



**NORDEA BANK AB (publ)**  
**NORDEA BANK FINLAND Plc**

**Medium Term Note Programme**  
**in the amount of One Hundred Billion Swedish Kronor**  
**(SEK 100,000,000,000)**

Nordea Bank AB (publ) ("**NBAB**") and Nordea Bank Finland Plc ("**NBF**") (jointly referred to as the "**Banks**" and each individually a "**Bank**") may from time to time issue Notes on a continuing basis by issuing Medium Term Notes ("**Notes**") under this Medium Term Note Programme (the "**MTN Programme**") on the capital market in Swedish kronor or in Euro with a maturity of not less than 30 days and, at a maximum, undated maturity. The maximum amount of all Notes outstanding from time to time under this MTN Programme will not exceed one hundred billion Swedish Kronor (SEK 100,000,000,000) (or the equivalent in Euro). Any calculation of amounts outstanding under the MTN Programme will be made in Swedish kronor in accordance with the provisions set forth in the Terms and Conditions referred to below.

If it is specified in the Final Terms Notes will upon issue be admitted to listing, trading and/or quotation with the Nasdaq OMX Nordic Exchange in Stockholm ("**Stockholmsbörsen**") or another securities exchange or other quotation system. Notes are dematerialised securities and are registered in the book-entry system maintained by Euroclear Sweden AB ("**Euroclear Sweden**"), Euroclear Finland Ltd ("**Euroclear Finland**"), VP Securities A/S ("**VP**"), Verdipapirsentralen ASA ("**VPS**"), Euroclear or such other clearing system as may be specified in the Final Terms and no physical securities will be issued. Clearing and settlement in conjunction with trading will take place in the VPC-system or such other clearing system as may be stated in the Final Terms.

The specific terms and conditions applicable to each series of Notes are set out in Final Terms that are published in accordance with this Base Prospectus.

MTNs may be issued under the MTN Programme which have a denomination of less than one hundred thousand Euro (€100,000) or its equivalent in Swedish Kronor.

**Arranger**

**Nordea Bank AB (publ)**

**Notes issued under this Base Prospectus will not be offered to non-professional investors (as defined in the Act 2007:528 on Capital Markets (Sw. *Lag om värdepappersmarknad*)) in Sweden (this is not to be understood that such limitations is applicable in any other jurisdiction where this Base Prospectus is valid).**

**The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") and, subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.**

**This prospectus (the "Base Prospectus") constitutes a base prospectus in accordance with Article 5.4 of the Prospectus Directive and Chapter 2, section 16 of the Swedish Financial Instruments Trading Act (1991:980). The Base Prospectus has been approved by the Swedish Financial Supervisory Authority.**

**NBAB, with its registered office in Sweden, accepts responsibility for the information, relating to NBAB, contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Board of Directors of NBAB is, to the extent provided by law, responsible for the information, relating to NBAB, contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. The Base Prospectus has not been reviewed by NBAB's auditors.**

**NFB, with its registered office in Finland, accepts responsibility for the information, relating to NFB, contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Board of Directors of NFB is, to the extent provided by law, responsible for the information, relating to NFB, contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. The Base Prospectus has not been reviewed by NFB's auditors.**

**This Base Prospectus should be read and construed together with any amendments or supplements hereto and with any other information incorporated by reference herein and in together with the relevant Final Terms for each issue under the MTN Programme.**

**Offerings under the MTN Programme are not directed to any person whose participation would require any further prospectus, registration or other measures in addition to what is prescribed by Swedish law, other than with respect to a country or jurisdiction within the EEA to which the Base Prospectus is passported in accordance with Chapter 2, section 35 of the Swedish Financial Instruments Trading Act and article 17 and 18 of the Prospectus Directive by the Banks requesting the Swedish Financial Supervisory Authority to issue a certificate to the relevant authorities confirming approval of the Base Prospectus and its compliance with the Prospectus Directive 2003/71/EC of 4 November 2003. Offers pursuant to the MTN Programme are not made, directly or indirectly, in any country where such offer violates any laws or other regulations in that country. The Base Prospectus may not be distributed to or in any country where the distribution requires registration or measures in addition to what is prescribed by Swedish law or which violate any law or other regulations in that country. Specific sales restrictions and other restrictions are set out in a separate section of the Base prospectus, see below.**

**Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Note and should not be considered as a recommendation, by the Banks, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Note. Each recipient of this Base Prospectus and/or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Banks and the Nordea Group, the content of the Base Prospectus, all documents incorporated by reference (see the section entitled "Information incorporated in the Base Prospectus by reference"), the Final Terms for each offering under the MTN Programme and any supplements to the Base Prospectus. Potential investors are encouraged to read carefully the section entitled "Risk Factors" on pages 12-25 of this Base Prospectus.**

**It is the responsibility of each investor to assess the tax consequences which may arise due to subscription, purchase or sale of Notes issued under the MTN Programme and, in conjunction therewith, consult with tax advisers.**

**The Base Prospectus was approved and registered by the Swedish Financial Supervisory Authority on 7 May 2012 in accordance with the provisions of Chapter 2, section 26 of the Swedish Financial Instruments Trading Act. The aforesaid does not, however, entail any warranty from the Swedish Financial Supervisory Authority that the facts provided in the Base Prospectus are correct or complete.**

**With the exception of the approval by the Swedish Financial Supervisory Authority of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Regulation (/809/2004/EG) and the Swedish Financial Instruments Trading Act, neither the Banks nor the Dealers have undertaken any action, and will not take any action in any country or jurisdiction, that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required; other than with respect to a country or jurisdiction within the EEA to which the Base Prospectus is passported in accordance with Chapter 2, section 35 of the Swedish Financial Instruments Trading Act and article 17 and 18 of the Prospectus Directive by the Banks requesting the Swedish Financial Supervisory Authority to issue a certificate to the relevant authorities confirming approval of the Base Prospectus and its compliance with the Prospectus Directive 2003/71/EC of 4 November 2003.**

