	*1%*	77	65	*18%*	213	162	*31%*	22	66	*-67%*	2,882	2,650	*9%*
Net fee and commission income	558	567	*-2%*	269	297	*-9%*	423	421	*0%*	-2	-6	*-67%*	-41	-54	*-24%*	1,207	1,225	*-1%*
Net result from items at fair value	202	212	*-5%*	582	481	*21%*	183	170	*8%*	39	69	*-43%*	-43	-32	*34%*	963	900	*7%*
Equity method	5	6	*-17%*	0	0		0	0		0	0		32	25	*28%*	37	31	*19%*
Other income	14	19	*-26%*	1	5	*-80%*	14	5	*180%*	2	1	*100%*	17	16	*6%*	48	46	*4%*
Total operating income	**2,746**	**2,565**	***7%***	**1,455**	**1,379**	***6%***	**697**	**661**	***5%***	**252**	**226**	***12%***	**-13**	**21**		**5,137**	**4,852**	***6%***
Staff costs	-660	-687	*-4%*	-404	-370	*9%*	-238	-230	*3%*	-37	-31	*19%*	-193	-194	*-1%*	-1,532	-1,512	*1%*
Other expenses	-839	-904	*-7%*	-46	-51	*-10%*	-144	-133	*8%*	-41	-58	*-29%*	150	208	*-28%*	-920	-938	*-2%*
Depreciations	-27	-26	*4%*	-18	-10	*80%*	-3	-6	*-50%*	0	0		-66	-48	*38%*	-114	-90	*27%*
Total operating expenses	**-1,526**	**-1,617**	***-6%***	**-468**	**-431**	***9%***	**-385**	**-369**	***4%***	**-78**	**-89**	***-12%***	**-109**	**-34**		**-2,566**	**-2,540**	***1%***
Net loan losses	-271	-270	*0%*	-167	-82	*104%*	-1	0		0	0		4	-8		-435	-360	*21%*
Operating profit	**949**	**678**	***40%***	**820**	**866**	***-5%***	**311**	**292**	***7%***	**174**	**137**	***27%***	**-118**	**-21**		**2,136**	**1,952**	***9%***
Cost/income ratio, %	56	63		32	31		55	56		31	39					50	52	
RAROCAR, %	16	11		22	21		18	28								18.1	16.3	
Economic capital (EC)	8,825	8,814	*0%*	6,098	5,920	*3%*	2,674	1,564	*71%*	468	690	*-32%*	664	314		18,729	17,302	*8%*
Risk-weighted assets (RWA)	95,534	94,607	*1%*	71,572	73,898	*-3%*	3,486	3,844	*-9%*	4,509	2,803	*61%*	6,157	4,708		181,258	179,860	*1%*
Number of employees (FTEs)	18,427	20,121	*-8%*	6,110	6,475	*-6%*	3,571	3,670	*-3%*	442	457	*-3%*				31,988	34,169	*-6%*
Volumes, EURbn:																		
Lending to corporates	92.7	87.4	*6%*	97.6	87.5	*12%*							3.0	2.8		193.3	177.7	*9%*
Household mortgage lending	123.4	114.6	*8%*	0.4	0.3	*26%*	5.3	4.8	*10%*							129.1	119.7	*8%*
Consumer lending	24.8	24.7	*0%*				3.2	2.9	*10%*							28.0	27.6	*1%*
Total lending	**240.9**	**226.7**	***6%***	**98.0**	**87.8**	***12%***	**8.4**	**7.7**	***9%***				**3.0**	**2.8**		**350.3**	**325.0**	***8%***
Corporate deposits	44.5	42.4	*5%*	61.9	56.4	*10%*							7.3	1.4		113.7	100.3	*13%*
Household deposits	76.0	70.7	*7%*	0.2	0.1	*51%*	10.9	9.8	*11%*							87.1	80.6	*8%*
Total deposits	**120.5**	**113.1**	***7%***	**62.1**	**56.6**	***10%***	**10.9**	**9.8**	***11%***				**7.3**	**1.4**		**200.8**	**180.9**	***11%***

Retail Banking

The business area consists of the retail banking business in the Nordic region, Baltic countries and Poland and includes all parts of the value chain. More than 10 million customers are offered a wide range of products. The customers are served from a total of 973 branch locations and contact centres and the online banking channels.

Business development

The transformation of Retail Banking continued during the second quarter. The adaptation of the branch network, mirroring customers' changing behaviour in terms of daily banking and advisory, continued at a high pace. The subsequent efficiency gains have resulted in a lower cost level compared to previous year as well as a reduced number of employees (FTEs). Despite the continued pressure on interest rates, income remained at a high level during the second quarter. The parallel focus on capital efficiency has paved the way for solid profitability improvement compared to previous year.

The number of Gold and Premium customers amounted to 3.09 million, of whom 22,800 were new customers coming from outside Nordea during the second quarter. During the first half of the year, more than 1 million household and corporate advisory meetings were held, an increase of 10% compared to the same period last year.

Following the subdued macroeconomic environment, corporate customers' demand for financing remained modest during the second quarter. The activity with relationship customers was however maintained at a high level.

The Nordea branch network transformation aiming at strengthening the relationship strategy took a large step towards completion during the second quarter. 200 branch locations were transformed, and a total of 756 branch locations are now operating in the new formats, equalling more than 90% of Nordea's Nordic branch network. It is planned to be fully transformed before the end of 2012. During the second quarter, the branch network transformation in Poland and the Baltic countries was started.

The number of manual transactions in the branches continued to decrease, as customers increasingly use other more convenient solutions for day-to-day banking. In light of this development, Nordea is reviewing the extent of the manual cash offering with the aim to concentrate the services to fewer places. During the second quarter, the number of branch locations offering cash services therefore decreased by 41 in the Nordic countries coming from both closure of manual cash in a continuing branch location and closure of branches with manual cash. The number of visits to the mobile bank continued to grow rapidly and more than 600,000 customers are now using the mobile bank on a regular basis. Several improvements were launched in the Private Netbank to further increase the quality and stability of the service. At the same time, the open internet pages have been given an entirely new, intuitive, easy-to-use design which was launched in Denmark, Norway and Sweden during the second quarter.

Result

Total income was slightly lower compared to the previous quarter, driven mainly by lower net result from items at fair value. Net interest income showed positive development, despite lower short-term interest rates affecting deposit income negatively. Compared to the second quarter last year, total income increased by 4%, driven by net interest income.

Total lending volumes increased with EUR 3.5bn compared to the previous quarter, coming from a moderate increase in both the corporate and household part. At the same time, the increased focus on capital consumption and several initiatives limited the RWA growth.

Deposits from households continued to increase and were up 4% from the previous quarter and 7% compared to one year ago.

Compared to last year, staff costs were down by 5% and the number of employees (FTEs) was 8% lower.

The second quarter included a reversal of EUR 5m related to the Danish deposit guarantee fund (loss of EUR 8m in the first quarter). The net loan loss development was positive with a relatively low level in all Nordic countries except Denmark. The loan loss ratio was 21 basis points excluding the Danish deposit guarantee fund provisions (25 basis points in the first quarter).

Retail Banking total

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	997	970	981	929	905	3%	10%
Net fee and commission income	274	284	273	289	282	-4%	-3%
Net result from items at fair value	85	117	107	108	114	-27%	-25%
Equity method & other income	11	8	10	6	15	38%	-27%
Total income incl. allocations	**1,367**	**1,379**	**1,371**	**1,332**	**1,316**	**-1%**	**4%**
Staff costs	-327	-333	-313	-338	-345	-2%	-5%
Total expenses incl. allocations	**-760**	**-766**	**-780**	**-771**	**-813**	**-1%**	**-7%**
Profit before loan losses	**607**	**613**	**591**	**561**	**503**	**-1%**	**21%**
Net loan losses	-117	-154	-188	-99	-101	-24%	16%
Operating profit	**490**	**459**	**403**	**462**	**402**	**7%**	**22%**
Cost/income ratio, %	56	56	57	58	62		
RAROCAR, %	16	16	15	14	12		
Economic capital (EC)	8,825	8,844	8,768	8,829	8,814	0%	0%
Risk-weighted assets (RWA)	95,534	94,358	93,917	95,410	94,607	1%	1%
Number of employees (FTEs)	18,427	18,916	19,312	19,872	20,121	-3%	-8%
Volumes, EURbn:							
Lending to corporates	92.7	91.3	90.3	87.8	87.4	2%	6%
Household mortgage lending	123.4	121.2	119.8	116.5	114.6	2%	8%
Consumer lending	24.8	24.9	24.7	24.9	24.7	0%	0%
Total lending	**240.9**	**237.4**	**234.8**	**229.2**	**226.7**	**1%**	**6%**
Corporate deposits	44.5	44.5	45.5	43.2	42.4	0%	5%
Household deposits	76.0	73.1	72.7	70.9	70.7	4%	7%
Total deposits	**120.5**	**117.6**	**118.2**	**114.1**	**113.1**	**2%**	**7%**

Banking Denmark

Business development

The inflow of externally acquired Gold and Premium customers continued to grow and amounted to 7,100 in the second quarter.

Consumer confidence is low due to uncertainty regarding both the overall European financial stability and the local reform agenda. The consumer spending pattern is negatively affected.

Household deposit volumes increased by 4% compared to the previous quarter. The increased saving capacity derives mainly from the pension retirement reform, which came into force in April and in which a possibility to free up pension savings on favourable terms was introduced. Household lending volumes were stable compared to the previous quarter.

The number of manual transactions in branches continued to decrease, and the total number of advisory meetings in the first half of the year was 9% higher than in the same period last year.

In order to contribute to a reduction of the refinancing risk and to increase the level of amortisation in the Danish mortgage system, Nordea has announced the future model for Nordea Kredit's product portfolio that will include a new mortgage product "Kort Rente" and a changed pricing structure. The detailed elements in the new model will be launched during the autumn.

The corporate lending market is characterised by low demand. The distinction between successful and less successful corporates continues. Total corporate lending volume increased by 1%.

The transformation of the branch network continues as planned. Preparations to gather senior relationship managers in fewer competence centres, to strengthen the advisory quality, efficiency and cross selling have started.

Result

Net interest income increased in the second quarter despite a lower interest rate level in Denmark. However, total income was affected negatively by relatively low activity in the housing market and a modest result from items at fair value. Income from household savings commissions remained at a relatively high level in the second quarter.

The number of employees has decreased by 3% since the first quarter. Staff costs and total expenses decreased compared to the first quarter, in line with the reduction in number of employees and the efficiency initiatives.

Net loan losses were lower in the second quarter than in the first quarter. Provisions related to the household segment continued to be on a relatively high level. Individually assessed loan loss provisions increased following clarified and stricter rules for loan loss provisioning introduced by the Danish FSA. The new individually assessed loan losses were to a large extent covered by collective provisions that have consequently been released. The loan loss ratio was 62 basis points compared to 64 basis points in the first quarter, excluding provisions to the Danish deposit guarantee fund.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	307	305	308	292	286	1%	7%
Net fee and commission income	36	52	38	54	56	-31%	-36%
Net result from items at fair value	10	35	26	19	30	-71%	-67%
Equity method & other income	6	6	3	3	3	0%	100%
Total income incl. allocations	**359**	**398**	**375**	**368**	**375**	**-10%**	**-4%**
Staff costs	-82	-87	-82	-89	-89	-6%	-8%
Total expenses incl. allocations	**-201**	**-208**	**-210**	**-215**	**-231**	**-3%**	**-13%**
Profit before loan losses	**158**	**190**	**165**	**153**	**144**	**-17%**	**10%**
Net loan losses	-96	-112	-107	-75	-75	-14%	28%
Operating profit	**62**	**78**	**58**	**78**	**69**	**-21%**	**-10%**
Cost/income ratio, %	56	52	56	58	62		
RAROCAR, %	16	20	16	13	12		
Economic capital (EC)	2,199	2,290	2,249	2,388	2,402	-4%	-8%
Risk-weighted assets (RWA)	24,639	24,957	24,777	26,242	25,708	-1%	-4%
Number of employees (FTEs)	4,074	4,185	4,265	4,365	4,388	-3%	-7%
Volumes, EURbn:							
Lending to corporates	23.9	23.6	23.6	23.3	23.2	1%	3%
Household mortgage lending	29.4	29.0	28.9	28.3	27.3	1%	8%
Consumer lending	12.7	12.7	12.7	12.8	12.6	0%	1%
Total lending	**66.0**	**65.3**	**65.2**	**64.4**	**63.1**	**1%**	**5%**
Corporate deposits	7.3	7.2	7.4	7.2	7.1	1%	3%
Household deposits	22.6	21.8	21.6	21.5	21.5	4%	5%
Total deposits	**29.9**	**29.0**	**29.0**	**28.7**	**28.6**	**3%**	**5%**

Banking Finland

Business development

Banking Finland continued to perform active relationship banking during the second quarter and total number of advisory meetings increased from 2011. There has been high focus on advising the mass-affluent customers on the volatile savings market, resulting in improved sales. The number of externally acquired Gold and Premium customers was 6,100.