**Persons into whose possession this Base Prospectus of Final Terms comes are required by the Banks and the Dealers to comply with all applicable laws, regulations and rules in each jurisdiction where they purchase, offer, sell or deliver Notes or hold or distribute such offering material, in each case at their own expense.**

### **The suitability of the Notes as an investment**

Each potential investor in the Notes must determine the suitability of that investment in light of its own experience and financial situation. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or in any supplements to the Base Prospectus and the Final Terms for Notes;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the relevant Notes and the impact an investment in the relevant Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated, or Notes where the principal may be lost in whole or in part;
- (iv) understand thoroughly the Terms and Conditions in this Base Prospectus and the Final Terms of the relevant Notes and be familiar with the behaviour of any relevant indices, other reference assets and the financial markets;
- (v) be able to foresee and evaluate (either alone or with the assistance of a financial advisor), possible scenarios, e.g. for economic, interest rate and other factors, that may affect the investment in the relevant Notes and the investor's ability to bear the applicable risks which may result from an investment in the relevant Notes.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the investor's overall portfolio. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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## SUMMARY OF THE PROSPECTUS

*This summary must be read as an introduction to this Base Prospectus and any decision to invest in Notes issued pursuant to the MTN programme should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference and relevant Final Terms. No civil liability will attach to the Banks or their Boards of Directors solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court outside of Sweden, the plaintiff may, under the laws of the jurisdiction where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

*This summary of the Base Prospectus together with the section entitled "Notes - Terms and Conditions and Structure" on page 26-35 in the Base Prospectus serves as an overall description of the MTN programme.*

|                       |  |
|-----------------------|--|
| Issuing Bank:         | Nordea Bank AB (publ) (" <b>NBAB</b> ") and/or Nordea Bank Finland Plc (" <b>NBF</b> "), together (the " <b>Banks</b> " and each one of them a " <b>Bank</b> ").   |
|                       | The Banks conduct banking operations in Sweden and Finland within the scope of the Nordea Group's business organization. The Banks develop and market financing products and services to personal customers, corporations and the public sector.   |
|                       | Further information on the Nordea Group, the Banks and selected financial information with respect to the Banks are set out in pages 93-124 of this Base Prospectus.   |
| Arranger:             | NBAB   |
| Dealers:              | NBAB, NBF, Nordea Bank Danmark A/S (" <b>NBD</b> "), Nordea Bank Norge ASA (" <b>NBN</b> ") and any other dealer appointed from time to time by the Issuing Bank in relation to a particular series of Notes.  |
| Programme Amount:     | SEK 100,000,000,000  |
| Notes:                | Debt securities registered either in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) and issued by the Banks pursuant to MTN Programme in the denomination and subject to the terms and conditions set forth in the Terms and Conditions and relevant Final Terms.  |
| Terms and Conditions: | Terms and Conditions applicable to the Notes (" <b>Terms and Conditions</b> ") as set out in this Base Prospectus together with the relevant Final Terms (" <b>Final Terms</b> ") relating to the specific series of Notes. The terms and conditions applicable to each series of Notes will therefore consist of the Terms and Conditions, as supplemented, modified or replaced by the relevant Final Terms in relation to each series of Notes. |
| Offer:                | Notes may be offered to institutional professional investors. Notes issued under this Base Prospectus will not be offered to non-professional investors (as defined in the Securities Market Act 2007:528 (Sw. Lag om värdepappersmarknad)) in Sweden (for the   |

avoidance of doubt, this does not imply that Notes cannot be offered to non-professional investors in other jurisdictions where this Base Prospectus is valid). Notes may be offered by one or several banks acting together in a syndicate or through one or several banks in a so called sales group.

|  |  |
|--|--|
| Currencies:                                  | SEK or EUR, or such other currency stated in the Final Terms.  |
| Status:                                      | Notes issued under the MTN Programme constitute direct and unsecured obligations of the respective issuing Bank and will rank <i>pari passu</i> with the Banks' unsecured and unsubordinated obligations.  |
| Maturities:                                  | A minimum maturity of 30 days and maximum undated maturity.  |
| Issue Price:                                 | Notes may be issued at its nominal amount, at a discount or with a premium.  |
| Further issuances:                           | The Banks are entitled to, from time to time, issue additional tranches of Notes under an existing series of Notes, provided that such Notes in all respects have the same terms and conditions as the existing series of Notes (with the exception of the amount of the first interest payment or the price of the Notes) so that such additional tranches of Notes can be merged and constitute one single series together with the outstanding Notes in such series.  |
| Interest/yield structure:                    | Notes may be issued with fixed, floating, variable, adjustable, reverse floating and inflation protected interest. Furthermore, so-called dual currency Notes may be issued under the programme as well as Notes with a yield related to the performance of one or several reference assets.   |
| Early redemption/<br>Repayment:              | <p>Unless otherwise stated in the Final Terms, repayment of the redemption amount will occur on the Maturity Date. Notes may be amortised in which case repayment of the Notes is made in instalments on more than one occasion during the term. Furthermore, the Terms and Conditions allow, <i>inter alia</i>, for the issuance of Notes with an inflation-protected redemption amount, zero coupon Notes, non-principal protected Notes (in respect of which the principal amount of the Notes may be lost in whole or in part on the Maturity Date or on such other date that may be stated in the Final Terms) and Notes where repayment of the redemption amount is substituted by an obligation to deliver a specific asset.</p> <p>Early redemption of Notes may be permitted upon the request of the Issuing Bank or the holder of the Notes in accordance with the Terms and Conditions, provided that early redemption is applicable pursuant to the Final Terms.</p> |
| Withholding tax:<br>( <i>Sw: källskatt</i> ) | To the extent set forth in the Terms and Conditions, all payments in respect of the Notes will be made without withholding or deduction of taxes unless required by Swedish or Finnish laws, regulations or other rules, or decisions by Finnish or Swedish public authorities. In the event the Banks are obliged to effect deductions or withholdings of Finnish or Swedish tax for someone who is not subject to taxation in Sweden or Finland, the Banks will pay additional amounts to ensure that, on the due date, the relevant holders of Notes receive a net amount equal to the amount which the holders would have received but for the   |

deductions or withholdings.