During the quarter, Nordea signed an agreement on debit card cashback services with the Finnish merchandise retailer Tokmanni, which is expected to give a positive effect on cash availability as the branch network goes through structural changes. The share of housing loans with interest rate cap continued to increase, reaching more than 50% of the new sales in the end of the second quarter. The overall position on the household lending and deposit markets was kept while the market share in savings and especially the life products market increased.

The strong performance in the corporate market continued. Earnings on lending increased and new innovative products, such as CurrencyPlus, have been established on the market to improve Nordea's offering on corporate deposits and high hedging activity kept up the sales and earnings from Markets products.

Improvements in credit quality had a positive impact on the RWA.

The branch network transformation continued with focus on areas with high growth potential.

Result

Increasing net interest income from lending products kept mitigating the income pressure caused by lower short-term interest rates, which results in weakening in the earnings from deposits. The main drivers of the positive development of non-interest-related income were savings and payments products.

High focus on cost efficiency improved the profitability, with a decrease in number of employees (FTEs) and other efficiency measures such as closing of branches being visible in cost development compared to last year.

Net loan losses were EUR 1m, impacted by reversals of provisions. The loan loss ratio was 1 basis point (9 basis points in the first quarter).

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	159	157	177	181	173	1%	-8%
Net fee and commission income	83	83	80	79	74	0%	12%
Net result from items at fair value	19	22	24	17	18	-14%	6%
Equity method & other income	1	0	5	1	4		-75%
Total income incl. allocations	**262**	**262**	**286**	**278**	**269**	**0%**	**-3%**
Staff costs	-56	-55	-55	-59	-63	2%	-11%
Total expenses incl. allocations	**-161**	**-159**	**-166**	**-168**	**-173**	**1%**	**-7%**
Profit before loan losses	**101**	**103**	**120**	**110**	**96**	**-2%**	**5%**
Net loan losses	-1	-10	-14	-12	-20	-90%	-95%
Operating profit	**100**	**93**	**106**	**98**	**76**	**8%**	**32%**
Cost/income ratio, %	62	61	58	60	64		
RAROCAR, %	16	15	18	15	13		
Economic capital (EC)	1,447	1,572	1,623	1,603	1,614	-8%	-10%
Risk-weighted assets (RWA)	15,258	15,504	15,967	15,708	16,283	-2%	-6%
Number of employees (FTEs)	4,101	4,103	4,179	4,311	4,425	0%	-7%
Volumes, EURbn:							
Lending to corporates	15.2	15.2	14.9	14.8	14.6	0%	4%
Household mortgage lending	25.0	24.7	24.6	24.5	24.1	1%	4%
Consumer lending	5.2	5.1	5.2	5.1	5.1	2%	2%
Total lending	**45.4**	**45.0**	**44.7**	**44.4**	**43.8**	**1%**	**4%**
Corporate deposits	9.9	9.5	10.0	10.8	9.7	4%	2%
Household deposits	22.6	22.2	22.4	22.1	21.9	2%	3%
Total deposits	**32.5**	**31.7**	**32.4**	**32.9**	**31.6**	**3%**	**3%**

Banking Norway

Business development

Business activity in the household segment remained high in the second quarter and the number of advisory meetings increased compared to last year. The number of externally acquired Gold and Premium customers was approx. 3,000 during the quarter.

Late in the second quarter, a new deposit product for young household customers was introduced. The product has been well received in the household market.

The high activity within the corporate segment continued during the second quarter. The positive income development reflects further differentiation in risk pricing. Several initiatives related to capital efficiency were started during the last quarters, and positive results from these initiatives were visible in the second quarter.

The reduction in the number of employees (FTEs) is ahead of plans and the closure of some of the small branches continued during the second quarter. The number of FTEs is expected to increase slightly in the third quarter due to delayed recruitment for vacant positions.

Result

Total income increased by 6% from the previous quarter or by 5% in local currency, mainly due to a strong increase in net interest income in both the household and the corporate segments. The increase from the second quarter last year was 32%.

Lending volume growth in local currency was close to 2% from last quarter with largely the same development in both segments. Deposit volumes in local currency were unchanged from last quarter with seasonal increase in household transaction accounts and the opposite development in corporate deposits.

The risk-weighted assets were down 0.5% in local currency from the previous quarter even though the total lending growth was close to 2%. The main reason for the RWA reduction in local currency is reduced corporate off-balance-sheet exposures.

Total expenses were down 1% from previous quarter in local currency reflecting the increased focus on cost management and FTE reductions ahead of plans.

The loan loss ratio was 6 basis points (13 basis points in first quarter).

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	221	206	183	169	158	7%	40%
Net fee and commission income	47	43	44	44	41	9%	15%
Net result from items at fair value	21	22	19	25	20	-5%	5%
Equity method & other income	0	1	1	0	0	-100%	
Total income incl. allocations	**289**	**272**	**247**	**238**	**219**	**6%**	**32%**
Staff costs	-39	-39	-35	-38	-37	0%	5%
Total expenses incl. allocations	**-120**	**-120**	**-119**	**-122**	**-119**	**0%**	**1%**
Profit before loan losses	**169**	**152**	**128**	**116**	**100**	**11%**	**69%**
Net loan losses	-7	-15	-24	5	1	-53%	
Operating profit	**162**	**137**	**104**	**121**	**101**	**18%**	**60%**
Cost/income ratio, %	42	44	48	51	54		
RAROCAR, %	20	17	14	13	10		
Economic capital (EC)	2,156	2,110	2,087	2,064	2,035	2%	6%
Risk-weighted assets (RWA)	22,627	22,534	22,312	22,336	22,548	0%	0%
Number of employees (FTEs)	1,391	1,415	1,428	1,515	1,531	-2%	-9%
Volumes, EURbn:							
Lending to corporates	21.6	21.1	20.2	19.4	19.5	2%	11%
Household mortgage lending	26.5	25.8	25.2	24.4	24.3	3%	9%
Consumer lending	0.9	0.9	0.7	0.8	0.8	0%	12%
Total lending	**49.0**	**47.8**	**46.1**	**44.6**	**44.6**	**3%**	**10%**
Corporate deposits	11.5	12.1	12.2	11.6	12.0	-5%	-4%
Household deposits	8.7	7.9	7.7	7.5	7.7	10%	13%
Total deposits	**20.2**	**20.0**	**19.9**	**19.1**	**19.7**	**1%**	**3%**

FX fluctuation impacted income and expenses by 0% Q2/Q1 (5% Q2/Q2). FX fluctuations impacted balance sheet by 0% Q2/Q1 (4% Q2/Q2).

Banking Sweden

Business development

Despite increasing uncertainty in the macroeconomic environment, Banking Sweden delivered a solid result and positive business development in the second quarter. The number of advisory meetings was kept at a high level, and during the second quarter Banking Sweden welcomed 6,100 new externally acquired Gold and Premium customers.

As for the whole market, the growth rate for household mortgage lending remained modest compared to recent years. Deposit volumes from household customers increased and customer demand for investment products remained high.

Following the subdued macroeconomic environment, corporate customers' demand for financing remained modest during the second quarter. The activity with relationship customers was however maintained at a high level. The business volumes from corporate customers remained essentially unchanged during the quarter.

The transformation of the branch network continued with an increasing share of branches solely focusing on advisory services to household or corporate customers. Supported by this development, the number of employees decreased by 1% compared with the first quarter and 8% compared to the same quarter last year.

Result

Despite the negative impact from lower market interest rates, net interest income was unchanged compared to the first quarter. Even though the negative trend for the stock markets continued during second quarter, net fee and commission income and net result from items at fair value remained at a high level. Sales of investments products were strong in the second quarter.

The emphasis on improving efficiency continued, leading to fewer employees and lower staff costs compared to the same quarter last year. This, together with the focus on capital efficiency, improved cost/income ratio.

Net loan losses remained low and the loan loss ratio was 4 basis points in the second quarter (6 basis points in the first quarter).

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	286	286	285	264	254	0%	13%
Net fee and commission income	95	95	90	99	98	0%	-3%
Net result from items at fair value	29	29	29	28	33	0%	-12%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**410**	**410**	**404**	**391**	**385**	**0%**	**6%**
Staff costs	-71	-72	-68	-72	-74	-1%	-4%
Total expenses incl. allocations	**-217**	**-218**	**-209**	**-205**	**-222**	**0%**	**-2%**
Profit before loan losses	**193**	**192**	**195**	**186**	**163**	**1%**	**18%**
Net loan losses	-7	-9	-21	-9	-3	-22%	133%
Operating profit	**186**	**183**	**174**	**177**	**160**	**2%**	**16%**
Cost/income ratio, %	53	53	52	52	58		
RAROCAR, %	27	27	28	28	24		
Economic capital (EC)	1,987	1,914	1,854	1,798	1,753	4%	13%
Risk-weighted assets (RWA)	17,437	17,179	16,998	17,582	16,530	2%	5%
Number of employees (FTEs)	3,349	3,396	3,507	3,598	3,644	-1%	-8%
Volumes, EURbn:							
Lending to corporates	23.1	23.0	23.0	22.1	22.1	0%	5%
Household mortgage lending	35.5	34.8	34.3	32.7	32.6	2%	9%
Consumer lending	5.1	5.1	5.2	5.2	5.2	0%	-2%
Total lending	**63.7**	**62.9**	**62.5**	**60.0**	**59.9**	**1%**	**6%**
Corporate deposits	12.4	12.5	12.7	11.3	11.2	-1%	11%
Household deposits	20.1	19.2	19.1	18.1	17.9	5%	12%
Total deposits	**32.5**	**31.7**	**31.8**	**29.4**	**29.1**	**3%**	**12%**

FX fluctuation impacted income and expenses by -1% Q2/Q1 (1% Q2/Q2). FX fluctuations impacted balance sheet by 1% Q2/Q1 (5% Q2/Q2).

Banking Poland & Baltic countries

Business development

Overall business development showed a positive trend, similarly to the previous quarter. Corporate lending increased in the Baltic countries and Poland, following the overall market development, while the increase in deposits has exceeded market growth especially in the Baltic countries.

Baltic countries

The business outlook in the Baltic countries is stable and GDP growth is expected to remain higher than the average in Europe.

Positive economic development has improved the quality of the loan portfolio and there have been no new significant non-performing corporate customers during the past 15 months. In Estonia the recovery has been faster than in the other Baltic countries and business volumes have grown slightly in the second quarter. In Latvia, new lending is still lower than the repayment of existing loans. Household lending volumes in particular were low and there is no significant improvement yet in the mortgage portfolio quality.

Deposit volumes increased compared to the first quarter in both the corporate and household segments. In the household segment, the trend is consistent while in the corporate segment the development is more volatile.

Nordea’s lending growth was in line with the markets in the second quarter. Prices in new lending are reflecting the full cost of funding and liquidity. Pricing competition for deposits continues to be fierce.

Poland

During the 2008-2009 financial crisis the Polish economy proved to be resilient due to the low overall indebtedness, significant domestic economy and large infrastructure investments ahead of the Euro 2012 football championships. The latest GDP forecast for Poland is 3.1% in 2012 and 3.2% 2013. However, due to tighter conditions for mortgage lending and increased uncertainty in Europe, the demand for new loans has decreased.

Under the revised strategy in Poland, similar to the relationship model used in the Nordic countries, special attention is given to the affluent and the mass-affluent customers who require a broader set of financial services and personal advice. Increased focus on savings products, as well as online channels, will ensure a competitive customer offering. Adaption of the household business model has resulted in lower mortgage lending during the second quarter. Changes in local regulations and currency rate effects have increased the risk-weighted assets, even if the underlying lending volumes in local currency were nearly flat.

In order to better match the increased focus on the affluent and mass-affluent segments and to adapt to the changes in customer behaviour, the physical branch network and the staff composition have been adjusted accordingly. As most of the daily banking services will be conducted through online channels, the remaining branch network, with a critical mass of qualified staff, will be geared towards serving the broader financial needs of the target customers.

In the corporate business, the applied business model has been very similar to the one used for serving large corporates in the Nordic countries. This model, based on close relationships with a number of selected customers, has proven to be very successful in the Polish market and will continue to form the basis of the corporate business.

The higher provisions in the second quarter compared to the previous quarter was driven by a few large corporate exposures. The mortgage loan portfolio quality has been slightly weakening as the growth in new mortgages has slowed down.

Result

Total income was up by 3% from the previous quarter, mainly due to higher net interest income. Total expenses decreased by 6% compared to the previous quarter, following the consolidation of the branch network. Operating profit increased by 10%. The number of employees (FTEs) decreased by 7% or close to 200.

Banking Baltic countries

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	39	38	37	39	37	3%	5%
Net fee and commission income	11	10	13	10	8	10%	38%
Net result from items at fair value	0	-1	2	1	-1	-100%	-100%
Equity method & other income	0	1	0	1	4	-100%	-100%
Total income incl. allocations	**50**	**48**	**52**	**51**	**48**	**4%**	**4%**
Staff costs	-8	-8	-7	-8	-8	0%	0%
Total expenses incl. allocations	**-18**	**-19**	**-18**	**-22**	**-21**	**-5%**	**-14%**
Profit before loan losses	**32**	**29**	**34**	**29**	**27**	**10%**	**19%**
Net loan losses	9	-1	-12	-3	-1		
Operating profit	**41**	**28**	**22**	**26**	**26**	**46%**	**58%**
Cost/income ratio, %	36	40	35	43	44		
RAROCAR, %	12	11	14	11	9		
Economic capital (EC)	543	528	527	522	565	3%	-4%
Risk-weighted assets (RWA)	8,065	7,801	7,802	7,649	7,829	3%	3%
Number of employees (FTEs)	1,060	1,088	1,093	1,155	1,195	-3%	-11%
Volumes, EURbn:							
Lending to corporates	5.6	5.4	5.3	5.2	5.2	4%	8%
Household lending	3.0	3.0	3.0	3.0	2.9	0%	3%
Total lending	**8.6**	**8.4**	**8.3**	**8.2**	**8.1**	**2%**	**6%**
Corporate deposits	1.8	1.6	1.5	1.3	1.2	13%	50%
Household deposits	0.8	0.8	0.7	0.6	0.6	0%	33%
Total deposits	**2.6**	**2.4**	**2.2**	**1.9**	**1.8**	**8%**	**44%**

Banking Poland

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	40	39	38	32	37	3%	8%
Net fee and commission income	8	8	9	10	8	0%	0%
Net result from items at fair value	6	8	11	16	12	-25%	-50%
Equity method & other income	2	0	1	1	1		100%
Total income incl. allocations	**56**	**55**	**59**	**59**	**58**	**2%**	**-3%**
Staff costs	-11	-12	-12	-13	-13	-8%	-15%
Total expenses incl. allocations	**-27**	**-29**	**-31**	**-29**	**-30**	**-7%**	**-10%**
Profit before loan losses	**29**	**26**	**28**	**30**	**28**	**12%**	**4%**
Net loan losses	-14	-3	-7	-3	-1		
Operating profit	**15**	**23**	**21**	**27**	**27**	**-35%**	**-44%**
Cost/income ratio, %	48	53	53	49	52		
RAROCAR, %	14	14	15	15	15		
Economic capital (EC)	493	431	427	454	445	14%	11%
Risk-weighted assets (RWA)	7,507	6,383	6,060	5,892	5,709	18%	31%
Number of employees (FTEs)	1,730	1,900	2,000	2,037	1,998	-9%	-13%
Volumes, EURbn:							
Lending to corporates	2.5	2.4	2.4	2.1	2.1	4%	19%
Household lending	4.3	4.3	4.1	4.0	3.8	0%	13%
Total lending	**6.8**	**6.7**	**6.5**	**6.1**	**5.9**	**1%**	**15%**
Corporate deposits	1.6	1.6	1.7	1.2	1.3	0%	23%
Household deposits	1.2	1.2	1.1	1.0	1.0	0%	20%
Total deposits	**2.8**	**2.8**	**2.8**	**2.2**	**2.3**	**0%**	**22%**

Retail Banking other

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

Result

Net interest income was affected by slightly lower costs related to liquidity premium than in the first quarter.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	-55	-61	-47	-48	-40	-10%	38%
Net fee and commission income	-6	-7	-1	-7	-3	-14%	100%
Net result from items at fair value	0	2	-4	2	2	-100%	-100%
Equity method & other income	2	0	0	0	3		-33%
Total income incl. allocations	**-59**	**-66**	**-52**	**-53**	**-38**	**-11%**	**55%**
Staff costs	-60	-60	-54	-59	-61	0%	-2%
Total expenses incl. allocations	**-16**	**-13**	**-27**	**-10**	**-17**	**23%**	**-6%**
Profit before loan losses	**-75**	**-79**	**-79**	**-63**	**-55**	**-5%**	**36%**
Net loan losses	-1	-4	-3	-2	-2	-75%	-50%
Operating profit	**-76**	**-83**	**-82**	**-65**	**-57**	**-8%**	**33%**
Economic capital (EC)	0	0	0	0	0		
Number of employees (FTEs)	2,722	2,829	2,840	2,891	2,940	-4%	-7%

Wholesale Banking

Nordea Wholesale Banking (WB) is the largest Nordic provider of banking and other financial solutions to corporate and institutional customers.

Business development

Wholesale Banking customer activity was negatively impacted by the re-emergence of the sovereign debt crisis and the deteriorating economic outlook. The business area result declined compared to the strong previous quarter.

Wholesale Banking works towards deeper customer relationships with a continuous focus on improving the product and service offering as well as sharpening the business selection.

The initiatives to increase operational efficiency, resource management and alignment across the value chain continued according to plan.

Corporate and institutional banking

The daily corporate customer activity was stable while the event-driven business increased, driven by strengthened bond issuance. Financial institutions activity was negatively affected by the increased financial market unrest. Activity in the shipping sector was moderate and the sector outlook weakened. Offshore and oil services activity was high.

Nordea continued to use its balance sheet for the benefit of customers while at the same time building on its strong presence in the bond and loan markets to secure alternative sources of financing for customers.

Capital markets

Capital markets activities held up well despite the re-emergence of the sovereign debt crisis, although the net result fell back compared to the high level in the first quarter.

Customer activity was solid in the foreign exchange area and strong in fixed income. Trading and risk management activities in the fixed income area continued to yield strong results.

Primary bond issue activity increased compared to the already strong first quarter. For corporate bond issues, investors focused on high credit quality and name recognition. In the loan markets, Nordea had lead roles in a number of refinancing transactions despite generally subdued market activity. Leveraged buy-out activity was high.

Customer activity within both the secondary equity and corporate finance areas was strongly affected by the financial turmoil and resulting lower risk appetite.

Nordea was awarded Thomson Reuters StarMine: Best Nordic Equity Research.

Result

The second quarter operating profit was EUR 374m, 16% below the strong first quarter. The change was driven by a decrease in net result from items at fair value, including negative fair value adjustments. Net loan losses increased, primarily due to higher provisions in Corporate & Institutional Banking. Risk-weighted assets decreased.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	309	294	306	307	301	5%	3%
Net fee and commission income	147	122	113	135	162	20%	-9%
Net result from items at fair value	255	327	289	51	175	-22%	46%
Equity method & other income	1	0	1	-1	1		0%
Total income incl. allocations	**712**	**743**	**709**	**492**	**639**	**-4%**	**11%**
Staff costs	-202	-202	-180	-166	-188	0%	7%
Total expenses incl. allocations	**-236**	**-232**	**-228**	**-180**	**-217**	**2%**	**9%**
Profit before loan losses	**476**	**511**	**481**	**312**	**422**	**-7%**	**13%**
Net loan losses	-102	-65	-75	-16	-14	57%	
Operating profit	**374**	**446**	**406**	**296**	**408**	**-16%**	**-8%**
Cost/income ratio, %	33	31	32	37	34		
RAROCAR, %	22	23	21	13	19		
Economic capital (EC)	6,098	6,129	6,175	6,112	5,920	-1%	3%
Risk-weighted assets (RWA)	71,572	74,421	77,904	75,627	73,898	-4%	-3%
Number of employees (FTEs)	6,110	6,169	6,206	6,371	6,475	-1%	-6%
Volumes, EURbn:							
Total lending	98.0	91.5	92.2	91.3	87.8	7%	12%
Total deposits	62.1	63.4	59.3	57.4	56.6	-2%	10%

Corporate & Institutional Banking

Corporate & Institutional Banking (CIB) comprises the customer units serving the largest corporate and institutional customers in Nordea.

Business development

The business activity in the CIB divisions increased moderately, driven by stable repeat business and increasing event-driven transactions. However, the resumed unrest in the financial markets put a damper on the general customer sentiment.

The competition within the corporate area was generally intense. The corporate customer activity was stable during the quarter and the event-driven business increased due to high activity within bond issuance. Activity in the private equity segment was also solid.

Institutional customer activity was somewhat subdued due to the increased market uncertainty following the re-emergence of the sovereign debt crisis.

CIB continued to adjust prices to reflect the increased cost of capital and liquidity. Lending volumes increased while deposit volumes declined.

CIB continued to optimise the use of its balance sheet with a strict focus on business selection. This included offering alternative financing sources for customer business. CIB conducted structural portfolio discussions with a number of customers in order to optimise relationships.

The CIB divisions continued the optimisation of business processes to increase efficiency while upholding the strong commitment to the customer relationship strategy.

Result

Operating profit for the quarter was EUR 319m, up 2% from the previous quarter. Total income increased due to higher net fee and commission income from event-driven transactions.

Net loan losses increased as a result of a limited number of new provisions and the loan loss ratio was 25 basis points.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	207	202	204	198	195	2%	6%
Net fee and commission income	154	125	119	131	155	23%	-1%
Net result from items at fair value	108	112	117	96	107	-4%	1%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**469**	**439**	**440**	**425**	**457**	**7%**	**3%**
Staff costs	-10	-9	-10	-9	-10	11%	0%
Total expenses incl. allocations	**-121**	**-121**	**-123**	**-118**	**-115**	**0%**	**5%**
Profit before loan losses	**348**	**318**	**317**	**307**	**342**	**9%**	**2%**
Net loan losses	-29	-4	0	15	10		
Operating profit	**319**	**314**	**317**	**322**	**352**	**2%**	**-9%**
Cost/income ratio, %	26	28	28	28	25		
RAROCAR, %	25	22	21	19	23		
Economic capital (EC)	3,899	3,929	3,968	4,242	4,084	-1%	-5%
Risk-weighted assets (RWA)	46,918	48,296	50,573	51,997	50,328	-3%	-7%
Number of employees (FTEs)	216	216	212	213	219	0%	-1%
Volumes, EURbn:							
Total lending	47.3	46.2	45.5	43.7	44.7	2%	6%
Total deposits	38.0	40.8	37.0	34.0	32.6	-7%	16%

Shipping, Offshore & Oil Services

Shipping, Offshore & Oil Services (SOO) is the customer unit responsible for serving customers in the shipping, offshore, oil services, cruise and ferries industries worldwide. Nordea is a leading bank to the global shipping and offshore sector with strong brand recognition and a world-leading loan syndication franchise.

Business development

Customer activity was moderate during the quarter. Activity within syndicated loans increased somewhat compared to the previous quarter while increased volatility in the bond market led to a decrease in the bond origination activity. Lending volumes increased, mainly as a result of currency rate movements.

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

Credit quality

Loan losses remained elevated due to challenging conditions in certain shipping segments. The tanker and dry cargo markets are weak with strong pressure on vessel values and the outlook for these sectors remains challenging. The resulting loan losses were 5% higher than in the previous quarter. The approach to the shipping industry remained unchanged with new business on conservative terms.

Result

Operating profit was EUR 17m, down 15% from the previous quarter. The loan loss ratio was 185 basis points compared to 176 basis points in the first quarter.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	86	80	84	85	77	8%	12%
Net fee and commission income	14	15	23	16	26	-7%	-46%
Net result from items at fair value	-4	2	3	10	7		
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**96**	**97**	**110**	**111**	**110**	**-1%**	**-13%**
Staff costs	-6	-7	-6	-6	-6	-14%	0%
Total expenses incl. allocations	**-16**	**-17**	**-16**	**-17**	**-16**	**-6%**	**0%**
Profit before loan losses	**80**	**80**	**94**	**94**	**94**	**0%**	**-15%**
Net loan losses	-63	-60	-71	-26	-24	5%	163%
Operating profit	**17**	**20**	**23**	**68**	**70**	**-15%**	**-76%**
Cost/income ratio, %	17	18	15	15	15		
RAROCAR, %	23	23	27	29	29		
Economic capital (EC)	924	954	938	918	878	-3%	5%
Risk-weighted assets (RWA)	10,612	11,543	12,398	11,910	12,426	-8%	-15%
Number of employees (FTEs)	90	92	96	96	98	-2%	-8%
Volumes, EURbn:							
Total lending	14.1	13.6	13.6	13.4	12.8	4%	10%
Total deposits	4.6	4.5	4.7	4.8	4.6	2%	0%

Banking Russia

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

Business development

Business volumes picked up in the second quarter, after a flat first quarter.

The Russian economy develops satisfactorily. Inflation and unemployment are at relatively low levels.

Customer activity was moderate in the second quarter and market shares are stable. Deposit interest rates are quite high, but easing somewhat.