If a Bank, due to a change in circumstances, is obliged by law to effect deductions of taxes or fees, the Bank shall be entitled to redeem all Notes outstanding under the relevant series.

- Denominations: The denomination of the Notes in a specific serie is specified in the Final Terms. Notes in denominations of less than one hundred thousand Euro (€100,000) may be issued, however NBF may not issue Notes in denominations of less than one thousand Euro (€1,000) or the equivalent thereof in SEK or other currency (and multiples thereof).
- Events of default: The Terms and Conditions do not contain any events of default provisions. The Banks may terminate series of Notes in advance to the extent set forth in the Terms and Conditions.
- Negative pledge: The Terms and Conditions do not contain any *negative pledge* undertaking and, consequently, the Banks are under no limitation to provide collateral or pledge its assets to other creditors.
- Listing: The MTN Programme will be admitted for registration on NASDAQ OMX Stockholm and the exchanges in Helsinki, Copenhagen and Oslo and/or other exchange or other regulated market as specified in the Final Terms.
- The Final Terms for each issue will state whether or not the Notes issued under the MTN Programme will be admitted to an exchange. Both listed and non listed Notes may be issued pursuant to the MTN Programme.
- Governing law: The Notes shall be governed by, and construed in accordance with, the law set out in the Final Terms, which may be Swedish, Finnish, Danish or Norwegian law.
- Selling restrictions: The Swedish Financial Supervisory Authority has approved this prospectus as a base prospectus issued in accordance with the Prospectus Regulation (Commission Regulation (EC) No. 809/2004) and the Swedish Financial Instruments Trading Act (1991:980).
- Notes under the MTN Programme have not been registered under the U.S. Securities Act of 1933, as amended. Notes may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in regulation S under the Securities Act). Furthermore, Notes may not be offered or sold in Australia, Canada, Japan, New Zealand or South Africa. The Base Prospectus may not be distributed to or within any of the aforementioned jurisdictions.
- Taxation: Euroclear Sweden or its nominee (in case of nominee-registered Notes) perform a preliminary tax withholding, at present 30 % of paid interest, for individuals that are subject to tax in Sweden and Swedish estates of deceased persons. No withholding of tax in Sweden is made in respect of interest payments to any person other than a individual that is subject to Swedish tax or a Swedish estate of deceased person. No deduction of withholding tax or other tax in Sweden is made in respect of other payments than interest payments.

Interest on notes issued by NBF to the public in Finland constitutes



income pursuant to the act on withholding tax for interest income for physical persons that are subject to taxation in Finland and Finnish estates of deceased persons. The withholding tax on interest income is at present 30%. According to the act on withholding tax for interest income, index-linked yield is treated as interest income. Interest on notes issued by NBAB to physical persons that are subject to taxation in Finland and Finnish estates of deceased persons constitute capital income. The tax rate applicable to capital income is at present 30%. The tax rate for the part of capital income which exceeds 50,000 euros per year is 32%.

Payments of interest in accordance with the Terms and Conditions are not subject to withholding tax in Finland provided that the recipient is not subject to taxation in Finland.

Holders of Notes who receive interest income or any other form of yield are subject to taxation in Denmark on such income provided that it is a private individual domiciled in Denmark, private individual domiciled outside of Denmark and spending at least 6 months of the year in Denmark or a company with its registered office in Denmark or a company the management functions of which are located in Denmark.

Residents in Norway for tax purposes are subject to income taxation on interest received or any other form of yield in respect of the Notes. The tax rate is currently 28%. If the Notes are issued at a discount a calculated interest will be distributed and taxable over the life of the Note. Capital gains or profits realised by residents in Norway for tax purposes on the sale, disposal or redemption of the Notes will be subject to Norwegian taxation. Any costs in relation to the purchase of the Note will be capitalized as part of the tax base of the Note. The tax rate is currently 28%. The Notes are included in the wealth of an individual resident in Norway and other holders of Notes that are liable to wealth tax. The net wealth is taxed at maximum 1.1%. Limited liability companies are not liable to wealth tax in Norway. Payment of interest, any other form of yield and/or principal is made, under applicable Norwegian law, without deduction of taxes or other charges.

Payments of interest in accordance with the Terms and Conditions are not subject to withholding tax in Finland or Sweden provided that the recipient is not subject to taxation in Finland or Sweden respectively.

In accordance with EC Council Directive 2003/48/EC, the Banks will provide tax authorities of the Member States with details of interest payments to individuals domiciled outside Sweden or Finland. Payments of interest under Notes are not subject to withholding tax in Sweden or Finland according to the Terms and Conditions.

Substitution of debtor: Under certain circumstances, the Banks may, without the consent of the holders of Notes, transfer their obligations under outstanding Notes to any other bank in the Nordea Group following notice thereof to the holders. NBAB has an unconditional right to assume the liability for Notes issued by NBF.

Clearing and settlement: Clearing and settlement of Notes issued under the MTN Programme will take place in the book-entry system managed by Euroclear

Sweden, the Finnish book-entry system managed by Euroclear Finland, the Danish book-entry system managed by VP, and/or the Norwegian book-entry system managed by VPS, and may be registered in Euroclear or in any other clearing system as may be specified in the Final Terms.

Note structures:

Under this MTN Programme, a Bank may issue Notes with different structures, such as:

Fixed rate Notes

Floating rate Notes

Adjustable interest Notes

Variable rate Notes

Notes with reverse floating and/or inflation protected interest

Notes with inflation protected interest

So-called dual currency Notes, where payment of interest/redemption amount is made in a currency other than the currency of the Notes

Amortising Notes

Zero coupon Notes

Notes with inflation protected principal

Non-principal-guaranteed Notes

Notes with the right to early redemption (call/put option of issuing Bank/holder)

Notes under which the payment obligation is replaced by a delivery obligation in specie

Notes with adjustable maturity date

The above structures may be combined.

Notes may be issued under the MTN Programme where the yield and/or redemption amounts are determined on the basis of the performance of a reference asset. Such reference asset could be:

- shares (including private equity)
- indices
- currencies
- fund units
- commodities
- credit risks/credit exposure
- real estate

or any other asset, variable or event as further specified in the Final Terms.