Net loan losses were EUR 8m in the second quarter compared to zero in the first quarter. The majority of the loan loss provisions relates to an increase in the provision for one old non-performing loan. Gross impaired loans amounted to EUR 74m or 106 basis points of total loans, down from 139 basis points in the previous quarter.

Result

Profitability is at a high level, with total income up 19% from the previous quarter and up 38% compared to the second quarter last year. Costs were down 4% compared to the previous quarter and up 9% from the second quarter last year. Operating profit was up 13% from the previous quarter and up 33% from the second quarter last year. The total number of employees (FTEs) is stable compared to the previous quarter and down 14% compared to the same quarter last year.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	60	50	53	46	43	20%	40%
Net fee and commission income	3	5	3	3	4	-40%	-25%
Net result from items at fair value	6	3	6	3	3	100%	100%
Equity method & other income	0	0	1	0	0		
Total income incl. allocations	**69**	**58**	**63**	**52**	**50**	**19%**	**38%**
Staff costs	-15	-17	-15	-14	-12	-12%	25%
Total expenses incl. allocations	**-25**	**-26**	**-27**	**-22**	**-23**	**-4%**	**9%**
Profit before loan losses	**44**	**32**	**36**	**30**	**27**	**38%**	**63%**
Net loan losses	-8	0	-5	-3	0		
Operating profit	**36**	**32**	**31**	**27**	**27**	**13%**	**33%**
Cost/income ratio, %	36	45	43	43	46		
RAROCAR, %	37	27	26	22	20		
Economic capital (EC)	333	328	362	366	351	2%	-5%
Risk-weighted assets (RWA)	6,457	6,288	6,266	6,741	5,536	3%	17%
Number of employees (FTEs)	1,466	1,485	1,547	1,615	1,695	-1%	-14%
Volumes, EURbn:							
Lending to corporates	6.7	6.2	6.1	5.2	4.1	8%	63%
Lending to households	0.4	0.4	0.4	0.3	0.3	2%	26%
Total lending	**7.1**	**6.6**	**6.5**	**5.5**	**4.4**	**8%**	**61%**
Corporate deposits	2.4	2.7	2.4	1.5	1.6	-11%	50%
Household deposits	0.2	0.2	0.2	0.1	0.1	11%	51%
Total deposits	**2.6**	**2.9**	**2.6**	**1.7**	**1.7**	**-10%**	**50%**

Wholesale Banking other (including Capital Markets unallocated)

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

Result

The Wholesale Banking other result declined compared to the strong first quarter. Trading and risk management income remained strong but fair value adjustments had a negative impact on the result.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	-44	-38	-35	-22	-14	16%	
Net fee and commission income	-24	-23	-32	-15	-23	4%	4%
Net result from items at fair value	145	210	163	-58	58	-31%	150%
Equity method & other income	1	0	0	-1	1		0%
Total income incl. allocations	**78**	**149**	**96**	**-96**	**22**	**-48%**	
Staff costs	-171	-169	-149	-137	-160	1%	7%
Total expenses incl. allocations	**-74**	**-68**	**-62**	**-23**	**-63**	**9%**	**17%**
Profit before loan losses	**4**	**81**	**34**	**-119**	**-41**	**-95%**	
Net loan losses	-2	-1	1	-2	0	100%	
Operating profit	**2**	**80**	**35**	**-121**	**-41**	**-98%**	
Economic capital (EC)	942	918	907	586	607	3%	55%
Risk-weighted assets (RWA)	7,585	8,294	8,667	4,979	5,608	-9%	35%
Number of employees (FTEs)	4,338	4,376	4,351	4,447	4,463	-1%	-3%
Volumes, EURbn:							
Total lending volumes	29.5	25.1	26.6	28.6	25.9		
Total deposits volumes	16.9	15.2	15.0	17.0	17.6		

Volumes refers to Repo transactions within Capital Markets.

Wealth Management

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

Business development

Nordea's Assets under Management (AuM) increased to EUR 199.8bn, up EUR 2.6bn or 1% from the first quarter. A strong net inflow of EUR 2.1bn and a positive investment performance return of EUR 0.5bn increased Assets under Management to an all-time-high. All businesses contributed positively to the quarter's inflow. Main contributors were Life & Pensions with a net inflow of EUR 0.8bn and Nordic Retail Funds with a net inflow of EUR 0.8bn.

Household customers showed strong interest in savings products in the second quarter. Once again the volatile financial markets made deposits attractive, but investment products such as retail and unit-linked funds were in high demand as well, not least due to attractive offerings such as Nordea's Swedish "Investeringssparkonto" product.

Result

Wealth Management income was EUR 347m in the second quarter, which is a decrease of 1% from the previous quarter and up 3% compared to second quarter last year. Income in the Life business improved in second quarter compared to both previous quarter and second quarter last year. Unit-linked continued to increase its importance as a main profit generator. Lower deposit margins are affecting the income development negatively. Expenses are up 6% compared to previous quarter due to single events and normal fluctuations. The number of employees continues to decrease.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	34	43	32	33	34	-21%	0%
Net fee and commission income	211	212	231	187	226	0%	-7%
Net result from items at fair value	93	90	99	39	77	3%	21%
Equity method & other income	9	5	4	7	1	80%	
Total income incl. allocations	**347**	**350**	**366**	**266**	**338**	**-1%**	**3%**
Staff costs	-123	-115	-110	-111	-110	7%	12%
Total expenses incl. allocations	**-198**	**-187**	**-189**	**-183**	**-179**	**6%**	**11%**
Profit before loan losses	**149**	**163**	**177**	**83**	**159**	**-9%**	**-6%**
Net loan losses	0	-1	0	0	0	-100%	
Operating profit	**149**	**162**	**177**	**83**	**159**	**-8%**	**-6%**
Cost/income ratio, %	57	53	52	69	53		
RAROCAR, %	16	19	30	15	29		
Economic capital (EC)	2,674	2,469	1,741	1,588	1,564	8%	71%
Risk-weighted assets (RWA)	3,486	3,602	3,919	3,872	3,844	-3%	-9%
Number of employees (FTEs)	3,571	3,601	3,639	3,666	3,670	-1%	-3%
Volumes, EURbn:							
AuM, EURbn	199.8	197.2	187.4	177.9	191.1	1%	5%
Total lending volumes	8.4	8.3	8.0	7.7	7.7	1%	9%
Total deposits volumes	10.9	11.2	10.9	10.2	9.8	-3%	11%

Assets under Management (AuM), volumes and net inflow

EURbn	Q212	net inflow, Q212	Q112	Q411	Q311	Q211
Nordic Retail funds	34.3	0.8	33.0	31.1	29.9	33.4
Private Banking	64.3	0.1	64.6	61.0	58.0	65.3
Institutional sales	47.3	0.4	46.8	44.9	41.9	42.7
Life & Pensions	53.9	0.8	52.8	50.4	48.1	49.7
Total	**199.8**	**2.1**	**197.2**	**187.4**	**177.9**	**191.1**

Private Banking

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

Business development

AuM in Private Banking was EUR 64.3bn at the end of the second quarter, down EUR 0.3bn from the end of the first quarter. The decrease in AuM was a result of asset depreciation as a net inflow of EUR 0.1bn was generated in the second quarter.

The number of Private Banking customers continues to increase. In the second quarter, the customer base increased by one thousand, up 1% from the previous quarter. The process of transferring smaller Nordic private banking customers to Retail Banking continued in the second quarter. This is part of an extensive effort to enhance productivity in all Private Banking units and align the service model with the characteristics and needs of the customers, and this will continue throughout 2012.

During the second quarter, International Private Banking strengthened its Wealth Planning offering by increasing clients' access to internal and external specialists. Additionally, several seminars covering the latest developments and changes in the country-specific fiscal legislation were carried out.

Result

Total income in the second quarter was EUR 124m which is down from first quarter by 5%, due to lower deposit margin and seasonally higher income in first quarter. The income is up 1% compared to income in the second quarter last year despite the lower deposit margin.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	30	38	29	29	30	-21%	0%
Net fee and commission income	68	73	65	59	68	-7%	0%
Net result from items at fair value	24	18	22	25	24	33%	0%
Equity method & other income	2	2	2	3	1	0%	100%
Total income incl. allocations	**124**	**131**	**118**	**116**	**123**	**-5%**	**1%**
Staff costs	-40	-39	-38	-37	-36	3%	11%
Total expenses incl. allocations	**-85**	**-82**	**-83**	**-80**	**-72**	**4%**	**18%**
Profit before loan losses	**39**	**49**	**35**	**36**	**51**	**-20%**	**-24%**
Net loan losses	0	-1	0	0	0	-100%	
Operating profit	**39**	**48**	**35**	**36**	**51**	**-19%**	**-24%**
Cost/income ratio, %	69	63	70	69	59		
RAROCAR, %	31	36	24	26	42		
Economic capital (EC)	342	376	393	353	322	-9%	6%
Risk-weighted assets (RWA)	3,486	3,602	3,919	3,872	3,844	-3%	-9%
Number of employees (FTEs)	1,207	1,218	1,219	1,216	1,203	-1%	0%
Volumes, EURbn:							
AuM, EURbn	64.3	64.6	61.0	58.0	65.3	0%	-2%
Household mortgage lending	5.3	5.2	4.9	4.8	4.8	2%	10%
Consumer lending	3.2	3.1	3.1	2.8	2.9	3%	10%
Total lending	**8.4**	**8.3**	**8.0**	**7.7**	**7.7**	**1%**	**9%**
Household deposits	10.9	11.2	10.9	10.2	9.8	-3%	11%
Total deposits	**10.9**	**11.2**	**10.9**	**10.2**	**9.8**	**-3%**	**11%**

Asset Management

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

Business development

Nordea's investment performance in the first half year was strong with 70% of composites outperforming their benchmarks. Fixed income composites continued to deliver value-adding performance, whereas some equity composites experienced difficulties in the second quarter. The extreme volatility of the financial markets during the second quarter challenged our fundamental investment processes to deliver short term. Also, on a long-term horizon (36 months) Nordea's relative investment performance is strong with 70% of the investment composites outperforming benchmarks.

Once again, a strong net inflow of EUR 0.8bn was reported in the retail funds. From a product perspective, especially fixed income and money market funds contributed positively, and from a geographical market perspective, the Finnish and Swedish retail funds reported high inflows.

In regard to development of the product range, the second quarter was characterised by strong focus on ensuring that the existing products remain competitive. Several initiatives were carried out, mainly in Sweden. Furthermore, distribution of several recently launched Luxembourg-based funds was expanded to the Nordic countries, including North American All Cap Fund, Emerging Market Bond Fund and an Indian Equity Fund.

Institutional sales, comprising of Institutional Asset Management and Global Fund Distribution, reported a net inflow. The inflow of EUR 0.4bn in institutional asset management was primarily captured in Germany, Sweden, and Norway, whereas our sales force in Denmark and Global Sales experienced a more difficult quarter. The value of flow continued to be positive. For Global Fund Distribution reported a net inflow of EUR 0.3bn. The quarter was characterised by clients withdrawing from risk assets such as equity and high yield products due to turbulence in financial markets, an outflow which, however, was offset by our ability to gather assets within US Investment Grade and products in Nordic currencies. Furthermore, in the second quarter Global Fund Distribution succeeded in signing distribution agreements with two global wealth managers.

Result

Total income second quarter was EUR 93m, down 11% from previous quarter. The decrease is mainly due to net result from items at fair value, and to some degree lower trading commissions. Expenses are up by 6% compared same quarter last year, which was entirely due to extraordinary non-recurring pension costs in the second quarter 2012.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	0	1	1	1	1	-100%	-100%
Net fee and commission income	94	98	108	82	99	-4%	-5%
Net result from items at fair value	-2	4	-6	-1	1		
Equity method & other income	1	1	1	1	1	0%	0%
Total income incl. allocations	**93**	**104**	**104**	**83**	**102**	**-11%**	**-9%**
Staff costs	-33	-26	-27	-25	-27	27%	22%
Total expenses incl. allocations	**-57**	**-51**	**-56**	**-49**	**-54**	**12%**	**6%**
Profit before loan losses	**36**	**53**	**48**	**34**	**48**	**-32%**	**-25%**
Net loan losses	0	0	0	0	0		
Operating profit	**36**	**53**	**48**	**34**	**48**	**-32%**	**-25%**
Cost/income ratio, %	61	49	54	59	53		
Income, spread (basis points)	30	35	37	29	35		
Economic capital (EC)	71	80	56	62	62	-11%	15%
AuM, EURbn	123.6	122.2	116.3	110.0	115.1	1%	7%
Number of employees (FTEs)	577	573	567	570	573	1%	1%

Life & Pensions

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

Business development

Gross written premiums amounted to EUR 1,333m in the second quarter, down 13% compared to the first quarter in 2012, mainly due to seasonal effects. Sales via the Nordea bank channel accounted for 52% of the total premiums in the second quarter.