Notes can also be structured with reference to baskets of the above-mentioned reference assets or combinations and relations between assets.

**The various structures of Notes intended to be issued under this Base Prospectus are addressed in more detail on pages 26-35 of this Base Prospectus.**

Risk factors:

A number of factors affect, and may affect, the Banks' operations as well as the Notes issued under the MTN Programme. There are risks associated both with circumstances relating to the Banks and to the Notes issued under the MTN Programme, as well as risks due to such circumstances that are not specifically linked to the Banks and the Notes.

The risks associated with the Banks' operations relate primarily to credit and market risks but also to other risks, such as operational risks and liquidity risks. Credit risk is the risk of loss if counterparties of the issuing Bank fails to meet their obligations and any security or guarantees do not cover the claims of the issuing Bank. The market risk is defined as the risk of loss in market value as a result of movements in financial market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. There are also liquidity risks, which is the risk of being able to meet liquidity commitments only at increased costs or, ultimately, being unable to meet obligations as they fall due, as well as operational risks, defined by the Issuing Bank as the risk of incurring losses, including damaged reputation, due to deficiencies or errors in internal processes and control routines or by external events that affect operations.  **Holders of the Notes issued under the Programme assume a credit risk on the issuing Bank.** The likelihood of a holder of Notes to receive payment under the Notes is dependant on the issuing Bank's ability to fulfil its obligations to pay interest on Notes and repay the principal amount, which in turn is dependant on the development of the issuing Bank's business.

Risks associated with Notes relate to, among other things, changes in interest rates, exchange rates, whether the Banks are entitled to redeem the Notes prior to the stated maturity, the complexity of the Notes, fluctuations in the relevant indices, other reference assets or the financial market and whether the redemption amount depends on factors other than the Banks' credit ratings.

Resolutions passed at duly convened meetings of Holders are binding on all holders of Notes provided that certain levels of majority have been reached. Further to this, changes in terms and conditions and a substitution of debtor may occur on the conditions set out in the Terms and Conditions.

Some of the risks are related to circumstances beyond the Banks' control, such as the existence of an effective secondary market, the stability of the relevant clearing and settlement system, as well as the macro economic situation in the Nordic economies and the world at large.

**This summary of risks represents only a brief description of certain important risks and does not constitute a full account of the risk factors pertaining to the Notes issued under the MTN Programme. A number of risk factors are described in more detail on the following pages. These should be read in detail by the investor, as should the other information in the Base Prospectus.**

## RISK FACTORS

*An investment in the Notes involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. The risks described below could have a material adverse effect on the Nordea Group's business, results of operations or financial condition or the value of the Notes. Additional risks and uncertainties, including those of which the Banks' management is not currently aware or deems immaterial, may also potentially have an adverse effect on the Banks' business, results of operations, financial condition or future prospects or may result in other events that could cause investors to lose all or part of their investment.*

*The risk factors below are not ranked in any order of importance and do not purport to be exhaustive. In addition to risk factors stated below, the reader should also carefully note the other information in the Base Prospectus and the specific risks set forth in the specific Final Terms applying to each note.*

### **Risks Relating to Current Macroeconomic Conditions**

#### ***Disruptions and volatility in the global financial markets may adversely impact the Nordea Group***

From August 2007 through the early part of 2009, the global financial system has experienced unprecedented credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. Following a period of stabilisation in 2010 and the first half of 2011, the recovery was adversely affected by turmoil and disruptions in the capital markets that were triggered by high sovereign budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain. Despite rescue packages provided to certain of these countries during the past two years, uncertainty over the outcome of these measures and worries about sovereign finance have continued to persist, which, together with concerns about the overall stability and sustainability of the euro area, has resulted in further volatility in the global credit and liquidity markets. Reflecting these concerns, Standard & Poor's, Moody's and Fitch downgraded the credit ratings of several EU countries in the beginning of 2012. Market concerns over the direct and indirect exposure of European banks and insurers to these countries as well as to each other has also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlook for some European financial institutions. Risks related to the European economic crisis have also had, and are likely to continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets it could have a material adverse effect on the Nordea Group's ability to access capital and liquidity on financial terms acceptable to the Nordea Group. Further any of the foregoing factors could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

#### ***Negative economic developments and conditions in the markets in which the Nordea Group operates can adversely affect the Nordea Group's business and results of operations***

The Nordea Group's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden) and, to a lesser degree, in Poland, Russia and the Baltic countries. The economic situation in all four Nordic markets as well as Poland, Russia and the Baltic

countries was in various ways adversely affected by weakened economic conditions and the turmoil in the global financial markets in 2008 and 2009, which was reflected in declining economic growth, increasing rates of unemployment as well as decreasing asset values in these countries. Even though the economic conditions in these countries have, in general, developed favourably, the recovery has continued to be fragile in selected countries, and Denmark, in particular, has been affected more deeply by the financial turmoil and economic slowdown than the other Nordic economies. Adverse economic developments of the kind described above have affected and may continue to affect the Nordea Group's business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of the Nordea Group's customers, which, in turn, could further reduce the Nordea Group's credit quality and demand for the Nordea Group's financial products and services. As a result, any or all of the conditions described above could continue to have a material adverse effect on the Nordea Group's business, financial condition and results of operations and measures implemented by the Nordea Group might not be satisfactory to reduce any credit, market and liquidity risks.

### **Risks Relating to the Nordea Group's Credit Portfolio**

#### ***Deterioration in counterparties' credit quality may affect the Nordea Group's financial performance***

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Nordea Group's businesses. The Nordea Group makes provisions for loan losses in accordance with IFRS; however, the provisions made are based on available information, estimates and assumptions and are subject to uncertainty, and there can be no assurances that the provisions will be sufficient to cover the amount of loan losses as they occur. Adverse changes in the credit quality of the Nordea Group's borrowers and counterparties or a decrease in collateral values, are likely to affect the recoverability and value of the Nordea Group's assets and require an increase in the Nordea Group's individual provisions and potentially in collective provisions for impaired loans, which in turn would adversely affect the Nordea Group's financial performance. In particular, the Nordea Group's exposure to corporate customers is subject to adverse changes in credit quality should the economic environment in the Nordea Group's markets deteriorate. For example, following the negative economic development in Russia and the Baltic countries in 2008 and 2009, credit risk associated with certain borrowers and counterparties in these markets increased. The prolonged difficult economic environment also negatively affected certain customer groups in Denmark in 2011. Further, actual loan losses vary over the business cycle. A significant increase in the size of the Nordea Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

The Nordea Group is also indirectly exposed to foreign exchange risk in Poland, Russia, Latvia and Lithuania, where loans to customers typically are denominated in euro or U.S. dollars, though customers typically derive their main income in local currencies.

#### ***The Nordea Group is exposed to counterparty credit risk***

The Nordea Group routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, funds and other institutional and corporate clients. Many of these transactions expose the Nordea Group to the risk that the Nordea Group's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract defaults on its obligations prior to maturity when the Nordea Group has an outstanding claim against that counterparty. Due to volatility in foreign exchange and fixed income markets during the past three years, this risk has remained at an elevated level compared to the period preceding the global financial and economic crisis. This credit risk may also be exacerbated when the collateral held by the Nordea Group cannot be realised or is

liquidated at prices not sufficient to recover the full amount of the counterparty exposure. Any of the foregoing could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

As a consequence of its transactions in financial instruments, including foreign exchange rate and derivative contracts, the Nordea Group is also exposed to settlement risk and transfer risk. Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty or after when the Nordea Group has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security has been finally confirmed, and transfer risk is the risk attributable to the transfer of money from a country other than the country where a borrower is domiciled, which is affected by the changes in the economic conditions and political situation in the countries concerned.

## **Risks Relating to Market Exposure**

### ***The Nordea Group is exposed to market price risk***

The Nordea Group's customer-driven trading operations (where positions, within certain defined limits, are taken) and its Treasury operations (where the Nordea Group holds investment and liquidity portfolios for its own account) are the key contributors to market price risk in the Nordea Group. The fair value of financial instruments held by the Nordea Group, including bonds (government, corporate and mortgage), equity investments, cash in various currencies, investments in private equity, hedge and credit funds, commodities and derivatives (including credit derivatives), are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. To the extent volatile market conditions persist or recur, the fair value of the Nordea Group's bond, derivative and structured credit portfolios, as well as other classes, could fall more than estimated, and therefore cause the Nordea Group to record write-downs. Future valuations of the assets for which the Nordea Group has already recorded or estimated write-downs, which will reflect the then-prevailing market conditions, may result in significant changes in the fair values of these assets. Further, the value of certain financial instruments are recorded at fair value which is determined by using financial models incorporating assumptions, judgments and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require the Nordea Group to recognise further write-downs or realise impairment charges, which may have a material adverse effect on the Nordea Group's business, financial condition and results of operations. In addition, because the Nordea Group's trading and investment income depends to a great extent on the performance of financial markets, volatile market conditions could result in a significant decline in the Nordea Group's trading and investment income, or result in a trading loss, which in turn could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

### ***The Nordea Group is exposed to structural market risk***

#### ***Structural interest rate risk***

Like all banks, the Nordea Group earns interest from loans and other assets, and pays interest to its depositors and other creditors. The net effect of changes to the Nordea Group's net interest income depends on the relative levels of assets and liabilities that are affected by the changes in interest rates. The Nordea Group is exposed to structural interest income risk ("SIIR") when there is a mismatch between the interest rate re-pricing periods, volumes or reference rates of its assets, liabilities and derivatives. This mismatch in any given period in the event of changes in interest rates could have a material adverse effect on the Nordea Group's financial condition and results of operations.

#### ***Structural foreign exchange risk***

The Nordea Group is exposed to currency translation risk primarily as a result of its Swedish and Norwegian banking businesses, as it prepares its consolidated financial statements in its functional currency, the euro. The Nordea Group's functional currency for its Danish banking business is the Danish krone, which is pegged to the euro. Because the Nordea Group shows translation differences between the local currency denominated equity positions of its fully consolidated subsidiaries, the euro effects arising from currency translation may reduce equity. In addition, because some of the Nordea Group's consolidated risk-weighted assets ("RWA"), against which the Nordea Group is required to hold a minimum level of capital, are denominated in local currencies, any significant depreciation of the euro against these local currencies would adversely impact the Nordea Group's capital adequacy ratios. While the Nordea Group generally, follows a policy of hedging its foreign exchange risk by seeking to match the currency of its assets with the currency of the liabilities that fund them, there can be no assurances that the Nordea Group will be able to successfully hedge some or all of this currency risk exposure.

## **Risks Relating to Liquidity and Capital Requirements**

### ***Liquidity risk is inherent in the Nordea Group's operations***

Liquidity risk is the risk that the Nordea Group will be unable to meet its obligations as they fall due or meet its liquidity commitments only at an increased cost. A substantial part of the Nordea Group's liquidity and funding requirements is met through reliance on customer deposits, as well as on-going access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. The volume of these funding sources, in particular long-term funding, may be constrained during periods of liquidity stress. Turbulence in the global financial markets and economy may adversely affect the Nordea Group's liquidity and the willingness of certain counterparties and customers to do business with the Nordea Group, which may result in a material adverse effect on the Nordea Group's business and results of operations.

### ***The Nordea Group's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate.***

Under the European Capital Requirements Directive, (comprising Directive 2006/48/EC and Directive 2006/49/EC the "CRD" the Nordea Group is required to maintain certain capital adequacy ratios. In addition the Basel Committee on Banking Supervision has proposed a number of fundamental reforms to the regulatory capital frame work for internationally active banks, the principal elements of which are set out in its papers released on December 16, 2010 (together with the January 2011 release (as defined herein), "Basel III). As of the date of this Base Prospectus, the CRD is in the process of being reformed to reflect the Basel III framework, including the higher capital requirements.