Life & Pensions' strategic focus to shift the product portfolio towards capital-efficient products continued in the second quarter. The effect of this meant that 75% of total premiums were channeled into unit-linked, premium guarantee traditional or pure risk products. Accordingly, second quarter's net inflow of EUR 0.8bn was mainly driven by EUR 0.4bn in unit-linked and EUR 0.3bn in premium-guarantee products.

Financial buffers in the traditional portfolios increased EUR 0.1bn during the second quarter to EUR 1.7bn corresponding to 6.7% of technical provision, up 0.5 %-points from the end of the first quarter 2012. Financial buffers in the Danish traditional portfolio increased from 1.2% to 2.6% of technical provisions during the quarter, mainly as an effect of the introduction of a new discount curve for the liabilities, in line with the current proposal for Solvency II.

Total average investment return in the traditional portfolio was 2.0% in the second quarter, reflecting strong asset and liability management efforts on managing the buffers in a turbulent financial environment.

Result

The second quarter's operating profit was strong at EUR 73m and EUR 16m higher than in the first quarter. The result was EUR 18m higher than in the second quarter of last year.

Unit-linked and pure risk products continued to increase in importance as main profit generators, contributing 72% of total operating profit in the second quarter.

Economic Capital stabilised during the second quarter at EUR 2,261m, but has increased significantly since the fourth quarter of 2011 driven by the lower interest level impacting the market valuation used in the economic capital calculations. However, the lower interest levels have not had any impact on either the solvency ratio, which has improved from 147% to 150%, or the profit generation in traditional products.

MCEV increased by EUR 516m to EUR 3,230m in the first half of 2012. Stable inflow of profitable new business sales contributed by EUR 65m to MCEV in the first half of 2012.

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	0	0	0	0	0		
Net fee and commission income	49	41	58	46	59	20%	-17%
Net result from items at fair value	71	68	83	15	52	4%	37%
Equity method & other income	6	2	1	3	-3		
Total income incl. allocations	**126**	**111**	**142**	**64**	**108**	**14%**	**17%**
Staff costs	-31	-33	-29	-32	-30	-6%	3%
Total expenses incl. allocations	**-53**	**-54**	**-50**	**-54**	**-53**	**-2%**	**0%**
Profit before loan losses	**73**	**57**	**92**	**10**	**55**	**28%**	**33%**
Net loan losses	0	0	0	0	0		
Operating profit	**73**	**57**	**92**	**10**	**55**	**28%**	**33%**
Cost/income ratio, %	42	49	35	84	49		
RAROCAR, %	10	10	22	2	10		
Economic capital (EC)	2,261	2,010	1,291	1,173	1,179	12%	92%
AuM, EURbn	48.7	47.6	45.5	43.4	44.7	2%	9%
Premiums	1,333	1,540	1,301	1,196	1,671	-13%	-20%
Number of employees (FTEs)	1,294	1,311	1,334	1,351	1,361	-1%	-5%
Profit drivers							
Profit Traditional products	17	13	53	-52	19	31%	-11%
Profit Premium Guarantee Traditional products	0	1	-2	1	0	-100%	
Profit Unit Linked products	28	23	22	17	19	22%	47%
Profit Risk products	15	14	10	20	13	7%	15%
Total product result	**60**	**51**	**83**	**-14**	**51**	**18%**	**18%**
Return on Shareholder equity, other profits and group adj.	13	6	9	24	4	117%	
Operating profit	**73**	**57**	**92**	**10**	**55**	**28%**	**33%**

Wealth Management other

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

EURm	Q212	Q112	Q411	Q311	Q211	Ch. Q212/Q112	Q212/Q211
Net interest income	4	4	2	3	3	0%	33%
Net fee and commission income	0	0	0	0	0		
Net result from items at fair value	0	0	0	0	0		
Equity method & other income	0	0	0	0	2		-100%
Total income incl. allocations	**4**	**4**	**2**	**3**	**5**	**0%**	**-20%**
Staff costs	-19	-17	-16	-17	-17	12%	12%
Total expenses incl. allocations	**-3**	**0**	**0**	**0**	**0**		
Profit before loan losses	**1**	**4**	**2**	**3**	**5**	**-75%**	**-80%**
Net loan losses	0	0	0	0	0		
Operating profit	**1**	**4**	**2**	**3**	**5**	**-75%**	**-80%**
Economic capital (EC)	0	3	1	0	1	-100%	-100%
Number of employees (FTEs)	493	499	520	530	533	-1%	-8%

Group Functions and other

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

Group Corporate Centre

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

The proportion of long-term funding of total funding was at the end of the second quarter approx. 69%, down somewhat from 73% at the end of the first quarter.

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

For short-term liquidity risks, Nordea uses a measure close to the liquidity coverage ratio (LCR). The liquidity buffer is composed of highly liquid primarily Nordic government and covered bonds which all are central bank-eligible securities with characteristics similar to Basel III/CRD IV. Buffer holdings in USD have been increased during the second quarter – total liquid assets amounted to EUR 68bn at the end of the second quarter (EUR 60bn at the end of the first quarter). Furthermore, due to Nordea's strong liquidity position, the actual volume of outstanding short-term debt decreased from EUR 67bn at year-end 2011 to EUR 61bn by the end of the second quarter.

Nordea issued approx. EUR 5.8bn of long-term funding in the second quarter, of which approx. EUR 2.8bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

Major transactions include a EUR 1.5bn 7-year covered bond at a spread of midswap +40 basis points. In June, Nordea launched its inaugural Samurai bond in the Japanese domestic market. The Samurai transaction, consisting of five tranches between three and ten years, amounted to JPY 120.2bn and was very well received in the market. The total transaction size is among the highest for a debut issuer in the Japanese market and is an important addition to the Nordea funding platform. In the end of June, Nordea also issued a EUR 2.25bn dual-tranche transaction consisting of a EUR 1.25bn 5.25 year tranche at midswap +100 basis points and a EUR 1bn 10-year tranche at midswap +135 basis points.

The average price risk on Group Treasury's interest-rate positions, calculated as VaR, was EUR 36m during the second quarter. The risk related to equities, calculated as VaR, was EUR 4m and the risk related to credit spreads (VaR) was EUR 5m. Both interest rate risk, credit spread risk and equity risk was largely unchanged compared to the first quarter.

Result

Total operating income was EUR 129m in the second quarter. Net interest income was largely unchanged at EUR 106m in the second quarter compared to EUR 107m in the previous quarter. Net result on items at fair value increased to EUR 24m compared to EUR 15m in the first quarter. Operating profit was EUR 87m.

	Group Corporate Centre					Ch. Q212/	Q212/	**Group functions, Other & Eliminations**					Ch. Q212/	Q212/
EURm	Q212	Q112	Q411	Q311	Q211	Q112	Q211	Q212	Q112	Q411	Q311	Q211	Q112	Q211
Net interest income	106	107	100	105	76	-1%	39%	16	6	8	5	10	167%	60%
Net fee and commission income	-2	0	-3	-3	-3		-33%	-19	-22	-26	-26	-44	-14%	-57%
Net result from items at fair value	24	15	18	-86	3	60%		37	-80	-7	-1	-13		
Other income	1	1	0	1	0	0%		17	32	22	6	20	-47%	-15%
Total operating income	**129**	**123**	**115**	**17**	**76**	**5%**	**70%**	**51**	**-64**	**-3**	**-16**	**-27**		
Staff costs	-19	-18	-12	-17	-13	6%	46%	-90	-103	-99	-255	-88	-13%	2%
Total operating expenses	**-42**	**-36**	**-27**	**-45**	**-43**	**17%**	**-2%**	**-54**	**-55**	**-42**	**-234**	**-23**	**-2%**	**135%**
Net loan losses	0	0	0	0	0			2	2	0	3	-3	0%	
Operating profit	**87**	**87**	**88**	**-28**	**33**	**0%**	**164%**	**-1**	**-117**	**-45**	**-247**	**-53**	**-99%**	**-98%**
Economic capital (EC)	468	541	551	558	690	-13%	-32%	664	452	465	368	314	47%	111%
Risk-weighted assets (RWA)	4,509	5,012	4,394	3,945	2,803	-10%	61%	6,157	4,888	5,067	4,118	4,708	26%	31%
Number of employees (FTEs)	442	424	441	455	457	4%	-3%							

Customer segments

Corporate customer segments and financial institutions, key figures

	Corporate & Institutional Banking			Large corporate customers (Nordic)			Other corporate customers (Nordic)			Poland & Baltic corporate customers		
	Q2 12	Q1 12	Q2 11	Q2 12	Q1 12	Q2 11	Q2 12	Q1 12	Q2 11	Q2 12	Q1 12	Q2 11
Number of customer '000 (EOP)	12	12	12	29	29	27				98	96	89
Income, EURm	**469**	**439**	**457**	**369**	**370**	**334**	**240**	**246**	**236**	**51**	**49**	**49**
Volumes, EURbn												
Lending	47.3	46.2	44.7	57.9	57.3	54.7	26.6	26.2	25.4	8.1	7.8	7.3
Deposit	38.0	40.8	32.6	19.7	20.8	19.1	21.5	20.5	20.9	3.4	3.2	2.5

	Russian corporate customers			Shipping customers						Corporate and financial institutions Total		
	Q2 12	Q1 12	Q2 11	Q2 12	Q1 12	Q2 11				Q2 12	Q1 12	Q2 11
Number of customer '000 (EOP)	6	6	6	2	2	2						
Income, EURm	**47**	**44**	**34**	**96**	**97**	**110**				**1,272**	**1,245**	**1,220**
Volumes, EURbn												
Lending	6.7	6.2	4.1	14.1	13.6	12.8				160.7	157.3	149.0
Deposit	2.4	2.7	1.6	4.6	4.5	4.6				89.6	92.5	81.3

Household customer segments, key figures

	Private Banking			Gold customers (Nordic)			Other household customers (Nordic)			Poland & Baltic household customers		
	Q2 12	Q1 12	Q2 11	Q2 12	Q1 12	Q2 11	Q2 12	Q1 12	Q2 11	Q2 12	Q1 12	Q2 11
Number of customer '000 (EOP)	105	104	103	2,948	2,931	2,874				950	939	876
Of which Gold+Private Banking										149	148	137
Income, EURm	**128**	**130**	**121**	**652**	**647**	**547**	**173**	**183**	**180**	**44**	**44**	**47**
Volumes, EURbn												
Lending	8.4	8.3	7.7	132.2	129.9	123.5	8.9	8.9	9.1	7.3	7.3	6.7
Deposit	10.9	11.2	9.8	57.1	54.8	52.7	16.8	16.4	16.4	2.0	2.0	1.6
Assets under Management	64.3	64.6	65.3									

	Russian household customers									Household customers Total		
	Q2 12	Q1 12	Q2 11							Q2 12	Q1 12	Q2 11
Number of customer '000 (EOP)	62	61	58									
Of which Gold+Private Banking										3,202	3,183	3,114
Income, EURm	**4**	**4**	**4**							**1,001**	**1,008**	**899**
Volumes, EURbn												
Lending	0.4	0.4	0.3							157.2	154.8	147.3
Deposit	0.2	0.2	0.1							87.0	84.6	80.6

Income statement

EURm	Note	Q2 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Operating income						
Interest income		*3,088*	*2,946*	*6,250*	*5,692*	*11,955*
Interest expense		*-1,626*	*-1,620*	*-3,368*	*-3,042*	*-6,499*
Net interest income		1,462	1,326	2,882	2,650	5,456
Fee and commission income		*817*	*803*	*1,604*	*1,591*	*3,122*
Fee and commission expense		*-206*	*-180*	*-397*	*-366*	*-727*
Net fee and commission income	3	611	623	1,207	1,225	2,395
Net result from items at fair value	4	494	356	963	900	1,517
Profit from companies accounted for under the equity method		14	13	37	31	42
Other operating income		25	24	48	46	91
Total operating income		**2,606**	**2,342**	**5,137**	**4,852**	**9,501**
Operating expenses						
General administrative expenses:						
Staff costs		-761	-744	-1,532	-1,512	-3,113
Other expenses	5	-465	-485	-920	-938	-1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets		-64	-46	-114	-90	-192
Total operating expenses		**-1,290**	**-1,275**	**-2,566**	**-2,540**	**-5,219**
Profit before loan losses		**1,316**	**1,067**	**2,571**	**2,312**	**4,282**
Net loan losses	6	-217	-118	-435	-360	-735
Operating profit		**1,099**	**949**	**2,136**	**1,952**	**3,547**
Income tax expense		-278	-249	-540	-510	-913
Net profit for the period		**821**	**700**	**1,596**	**1,442**	**2,634**
Attributable to:						
Shareholders of Nordea Bank AB (publ)		820	698	1,593	1,438	2,627
Non-controlling interests		1	2	3	4	7
Total		**821**	**700**	**1,596**	**1,442**	**2,634**
Basic earnings per share, EUR		0.21	0.18	0.40	0.36	0.65
Diluted earnings per share, EUR		0.21	0.18	0.40	0.36	0.65