Debt and equity investors, analysts and other market professionals may, nevertheless, require higher capital buffers than those required under current or proposed future regulations due to, among other things, the continued general uncertainty involving the financial services industry and the uncertain global economic conditions. Any such market perception, or any concern regarding compliance with future capital adequacy requirements could increase the Nordea Group's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its results of operations, financial condition and liquidity. In addition, lower internal credit rating of customers, substantial market volatility, widening credit spreads, changes in the general capital adequacy regulatory framework or regulatory treatment of certain positions, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of underlying assets, or further deterioration of the economic environment, among other things, could result in an increase in the Nordea Group's RWA, which potentially may reduce the Nordea Group's capital adequacy ratios. If the Nordea Group were to experience a reduction in

its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations.

***The Nordea Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings***

There can be no assurances that Nordea or its principal subsidiaries will be able to maintain their current ratings or that the Nordea Group can retain current ratings on its debt instruments. A reduction in the current long-term ratings of Nordea or one of its principal subsidiaries may increase its funding costs, limit access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Therefore, a reduction in credit ratings could adversely affect the Nordea Group's access to liquidity and its competitive position and, therefore, have a material adverse effect on its business, financial condition and results of operations.

**Other Risks Relating to the Nordea Group's Business**

***Operational risks, including risks in connection with investment advice, may affect the Nordea Group's business***

The Nordea Group's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies. The Nordea Group's Operations are carried out through a number of entities. Operational losses, including monetary damages, reputational damage, costs, and direct and indirect financial losses and/or write downs, may result from inadequacies or failures in internal processes, systems (for example, IT systems), licenses from external suppliers, fraud or other criminal actions, employee errors, outsourcing, failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, or to obtain or maintain proper authorisation, or from customer complaints, failure to comply with regulatory requirements, including but not limited to anti-money laundering, data protection and antitrust regulations, conduct of business rules, equipment failures, failure to protect its assets, including intellectual property rights and collateral, failure of physical and security protection, natural disasters or the failure of external systems, including those of the Nordea Group's suppliers or counterparties and failure to fulfil its obligations, contractual or otherwise. Although the Nordea Group has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by the Nordea Group, or that the Nordea Group's reputation will not be damaged by the occurrence of any operational risks. As a part of its banking and asset management activities, the Nordea Group provides its customers investment advice, access to internally as well as externally managed funds and serves as custodian of third-party funds. In the event of losses incurred by its customers due to investment advice from the Nordea Group, or the misconduct or fraudulent actions of external fund managers, the Nordea Group's customers may seek compensation from the Nordea Group. Such compensation might be sought even if the Nordea Group has no direct exposure to such risks, or has not recommended such counterparties to its customers. Any claims in this respect could have a material adverse effect on the Nordea Group's reputation, business, financial condition and results of operations.

***The Nordea Group is subject to a variety of risks as a result of its operations, in particular in Poland, Russia and the Baltic countries***

The Nordea Group's operations in Poland, Russia and the Baltic countries present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America. The Nordea Group faces significant economic and political risk, including economic volatility, recession, inflationary pressure, exchange rate fluctuation risk and interruption of business, as well as civil unrest, moratorium, imposition of exchange controls, sanctions relating to specific countries, expropriation, nationalisation,



renegotiation or nullification of existing contracts, sovereign default and changes in law or tax policy. For example, as a result of the economic recession experienced by countries in the Baltic region in 2008 and 2009, questions were raised about their ability to react to the weakened conditions in the local economies and the ability of such countries and their residents to continue to perform on their respective obligations. Risks such as these could impact the ability or obligations of the Nordea Group's borrowers to repay their loans, impact the ability of the Nordea Group to utilise collateral held as security, impact interest rates and foreign exchange rates, and could adversely impact levels of economic activity, which would have a material adverse effect on the Nordea Group's business, financial condition and results of operations in these countries.

***Profitability in the Nordea Group's life and pension business depends on regulations and guidelines in the countries in which it operates.***

In addition to insurance risk and investment risks related to its life insurance business common to all life insurance and pension providers, The Nordea Group's ability to generate profit from its insurance subsidiaries generally depends on the level of fees and other income generated by the insurance and pension business. The level of fees and other income which the Nordea Group may earn from its life insurance subsidiaries differs from country to country, depending on regulations and guidelines promulgated by the relevant financial services authorities on shareholder fees, IFRS bridging, profit sharing and solvency requirements.

***The Nordea Group could fail to attract or retain senior management or other key employees.***

The Nordea Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Nordea Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Competition from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intense. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on the Nordea Group's business.

***The Nordea Group faces competition in all markets.***

There is competition for the types of banking and other products and services that the Nordea Group provides and there can be no assurances that the Nordea Group can maintain its competitive position. If the Nordea Group is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest, fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations.

**Risks Relating to the Legal and Regulatory Environments in which the Nordea Group Operates**

***The Nordea Group is subject to substantial regulation and oversight by a number of different regulators***

The Swedish Financial Supervisory Authority is the main regulator of the Nordea Group's operations, although the Nordea Group's operations in Denmark, Finland, Norway, Poland, Russia, Estonia, Latvia, Lithuania, Germany, Isle of Man, Luxembourg, Singapore and the United States are subject to direct scrutiny from the local regulators in these jurisdictions. The Nordea Group is also subject to the oversight of regulators in each country where it has a branch or representative office, including China. The Nordea Group is subject to laws and regulations, administrative actions and policies in each of the jurisdictions in which it operates, all of which

are subject to change, and compliance with which may from time to time require significant costs.

Areas where changes or developments in regulation and/or oversight could have an adverse impact include, but are not limited to (i) changes in monetary, interest rate and other policies, (ii) general changes in government and regulatory policies or regimes which may significantly influence investor decisions or may increase the costs of doing business in the Nordic markets, Poland, Russia and the Baltic countries, and such other markets where the Nordea Group carries out its business (iii) changes in capital adequacy framework, imposition of onerous compliance obligations, restrictions on business growth or pricing and requirements to operate in a way that prioritises other objectives over shareholder value creation, (iv) changes in competition and pricing environments, (v) differentiation amongst financial institutions by governments with respect to the extension of guarantees to bank customer deposits and the terms attaching to such guarantees, (vi) expropriation, nationalisation, confiscation of assets and, changes in legislation relating to foreign ownership, (vii) further developments in the financial reporting environment, and (viii) other unfavourable political, military or diplomatic developments, in particular in Poland, Russia and the Baltic countries, producing social instability or legal uncertainty, which in turn may affect demand for the Nordea Group's products and services.