Statement of comprehensive income

EURm	Q2 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Net profit for the period	**821**	**700**	**1,596**	**1,442**	**2,634**
Currency translation differences during the period	6	-48	198	-57	-28
Currency hedging of net investments in foreign operations	-36	29	-134	26	0
Tax on currency hedging of net investments in foreign operations	9	-8	35	-7	0
Available-for-sale investments:					
Valuation gains/losses during the period	-4	-14	55	-10	5
Tax on valuation gains/losses during the period	1	4	-14	3	-1
Cash flow hedges:					
Valuation gains/losses during the period	5	-	-42	-	166
Tax on valuation gains/losses during the period	0	-	12	-	-43
Other comprehensive income, net of tax	**-19**	**-37**	**110**	**-45**	**99**
Total comprehensive income	**802**	**663**	**1,706**	**1,397**	**2,733**
Attributable to:					
Shareholders of Nordea Bank AB (publ)	801	661	1,703	1,393	2,726
Non-controlling interests	1	2	3	4	7
Total	**802**	**663**	**1,706**	**1,397**	**2,733**

Balance sheet

EURm	Note	30 Jun 2012	31 Dec 2011	30 Jun 2011
Assets				
Cash and balances with central banks		16,688	3,765	6,290
Loans to central banks	7	22,582	40,615	3,631
Loans to credit institutions	7	14,223	11,250	17,088
Loans to the public	7	350,306	337,203	324,997
Interest-bearing securities		88,190	92,373	82,741
Financial instruments pledged as collateral		5,582	8,373	13,069
Shares		22,399	20,167	17,840
Derivatives	10	158,497	171,943	81,955
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-456	-215	1,159
Investments in associated undertakings		582	591	563
Intangible assets		3,400	3,321	3,303
Property and equipment		448	469	456
Investment property		3,640	3,644	3,627
Deferred tax assets		196	169	277
Current tax assets		392	185	230
Retirement benefit assets		227	223	191
Other assets		19,439	19,425	13,836
Prepaid expenses and accrued income		2,489	2,703	2,648
Total assets		**708,824**	**716,204**	**573,901**
Of which assets customer bearing the risk		*18,036*	*16,170*	*15,990*
Liabilities				
Deposits by credit institutions		55,139	55,316	46,149
Deposits and borrowings from the public		200,838	190,092	180,863
Liabilities to policyholders		42,743	40,715	40,135
Debt securities in issue		188,362	179,950	159,119
Derivatives	10	153,358	167,390	81,207
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,523	1,274	990
Current tax liabilities		293	154	241
Other liabilities		26,773	43,368	28,843
Accrued expenses and prepaid income		3,531	3,496	2,975
Deferred tax liabilities		992	1,018	886
Provisions		390	483	379
Retirement benefit obligations		329	325	287
Subordinated liabilities		7,779	6,503	7,048
Total liabilities		**682,050**	**690,084**	**549,122**
Equity				
Non-controlling interests		87	86	85
Share capital		4,050	4,047	4,047
Share premium reserve		1,080	1,080	1,080
Other reserves		63	-47	-191
Retained earnings		21,494	20,954	19,758
Total equity		**26,774**	**26,120**	**24,779**
Total liabilities and equity		**708,824**	**716,204**	**573,901**
Assets pledged as security for own liabilities		164,333	146,894	144,610
Other assets pledged		4,355	6,090	5,856
Contingent liabilities		22,511	24,468	23,700
Credit commitments[1]		81,499	85,319	85,010
Other commitments		1,486	1,651	3,555

[1] Including unutilised portion of approved overdraft facilities of EUR 43,925m (31 Dec 2011: EUR 47,607m, 30 Jun 2011: EUR 46,695m).

Statement of changes in equity

EURm	Attributable to shareholders of Nordea Bank AB (publ): Share capital[1]	Share premium reserve	Other reserves: Translation of foreign operations	Other reserves: Cash flow hedges	Other reserves: Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**20,954**	**26,034**	**86**	**26,120**
Total comprehensive income	-	-	99	-30	41	1,593	1,703	3	1,706
Issued C-shares[3]	3	-	-	-	-	-	3		3
Repurchase of C-shares[3]	-	-	-	-	-	-3	-3		-3
Share-based payments	-	-	-	-	-	3	3	-	3
Dividend for 2011	-	-	-	-	-	-1,048	-1,048	-	-1,048
Purchases of own shares[2]	-	-	-	-	-	-5	-5	-	-5
Other changes	-	-	-	-	-	-	-	-2	-2
Closing balance at 30 Jun 2012	**4,050**	**1,080**	**-77**	**93**	**47**	**21,494**	**26,687**	**87**	**26,774**

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

EURm	Attributable to shareholders of Nordea Bank AB (publ): Share capital[1]	Share premium reserve	Other reserves: Translation of foreign operations	Other reserves: Cash flow hedges	Other reserves: Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at 1 Jan 2011	**4,043**	**1,065**	**-148**	**-**	**2**	**19,492**	**24,454**	**84**	**24,538**
Total comprehensive income	-	-	-38	-	-7	1,438	1,393	4	1,397
Issued C-shares[3]	4	-	-	-	-	-	4	-	4
Repurchase of C-shares[3]	-	-	-	-	-	-4	-4	-	-4
Share-based payments	-	-	-	-	-	4	4	-	4
Dividend for 2010	-	-	-	-	-	-1,168	-1,168	-	-1,168
Purchases of own shares[2]	-	-	-	-	-	-4	-4	-	-4
Other changes	-	15[4]	-	-	-	-	15	-3	12
Closing balance at 30 Jun 2011	**4,047**	**1,080**	**-186**	**-**	**-5**	**19,758**	**24,694**	**85**	**24,779**

[1] Total shares registered were 4,050 million (31 Dec 2011: 4,047 million, 30 Jun 2011: 4,047 million).

[2] Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Jun 2012 were 23.4 million (31 Dec 2011: 20.7 million, 30 Jun 2011: 20.6 million).

[3] Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares (LTIP 2011: 4,730,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 20.4 million (31 Dec 2011: 18.2 million, 30 Jun 2011: 18.5 million).

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

Cash flow statement, condensed

EURm	Jan-Jun 2012	Jan-Jun 2011	Full year 2011
Operating activities			
Operating profit	2,136	1,952	3,547
Adjustments for items not included in cash flow	830	16	608
Income taxes paid	-659	-755	-981
Cash flow from operating activities before changes in operating assets and liabilities	2,307	1,213	3,174
Changes in operating assets and liabilities	2,886	-7,328	627
Cash flow from operating activities	5,193	-6,115	3,801
Investing activities			
Property and equipment	-7	-57	-123
Intangible assets	-79	-123	-191
Net investments in debt securities, held to maturity	670	7,269	7,876
Other financial fixed assets	-6	-25	-68
Cash flow from investing activities	578	7,064	7,494
Financing activities			
New share issue	3	4	4
Issued/amortised subordinated liabilities	750	-395	-1,341
Divestment/repurchase of own shares incl change in trading portfolio	-5	-4	-4
Dividend paid	-1,048	-1,168	-1,168
Cash flow from financing activities	-300	-1,563	-2,509
Cash flow for the period	**5,471**	**-614**	**8,786**
Cash and cash equivalents at beginning of the period	**22,606**	**13,706**	**13,706**
Translation difference	1,200	-127	114
Cash and cash equivalents at end of the period	**29,277**	**12,965**	**22,606**
Change	**5,471**	**-614**	**8,786**

Cash and cash equivalents	30 Jun	30 Jun	31 Dec
The following items are included in cash and cash equivalents (EURm):	2012	2011	2011
Cash and balances with central banks	16,688	6,290	3,765
Loans to credit institutions, payable on demand	12,589	6,675	18,841

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

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

Notes to the financial statements

Note 1 Accounting policies

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

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

Changed accounting policies and presentation

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

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

	30 Jun 2011	
EURm	New policy	Old policy
Reverse repurchase agreements		
Loans to credit institutions and central banks	20,719	22,973
Loans to the public	324,997	332,202
Other liabilities	28,843	38,302
Repurchase agreements		
Deposits by credit institutions	46,149	48,935
Deposits and borrowings from the public	180,863	187,885
Other assets	13,836	23,644

Definition of impaired loans

The definition of impaired loans was changed in the first quarter 2012 and the disclosure includes all loans that have, as a consequence of identified loss events, been written down either individually, for individually significant loans, or as part of a portfolio, for individually insignificant loans. The income statement and balance sheet are unaffected by this change. The comparative figures have been restated accordingly and are disclosed in the below table.

	31 Dec 2011		30 Jun 2011	
EURm	New policy	Old policy	New policy	Old policy
Impaired loans	5,125	5,438	4,682	4,877
- Performing	2,946	3,287	2,633	2,897
- Non-performing	2,179	2,151	2,049	1,980

Categorisation of commissions

The categorisation of commissions within "Net fee and commission income" was in the first quarter 2012 improved by merging similar types of commissions. Commissions received for securities issues, corporate finance activities and issuer services were reclassified from "Payments" and "Other commission income" to the renamed lines "Brokerage, securities issues and corporate finance" and "Custody and issuer services". The comparable figures have been restated accordingly and are disclosed in the below table.

	Q2 2011		Jan-Jun 2011		Jan-Dec 2011	
EURm	New policy	Old policy	New policy	Old policy	New policy	Old policy
Brokerage, securities issues and corporate finance	74	52	147	110	266	200
Custody and issuer services	42	31	62	47	115	90
Payments	98	103	195	206	399	421
Other commission income	41	69	79	120	141	210

Exchange rates

	Jan-Jun 2012	Jan-Dec 2011	Jan-Jun 2011
EUR 1 = SEK			
Income statement (average)	8.8819	9.0293	8.9390
Balance sheet (at end of period)	8.7728	8.9120	9.1739
EUR 1 = DKK			
Income statement (average)	7.4350	7.4506	7.4561
Balance sheet (at end of period)	7.4334	7.4342	7.4587
EUR 1 = NOK			
Income statement (average)	7.5740	7.7946	7.8252
Balance sheet (at end of period)	7.5330	7.7540	7.7875
EUR 1 = PLN			
Income statement (average)	4.2437	4.1203	3.9529
Balance sheet (at end of period)	4.2488	4.4580	3.9903
EUR 1 = RUB			
Income statement (average)	39.7047	40.8809	40.1502
Balance sheet (at end of period)	41.3700	41.7650	40.4000

Note 2 Segment reporting

	Operating segments													
	Retail Banking Jan-Jun		Wholesale Banking Jan-Jun		Group Corporate Centre Jan-Jun		Other Operating segments[1] Jan-Jun		Total operating segments Jan-Jun		Recon-ciliation Jan-Jun		**Total Group Jan-Jun**	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	**2012**	**2011**
Total operating income, EURm	2,879	2,705	1,437	1,378	250	227	559	583	5,125	4,893	12	-41	**5,137**	**4,852**
Operating profit, EURm	1,007	732	812	867	174	138	191	235	2,184	1,972	-48	-20	**2,136**	**1,952**
Loans to the public[2], EURbn	224	215	66	60	-	-	8	8	298	283	52	42	**350**	**325**
Deposits and borrowings from the public[2], EURbn	108	103	46	38	-	-	11	9	165	150	36	31	**201**	**181**

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

Break-down of Retail Banking and Wholesale Banking

	Total operating income, EURm Jan-Jun		Operating profit, EURm Jan-Jun		Loans to the public, EURbn 30 Jun		Deposits and borrowings from the public, EURbn 30 Jun	
	2012	2011	2012	2011	2012	2011	2012	2011
Retail Banking Nordic[1]	2,799	2,596	1,077	752	210	203	103	99
Retail Banking Poland & Baltic countries[1]	203	186	79	63	14	12	5	4
Retail Banking Other[2]	-123	-77	-149	-83	-	-	-	-
Retail Banking	**2,879**	**2,705**	**1,007**	**732**	**224**	**215**	**108**	**103**
Corporate & Institutional Banking	899	886	626	606	46	43	39	32
Shipping, Offshore & Oil Services	188	215	35	144	14	13	5	5
Nordea Bank Russia	110	92	55	45	6	4	2	1
Capital Markets unallocated	310	207	177	108	-	-	-	-
Wholesale Banking Other[3]	-70	-22	-81	-36	-	-	-	-
Wholesale Banking	**1,437**	**1,378**	**812**	**867**	**66**	**60**	**46**	**38**

[1] Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden, while Retail Banking Poland & Baltic countries includes banking operations in Estonia, Latvia, Lithuania, and Poland.
[2] Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT within the main business area Retail Banking.
[3] Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT within the main business area Wholesale Banking.