As a result of the recent global financial and economic crisis, a number of regulatory initiatives have been taken to amend or implement rules and regulations, which are likely to have an impact on the business of the Nordea Group. Such initiatives include, but are not limited to, requirements for liquidity, capital adequacy and handling of counterparty risks, and regulatory tools provided to authorities to allow them to intervene in scenarios of distress. These or any other requirements, restrictions, limitations on the operations of financial institutions and costs involved could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

### ***The Nordea Group may incur substantial costs in monitoring and complying with new capital adequacy requirements***

The Basel Committee expects its member jurisdictions to begin the implementation of Basel III, including the new regulatory capital framework, from January 1, 2013, with full implementation by January 1, 2019. As of the date of this Base Prospectus, the CRD is in the process of being reformed to reflect the Basel III framework, including the higher capital requirements set forth in the framework. The Basel Committee on Banking Supervision has also proposed that global systemically important banks ("G-SIBs"), such as Nordea, which was included in the initial list of G-SIBs published by the Financial Stability Board ("FSB") in November 2011, should have an additional loss absorbency capacity above the minimum common equity ratio of 7.0% required by Basel III. Further, the Swedish Ministry of Finance, the SFSA and the Central Bank of Sweden ("Riksbanken") announced in November 2011 that higher capital standards than those set forth in the Basel III framework would be required from domestic systemically important banks ("D-SIBs"), which group includes the Nordea Group. There is no certainty as to the final framework for, or the timing of, the capital adequacy standards that will be ultimately developed and implemented, and the Nordea Group may incur substantial costs in monitoring and complying with the new capital adequacy requirements. The new capital adequacy requirements may also impact existing business models. In addition, there can also be no assurances that breaches of legislation or regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

### ***Legal and regulatory claims arise in the conduct of the Nordea Group's business***

In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk. The Nordea Group carries out operations through a number of legal entities in a

number of jurisdictions and is subject to regulation in each such jurisdiction. Regulation and regulatory requirements are continuously amended and new requirements are imposed on the Nordea Group, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance. The Nordea Group is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs, (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses, all of which could have a material adverse effect on the Nordea Group's business, financial condition and results of operations. Adverse regulatory actions against the Nordea Group or adverse judgments in litigation to which the Nordea Group is party could result in restrictions or limitations on the Nordea Group's operations or result in a material adverse effect on the Nordea Group's business, financial condition and results of operations.

***The Nordea Group is exposed to risk of changes in tax legislation as well as to increases in tax rates.***

The Nordea Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. The Nordea Group's business, including intra-group transactions, is conducted in accordance with the Nordea Group's interpretation of applicable laws, tax treaties, regulations and requirements of the tax authorities in the relevant countries. Nordea has obtained advice from independent tax advisors in this respect. However, there can be no assurances that its interpretation of applicable laws, tax treaties, regulations, or administrative practice is correct, or that such rules are not changed, possibly with retroactive effect. Legislative changes or decisions by tax authorities may impair the present or previous tax position of the Nordea Group.

## **General risks relating to the Notes**

### ***Credit risk***

Investors in Notes issued by the Banks are exposed to a credit risk on the Issuing Bank. The investor's ability to receive payment under a Note is thus dependent on the Issuing Banks' ability to fulfil its payment obligations, which in turn is to a large extent dependent on developments in the Banks' business and the Banks' financial performance, as set out above.

### ***Credit rating***

A credit rating is a rating which a borrower may receive from an independent credit rating agency with respect to its ability to perform its financial obligations. Credit rating is often referred to as "rating". Two of the most frequent rating agencies are Moody's and Standard & Poor's.

The Banks' credit rating does not always mirror the risk related to individual Notes under the MTN Programme. A credit rating is not a recommendation to buy, sell or hold securities or keep the investment. A credit rating be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Banks access to the debt capital markets depend significantly on its credit ratings. In addition, real or anticipated changes in the issuer's credit ratings generally will affect the market value of the notes.

### ***Cancelled or scaled down issue***

The Banks reserve the right to cancel all or parts of an issue upon the occurrence of certain circumstances, e.g. where the subscribed amount does not reach certain levels or where an participation ratio cannot be determined to a certain level. The Banks also reserve the right to, at

the sole discretion of the Banks, cancel an issue upon the occurrence of economic, financial or political events which may jeopardise a successful issue of Notes.

### ***Noteholders' meeting***

Section 13 of the Terms and Conditions provides that the Banks, Dealers, and holders may under certain conditions call a meeting of holders of Notes. The noteholders' meeting may make decisions that affect the Holders' rights and obligations under Notes and which are binding on all holders of Notes. The noteholders' meeting may also elect and issue instructions to a representative of the holders of Notes to act on their behalf before a court of law or enforcement authorities or in any other context.

Decisions made at a duly convened and conducted noteholders' meeting are binding on all holders of Notes irrespective of whether they have been present or represented at the meeting and irrespective of whether, and the manner in which, they voted at the meeting. Accordingly, a certain majority of noteholders may make decisions that are binding on a non-consenting minority.

### ***Amendments to the terms and conditions for Notes and changes in the Programme Amount***

The Banks and Dealers have the right to make amendments to the terms and conditions for Notes pursuant to section 12 of the Terms and Conditions. Evident and manifest errors in the Terms and Conditions and in the Final Terms, as well as information that, at the sole discretion of the bank, is deemed unclear can be adjusted without the consent of the holders.

The Banks and Dealers have the right to agree to increase or decrease the Programme Amount.

In section 12 it is further stated that the terms and conditions may be amended through decisions made at an Holders meeting. Such an amendment is binding on all Holders.