Reconciliation between total operating segments and financial statements

	Operating profit, EURm Jan-Jun		Loans to the public, EURbn 30 Jun		Deposits and borrowings from the public, EURbn 30 Jun	
	2012	2011	2012	2011	2012	2011
Total Operating segments	2,184	1,972	298	283	165	150
Group functions[1]	-51	-44	-	-	-	-
Unallocated items	-15	23	41	34	21	21
Differences in accounting policies[2]	18	1	11	8	15	10
Total	**2,136**	**1,952**	**350**	**325**	**201**	**181**

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

Measurement of operating segments' performance

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

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

Changes in basis of segmentation

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

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

Note 3 Net fee and commission income

EURm	Q2 2012	Q1 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Asset management commissions	198	200	189	398	391	754
Life insurance	69	68	76	137	158	306
Brokerage, securities issues and corporate finance	64	77	74	141	147	266
Custody and issuer services	43	21	42	64	62	115
Deposits	14	12	11	26	22	44
Total savings and investments	388	378	392	766	780	1,485
Payments	104	103	98	207	195	399
Cards	126	109	112	235	212	446
Total payment and cards	230	212	210	442	407	845
Lending	118	108	108	226	218	437
Guarantees and documentary payments	54	57	52	111	107	214
Total lending related commissions	172	165	160	337	325	651
Other commission income	27	32	41	59	79	141
Fee and commission income	**817**	**787**	**803**	**1,604**	**1,591**	**3,122**
Savings and investments	-70	-66	-57	-136	-126	-245
Payments	-23	-22	-22	-45	-41	-87
Cards	-63	-56	-54	-119	-102	-219
State guarantee fees	-24	-20	-13	-44	-26	-55
Other commission expenses	-26	-27	-34	-53	-71	-121
Fee and commission expenses	**-206**	**-191**	**-180**	**-397**	**-366**	**-727**
Net fee and commission income	**611**	**596**	**623**	**1,207**	**1,225**	**2,395**

Note 4 Net result from items at fair value

EURm	Q2 2012	Q1 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Shares/participations and other share-related instruments	7	1,243	-84	1,250	-25	-518
Interest-bearing securities and other interest-related instruments	468	79	407	547	776	1,452
Other financial instruments	207	50	8	257	-14	163
Foreign exchange gains/losses	-56	277	12	221	161	546
Investment properties	41	30	57	71	102	158
Change in technical provisions[1], Life insurance	-71	-985	-155	-1,056	-79	-937
Change in collective bonus potential, Life insurance	-125	-238	101	-363	-40	607
Insurance risk income, Life insurance	46	45	61	91	122	217
Insurance risk expense, Life insurance	-23	-32	-51	-55	-103	-171
Total	**494**	**469**	**356**	**963**	**900**	**1,517**

Of which Life insurance

EURm	Q2 2012	Q1 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Shares/participations and other share-related instruments	-272	1,230	-166	958	-161	-629
Interest-bearing securities and other interest-related instruments	579	-48	161	531	105	959
Other financial instruments	0	0	0	0	-1	0
Foreign exchange gains/losses	-113	56	49	-57	160	-23
Investment properties	40	30	55	70	101	156
Change in technical provisions[1], Life insurance	-71	-985	-155	-1,056	-79	-937
Change in collective bonus potential, Life insurance	-125	-238	102	-363	-40	607
Insurance risk income, Life insurance	46	45	61	91	122	217
Insurance risk expense, Life insurance	-23	-32	-51	-55	-103	-171
Total	**61**	**58**	**56**	**119**	**104**	**179**

[1] Premium income amounts to EUR 589m for Q2 2012 and EUR 1,325m for Jan-Jun 2012 (Q1 2012: EUR 736m, Q2 2011: EUR 716m, Jan-Jun 2011: EUR 1,383m, Jan-Dec 2011: EUR 2,544m).

Note 5 Other expenses

EURm	Q2 2012	Q1 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Information technology	-151	-158	-181	-309	-330	-647
Marketing and entertainment	-37	-23	-36	-60	-65	-131
Postage, transportation, telephone and office expenses	-57	-59	-55	-116	-114	-232
Rents, premises and real estate expenses	-102	-104	-110	-206	-219	-444
Other	-118	-111	-103	-229	-210	-460
Total	**-465**	**-455**	**-485**	**-920**	**-938**	**-1,914**

Note 6 Net loan losses

EURm	Q2 2012	Q1 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Loan losses divided by class						
Loans to credit institutions	-1	0	0	-1	1	2
Loans to the public	-216	-204	-105	-420	-272	-659
- of which provisions	-419	-298	-236	-717	-521	-1,154
- of which write-offs	-142	-107	-231	-249	-364	-800
- of which allowances used for covering write-offs	90	72	186	162	294	625
- of which reversals	237	112	159	349	288	596
- of which recoveries	18	17	17	35	31	74
Off-balance sheet items	0	-14	-13	-14	-89	-78
Total	**-217**	**-218**	**-118**	**-435**	**-360**	**-735**

Key ratios

	Q2 2012	Q1 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Loan loss ratio, basis points	26	26	15	26	23	23
- of which individual	38	26	23	32	30	30
- of which collective	-13	0	-8	-6	-7	-7

Note 7 Loans and impairment[1]

	Total			
	30 Jun	31 Mar	31 Dec	30 Jun
EURm	2012	2012	2011	2011
Loans, not impaired	383,429	378,874	386,414	343,490
Impaired loans	6,375	5,668	5,125	4,682
- Performing	3,743	3,473	2,946	2,633
- Non-performing	2,632	2,195	2,179	2,049
Loans before allowances	**389,804**	**384,542**	**391,539**	**348,172**
Allowances for individually assessed impaired loans	-2,240	-2,034	-1,892	-1,782
- Performing	-1,287	-1,191	-1,080	-973
- Non-performing	-953	-843	-812	-809
Allowances for collectively assessed impaired loans	-453	-562	-579	-674
Allowances	**-2,693**	**-2,596**	**-2,471**	**-2,456**
Loans, carrying amount	**387,111**	**381,946**	**389,068**	**345,716**

	Central banks and credit institutions				The public			
	30 Jun	31 Mar	31 Dec	30 Jun	30 Jun	31 Mar	31 Dec	30 Jun
EURm	2012	2012	2011	2011	2012	2012	2011	2011
Loans, not impaired	36,802	41,173	51,860	20,704	346,627	337,701	334,554	322,786
Impaired loans	33	34	33	43	6,342	5,634	5,092	4,639
- Performing	8	9	9	18	3,735	3,464	2,937	2,615
- Non-performing	25	25	24	25	2,607	2,170	2,155	2,024
Loans before allowances	**36,835**	**41,207**	**51,893**	**20,747**	**352,969**	**343,335**	**339,646**	**327,425**
Allowances for individually assessed impaired loans	-26	-26	-26	-26	-2,214	-2,008	-1,866	-1,756
- Performing	-2	-1	-	-	-1,285	-1,190	-1,080	-973
- Non-performing	-24	-25	-26	-26	-929	-818	-786	-783
Allowances for collectively assessed impaired loans	-4	-3	-2	-2	-449	-559	-577	-672
Allowances	**-30**	**-29**	**-28**	**-28**	**-2,663**	**-2,567**	**-2,443**	**-2,428**
Loans, carrying amount	**36,805**	**41,178**	**51,865**	**20,719**	**350,306**	**340,768**	**337,203**	**324,997**

Allowances and provisions

	30 Jun	31 Mar	31 Dec	30 Jun
EURm	2012	2012	2011	2011
Allowances for items in the balance sheet	-2,693	-2,596	-2,471	-2,456
Provisions for off balance sheet items	-107	-107	-93	-109
Total allowances and provisions	**-2,800**	**-2,703**	**-2,564**	**-2,565**

Key ratios

	30 Jun	31 Mar	31 Dec	30 Jun
	2012	2012	2011	2011
Impairment rate, gross, basis points	164	147	131	134
Impairment rate, net, basis points	106	95	83	83
Total allowance rate, basis points	69	68	63	71
Allowances in relation to impaired loans, %	35	36	37	38
Total allowances in relation to impaired loans, %	42	46	48	52
Non-performing, not impaired, EURm	845	402	405	385

[1] The comparative figures for 30 June and 31 December 2011 regarding impaired loans have been restated to ensure consistency between the periods.

Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	16,688	-	-	-	-	-	16,688
Loans to central banks and credit institutions	26,251	-	9,540	1,014	-	-	36,805
Loans to the public	272,557	-	27,393	50,356	-	-	350,306
Interest-bearing securities	552	7,102	39,121	23,172	-	18,243	88,190
Financial instruments pledged as collateral	-	-	5,582	-	-	-	5,582
Shares	-	-	5,783	16,607	-	9	22,399
Derivatives	-	-	155,552	-	2,945	-	158,497
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-456	-	-	-	-	-	-456
Other assets	10,982	-	-	8,425	-	-	19,407
Prepaid expenses and accrued income	1,948	-	152	39	-	-	2,139
Total 30 Jun 2012	**328,522**	**7,102**	**243,123**	**99,613**	**2,945**	**18,252**	**699,557**
Total 31 Dec 2011	325,920	7,893	254,586	96,451	2,541	19,814	707,205
Total 30 Jun 2011	292,822	8,747	184,434	89,968	921	7,166	584,058

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	18,153	2,093	-	34,893	55,139
Deposits and borrowings from the public	16,638	6,435	-	177,765	200,838
Liabilities to policyholders, investment contracts	-	11,018	-	-	11,018
Debt securities in issue	6,862	33,185	-	148,315	188,362
Derivatives	152,685	-	673	-	153,358
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	1,523	1,523
Other liabilities	7,898	6,304	-	12,516	26,718
Accrued expenses and prepaid income	-	514	-	1,883	2,397
Subordinated liabilities	-	-	-	7,779	7,779
Total 30 Jun 2012	**202,236**	**59,549**	**673**	**384,674**	**647,132**
Total 31 Dec 2011	213,415	61,836	627	380,582	656,460
Total 30 Jun 2011	140,904	57,445	971	336,124	535,444

Note 9 Financial instruments

Determination of fair value from quoted market prices or valuation techniques

30 Jun 2012, EURm	Quoted prices in active markets for same instrument (Level 1)	*Of which Life*	Valuation technique using observable data (Level 2)	*Of which Life*	Valuation technique using non-observable data (Level 3)	*Of which Life*	Total
Assets							
Loans to central banks and credit institutions	79	-	10,475	-	-	-	10,554
Loans to the public	-	-	77,749	-	-	-	77,749
Debt securities[1]	68,379	*17,032*	16,559	*5,394*	1,180	*739*	86,118
Shares[2]	18,698	*14,208*	4	*0*	3,697	*2,309*	22,399
Derivatives	482	*20*	155,811	*0*	2,204	-	158,497
Other assets	-	-	8,425	-	-	-	8,425
Prepaid expenses and accrued income	-	-	191	-	-	-	191
Liabilities							
Deposits by credit institutions	-	-	20,246	-	-	-	20,246
Deposits and borrowings from the public	-	-	23,073	-	-	-	23,073
Liabilities to policyholders	-	-	11,018	*11,018*	-	-	11,018
Debt securities in issue	33,185	-	6,862	-	-	-	40,047
Derivatives	262	*22*	151,293	*6*	1,803	-	153,358
Other liabilities	5,445	-	8,757	-	-	-	14,202
Accrued expenses and prepaid income	-	-	514	-	-	-	514

[1] Of which EUR 80,536m relates to Interest-bearing securities (the portion held at fair value in Note 8). EUR 5,582m relates to the balance sheet item Financial instruments pledged as collateral.

[2] EUR 0m relates to the balance sheet item Financial instruments pledged as collateral.

Note 10 Derivatives

Fair value	30 Jun 2012		31 Dec 2011		30 Jun 2011	
EURm	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	139,883	135,285	149,336	146,540	66,325	65,406
Equity derivatives	669	496	638	688	718	724
Foreign exchange derivatives	12,338	14,353	16,527	16,535	12,086	12,054
Credit derivatives	1,454	1,435	1,483	1,493	921	935
Commodity derivatives	1,161	1,071	1,376	1,296	954	906
Other derivatives	47	45	42	211	30	211
Total	**155,552**	**152,685**	**169,402**	**166,763**	**81,034**	**80,236**
Derivatives used for hedging						
Interest rate derivatives	2,102	512	1,941	493	703	490
Equity derivatives	-	-	-	-	0	0
Foreign exchange derivatives	843	161	600	134	218	481
Total	**2,945**	**673**	**2,541**	**627**	**921**	**971**
Total fair value						
Interest rate derivatives	141,985	135,797	151,277	147,033	67,028	65,896
Equity derivatives	669	496	638	688	718	724
Foreign exchange derivatives	13,181	14,514	17,127	16,669	12,304	12,535
Credit derivatives	1,454	1,435	1,483	1,493	921	935
Commodity derivatives	1,161	1,071	1,376	1,296	954	906
Other derivatives	47	45	42	211	30	211
Total	**158,497**	**153,358**	**171,943**	**167,390**	**81,955**	**81,207**

Nominal amount	30 Jun	31 Dec	30 Jun
EURm	2012	2011	2011
Derivatives held for trading			
Interest rate derivatives	6,207,614	5,701,729	5,440,886
Equity derivatives	19,192	17,144	15,677
Foreign exchange derivatives	971,287	954,193	875,383
Credit derivatives	68,323	61,889	54,699
Commodity derivatives	12,175	16,547	19,658
Other derivatives	2,065	2,170	2,183
Total	**7,280,656**	**6,753,672**	**6,408,486**
Derivatives used for hedging			
Interest rate derivatives	57,533	60,103	34,184
Equity derivatives	-	-	0
Foreign exchange derivatives	6,342	10,505	9,376
Total	**63,875**	**70,608**	**43,560**
Total nominal amount			
Interest rate derivatives	6,265,147	5,761,832	5,475,070
Equity derivatives	19,192	17,144	15,677
Foreign exchange derivatives	977,629	964,698	884,759
Credit derivatives	68,323	61,889	54,699
Commodity derivatives	12,175	16,547	19,658
Other derivatives	2,065	2,170	2,183
Total	**7,344,531**	**6,824,280**	**6,452,046**

Note 11 Capital adequacy

Capital Base

EURm	30 Jun 2012	31 Dec 2011	30 Jun 2011
Core Tier 1 capital	21,298	20,677	19,846
Tier 1 capital	23,288	22,641	21,745
Total capital base	25,992	24,838	24,899

Capital requirement

EURm	30 Jun 2012 Capital requirement	30 Jun 2012 RWA	31 Dec 2011 Capital requirement	31 Dec 2011 RWA	30 Jun 2011 Capital requirement	30 Jun 2011 RWA
Credit risk	**12,586**	**157,322**	**12,929**	**161,604**	**12,707**	**158,836**
IRB	10,305	128,813	9,895	123,686	9,862	123,272
- of which corporate	7,415	92,693	6,936	86,696	6,939	86,743
- of which institutions	856	10,695	897	11,215	762	9,525
- of which retail	1,912	23,898	1,949	24,367	2,055	25,685
- of which other	122	1,527	113	1,408	106	1,319
Standardised	2,281	28,509	3,034	37,918	2,845	35,564
- of which sovereign	31	388	43	536	28	343
- of which retail	856	10,702	795	9,934	781	9,768
- of which other	1,394	17,419	2,196	27,448	2,036	25,453
Market risk[1]	**616**	**7,707**	**652**	**8,144**	**446**	**5,572**
- of which trading book, Internal Approach	407	5,091	390	4,875	162	2,024
- of which trading book, Standardised Approach	133	1,663	206	2,571	207	2,584
- of which banking book, Standardised Approach	76	953	56	698	77	964
Operational risk	**1,298**	**16,229**	**1,236**	**15,452**	**1,236**	**15,452**
Standardised	1,298	16,229	1,236	15,452	1,236	15,452
Sub total	**14,500**	**181,258**	**14,817**	**185,200**	**14,389**	**179,860**
Adjustment for transition rules						
Additional capital requirement according to transition rules	3,309	41,365	3,087	38,591	2,640	33,004
Total	**17,809**	**222,623**	**17,904**	**223,791**	**17,029**	**212,864**

Capital ratio

	30 Jun 2012	31 Dec 2011	30 Jun 2011
Core Tier I ratio, %, incl profit	9.6	9.2	9.3
Tier I ratio, %, incl profit	10.5	10.1	10.2
Capital ratio, %, incl profit	11.7	11.1	11.7

Analysis of capital requirements

Exposure class, 30 Jun 2012	Average risk weight (%)	Capital requirement (EURm)
Corporate	52%	7,415
Institutions	17%	856
Retail IRB	15%	1,912
Sovereign	1%	31
Other	74%	2,372
Total credit risk		**12,586**

[1] Note that the comparison figures for Q2 2011 are not restated with respect to CRD III.

Note 12 Risks and uncertainties

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

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

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

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

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

Business definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nordea Bank AB (publ)

Accounting policies

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

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within "Net fee and commission income" and the definition of impaired loans. These changes were made in the first quarter 2012. More information on the categorisation of commissions and the definition of impaired loans can be found in Note 1 for the Group.

Income statement

EURm	Q2 2012	Q2 2011	Jan-Jun 2012	Jan-Jun 2011	Full Year 2011
Operating income					
Interest income	*678*	*633*	*1,393*	*1,191*	*2,626*
Interest expense	*-485*	*-473*	*-1,005*	*-889*	*-1,946*
Net interest income	193	160	388	302	680
Fee and commission income	*203*	*197*	*397*	*379*	*777*
Fee and commission expense	*-56*	*-50*	*-113*	*-97*	*-217*
Net fee and commission income	147	147	284	282	560
Net result from items at fair value	58	62	115	198	234
Dividends	0	2	283	124	1,534
Other operating income	99	26	129	58	122
Total operating income	**497**	**397**	**1,199**	**964**	**3,130**
Operating expenses					
General administrative expenses:					
Staff costs	-219	-202	-429	-401	-823
Other expenses	-177	-148	-313	-292	-561
Depreciation, amortisation and impairment charges of tangible and intangible assets	-24	-28	-45	-55	-112
Total operating expenses	**-420**	**-378**	**-787**	**-748**	**-1,496**
Profit before loan losses	**77**	**19**	**412**	**216**	**1,634**
Net loan losses	-20	14	-29	13	-20
Impairment of securities held as financial non-current assets	-	-8	0	-8	-9
Operating profit	**57**	**25**	**383**	**221**	**1,605**
Appropriations	-	-	-	-	1
Income tax expense	-8	-10	-23	-18	-114
Net profit for the period	**49**	**15**	**360**	**203**	**1,492**

Nordea Bank AB (publ)

Balance sheet

EURm	30 Jun 2012	31 Dec 2011	30 Jun 2011
Assets			
Cash and balances with central banks	178	152	193
Treasury bills	4,163	3,730	2,812
Loans to credit institutions	68,623	59,379	51,795
Loans to the public	37,037	36,421	34,248
Interest-bearing securities	11,151	14,584	14,531
Financial instruments pledged as collateral	330	1,237	4,247
Shares	1,479	1,135	1,000
Derivatives	4,743	4,339	2,503
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-843	-632	871
Investments in group undertakings	16,725	16,713	16,601
Investments in associated undertakings	8	5	4
Intangible assets	663	658	662
Property and equipment	88	81	78
Deferred tax assets	18	26	8
Current tax assets	55	12	30
Other assets	2,218	2,262	1,394
Prepaid expenses and accrued income	1,111	1,279	1,216
Total assets	**147,747**	**141,381**	**132,193**
Liabilities			
Deposits by credit institutions	19,669	22,441	24,041
Deposits and borrowings from the public	47,240	44,389	40,907
Debt securities in issue	51,526	45,367	38,939
Derivatives	2,972	3,014	2,051
Fair value changes of the hedged items in portfolio hedge of interest rate risk	113	147	889
Current tax liabilities	0	71	0
Other liabilities	1,453	1,776	2,202
Accrued expenses and prepaid income	1,151	851	950
Deferred tax liabilities	17	2	0
Provisions	41	90	50
Retirement benefit obligations	162	153	148
Subordinated liabilities	7,105	6,154	6,456
Total liabilities	**131,449**	**124,455**	**116,633**
Untaxed reserves	**5**	**5**	**6**
Equity			
Share capital	4,050	4,047	4,047
Share premium reserve	1,080	1,080	1,080
Other reserves	48	-13	-1
Retained earnings	11,115	11,807	10,428
Total equity	**16,293**	**16,921**	**15,554**
Total liabilities and equity	**147,747**	**141,381**	**132,193**
Assets pledged as security for own liabilities	2,964	3,530	5,070
Other assets pledged	5,674	7,264	7,176
Contingent liabilities	26,327	24,720	22,261
Credit commitments[1]	24,919	25,098	26,241
Other commitments	-	-	1,416

[1] Including unutilised portion of approved overdraft facilities of EUR 12,679m (31 Dec 2011: EUR 12,259m, 30 Jun 2011: EUR 12,024m).

Note 1 Capital adequacy

Capital Base

EURm	30 Jun 2012	31 Dec 2011	30 Jun 2011
Core Tier 1 capital	14,901	15,170	14,282
Tier 1 capital	16,890	17,134	16,182
Total capital base	20,856	20,304	20,291

Capital requirement

EURm	30 Jun 2012 Capital requirement	30 Jun 2012 RWA	31 Dec 2011 Capital requirement	31 Dec 2011 RWA	30 Jun 2011 Capital requirement	30 Jun 2011 RWA
Credit risk	**4,713**	**58,910**	**4,595**	**57,441**	**4,376**	**54,698**
IRB	2,197	27,461	2,186	27,328	2,219	27,737
- of which corporate	1,813	22,658	1,764	22,051	1,816	22,687
- of which institutions	166	2,079	198	2,477	190	2,380
- of which retail	194	2,421	201	2,518	191	2,393
- of which other	24	303	23	282	22	277
Standardised	2,516	31,449	2,409	30,113	2,157	26,961
- of which sovereign	1	8	0	0	0	0
- of which other	2,515	31,441	2,409	30,113	2,157	26,961
Market risk[1]	**82**	**1,022**	**92**	**1,158**	**114**	**1,424**
- of which trading book, Internal Approach	22	276	30	376	22	276
- of which trading book, Standardised Approach	11	135	11	143	31	391
- of which banking book, Standardised Approach	49	611	51	639	61	757
Operational risk	**219**	**2,739**	**190**	**2,375**	**190**	**2,375**
Standardised	219	2,739	190	2,375	190	2,375
Sub total	**5,014**	**62,671**	**4,877**	**60,974**	**4,680**	**58,497**
Adjustment for transition rules						
Additional capital requirement according to transition rules	-	-	-	-	-	-
Total	**5,014**	**62,671**	**4,877**	**60,974**	**4,680**	**58,497**

Capital ratio

	30 Jun 2012	31 Dec 2011	30 Jun 2011
Core Tier I ratio, %, incl profit	23.8	24.9	24.4
Tier I ratio, %, incl profit	27.0	28.1	27.7
Capital ratio, %, incl profit	33.3	33.3	34.7

Analysis of capital requirements

Exposure class, 30 Jun 2012	Average risk weight (%)	Capital requirement (EURm)
Corporate	52%	1,813
Institutions	13%	166
Retail IRB	34%	194
Sovereign	0%	1
Other	33%	2,539
Total credit risk		**4,713**

[1] Note that the comparison figures for Q2 2011 are not restated with respect to CRD III.

For further information:

- A press and analyst conference with management will be arranged on 18 July at 09.30 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be arranged on 18 July at 14.30 CET. (Please dial +44 20 7136 2051, confirmation code 5380554#, latest ten minutes in advance.) The telephone conference can be monitored live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will also be available through 24 July, by dialling +44 20 3427 0598, access code 5380554#.
- An analyst and investor presentation will be arranged in London on 19 July at 08.00 local time at 1 Angel Lane, London EC4R 3AB. To attend, please contact: roadshowlondon-eu@nomura.com.
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.

Contacts:

Christian Clausen, President and Group CEO	+46 8 614 7804	
Fredrik Rystedt, Group CFO	+46 8 614 7812	
Rodney Alfvén, Head of Investor Relations	+46 8 614 7880	(or +46 72 235 05 15)
Jan Larsson, Head of Group Identity & Communications	+46 8 614 7916	(or +46 70 593 34 12)

Financial calendar

24 October 2012 – third quarter report 2012

The Board of Directors and the President and Group CEO certify that the half-year interim report provides a fair overview of the Parent Company's and the Group's operations, their financial position and result, and describes material risks and uncertainties that the Parent Company and other companies in the Group are facing.

Stockholm 18 July 2012

Björn Wahlroos
Chairman

Marie Ehrling
Vice Chairman

Kari Ahola
Board member[1]

Stine Bosse
Board member

Peter F Braunwalder
Board member

Svein Jacobsen
Board member

Tom Knutzen
Board member

Steinar Nickelsen
Board member[1]

Lars G Nordström
Board member

Lars Oddestad
Board member[1]

Sarah Russell
Board member

Kari Stadigh
Board member

Christian Clausen
President and Group CEO

[1] Employee representative

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

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

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

Nordea Bank AB (publ)
Smålandsgatan 17
SE-105 71 Stockholm
www.nordea.com/ir
Tel. +46 8 614 7800
Corporate registration No. 516406-0120

Report on Review of Interim Financial Information

Introduction
We have reviewed the half-year interim report of Nordea Bank AB (publ) as of June 30, 2012 and for the six-month period then ended. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this half-year interim report based on our review.

Scope of Review
We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the half-year interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies for the group and in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies for the parent company.

Stockholm 18 July 2012
KPMG AB

Carl Lindgren
Authorised public accountant