### ***Substitution of debtor***

The Banks are, subject to the conditions stated in the Terms and Conditions, entitled to substitute the Issuing Bank with another bank in the Nordea Group as debtor under a Note (and such transferee bank will assume all obligations of the Issuing Bank under such Note) without the consent of Holders and Dealers. The Banks shall notify the Holders of a change of debtor.

### ***Legislative amendments***

Notes are issued under Swedish, Finnish, Danish or Norwegian law in force as of the issue date. Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of the law after the issue date may affect Notes and the Banks make no representations in this regard.

### ***Holdings have no security in the Bank's assets***

Notes are unsecured debt instruments and the Holders would be unsecured creditors in the event of the Banks' bankruptcy (Sw. *konkurs*).

### ***Capital Adequacy Regulatory Framework***

In 2007, the Act on Capital Adequacy and Large Exposures (Sw. *lag (2006:1371) om kapitaltäckning och stora exponeringar*) was adopted to implement the European Capital Requirements Directive (comprising Directive 2006/48/EC and Directive 2006/49/EC) (which, as at the date of this Base Prospectus, is in the process of being reformed) (the "CRD") and the Basel II Requirements. Until fully implemented, the Issuer cannot predict the

precise effects of the changes that result from implementation of the CRD or any proposed reforms of the CRD on both its own financial performance or the impact on the pricing of its Notes issued under the Programme. Prospective investors in the Notes should consult their own advisers as to the consequences for them of the potential application of the CRD.

***Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments***

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On November 13, 2008 the European Commission published a proposal for amendments to the EU Savings Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

**Risks relating to specific types of Notes**

***Risks related to the complexity of the product***

The yield structure for structured Notes is sometimes complex and may contain mathematical formulae or relationships which, for the investor, may be difficult to understand and compare with other investment alternatives. The relationship between yield and risk may, for a layman, be difficult to assess. ***As to the correlation between yield and risk it can generally be said that a relatively high yield most often is associated with relatively greater levels of risk.*** One way of increasing the probability of a higher yield is, for example, to include leverage effects in the yield structure which results in that comparatively small changes in the performance of reference assets may have major effects for the value and yield on Notes. Such a structure is generally also associated with a higher risk (see below under the section, Risk relating to reference assets). The past performance of corresponding investments is only a description of the historical performance of the investment and shall not be regarded as an indication of future yield. Information regarding past performance is not available with respect to certain reference objects; for example, this is the case with respect to certain hedge funds. Investors should carefully consider which yield structure applies to the Notes or Notes in which the investor is investing in order to obtain an understanding of how the relevant Notes operate in different scenarios and the risks an investment in the Notes entails. Under the section entitled The performance structure, a description is provided on page 31 below of the yield structures for various Notes.

## **Risks relating to reference assets**

With structured Notes (e.g. equity-linked Notes, currency-linked Notes, credit-linked Notes, fund-linked Notes, commodity-linked Notes and other possible structures) the yield, and sometimes also the repayment of principal, depends on the performance of one or more reference assets, commonly referred to as reference assets, such as equities ("private equity"), indices, interest rates, currencies, credit exposures (one or more), fund units, commodities or baskets thereof, or combinations or the relationship between assets. If the repayment of an invested amount is linked to the performance of reference assets, the investor may risk losing the entire invested amount. Structured Notes are often designed on the basis of a combination of different types of traditional instruments such as equities, fund units or a derivative instrument. These combinations of products may have elements of different instruments. The value of a structured Note will be affected by the value of the reference asset or the relevant comparison figure. The valuations of the reference asset may take place both during the term and on the Redemption Date and the performance may be positive or negative for the holder. The Holder's right to yield, and where applicable repayment, thus depends on the performance of the reference asset and applicable performance structure. The value of a structured Note may, in addition to changes in the price of the reference asset, be determined by the intensity of the price fluctuations of the reference asset (commonly referred to as volatility), expectations regarding future volatility, market interest rates and expected dividends or other distributions on the reference asset.

### ***Risk relating to limited information***

In relation to certain reference assets, e.g. certain hedge funds or indices composed of hedge funds, there is limited access to information since, among other things, the official closing price of some of these reference assets is published less frequently. The composition of certain indices and funds may be confidential for strategic reasons. Other factors limiting transparency in relation to such reference assets may be that the reference asset is not subject to continuous trading, that valuation models for determination of the value of the reference assets are not reported to the investors and those underlying factors which affect the value of the reference asset are not public.

### ***Risk relating to premium and participation ratio***

The relationship between the value of a structured Note and the performance of the reference assets or changes between them is not always linear but, rather, sometimes depends on the yield structure and a participation ratio which determines the extent to which the performance of the reference asset is reflected in the value of the Note. The participation ratio is set by the Issuing Banks and determined, among other things, by term to maturity, volatility, market interest rates and expected dividends on the reference asset. The amount that the investor risks is greater in those structured Notes that are subscribed for/purchased at a premium, i.e. when the investor pays more than the nominal amount, due to the risk that these might be redeemed only at the nominal amount. In certain Notes there are series called *Trygg* (Safety) and *Chans* (Chance) alternatives. In the *Trygg* alternative, with a lower participation ratio, the investor's only risk is that he will not receive any yield on the invested capital and commission. In the so-called *Chans* alternative, with a higher participation ratio, the investor risks also the premium, i.e. the price the investor must pay on the settlement date in addition to the nominal amount.

### ***Intensity Price fluctuations, so called volatility***

If, pursuant to the Final Terms, a note is designed to include variables such as multipliers or leverage factors, cap/floor, another combination of these variables or other similar elements, the market value of such Notes may be more volatile than the market value of a security without such elements.

### ***Risks relating to market disruption and extraordinary events***

Market disruption can occur, for example, if the trading in reference assets is suspended or an official price for some reason is not listed. In conjunction with market disruption, the value of reference assets is determined at a different time than intended and, in certain cases, also by another method than intended. Certain reference assets such as equities, equity baskets or fund units may be affected by extraordinary events such as delisting, nationalisation, bankruptcy (*konkurs*), liquidation (*likvidation*) or the equivalent or a share split, new share issue, bonus issue, issuance of warrants or convertibles, reverse share split or buyback in respect of such equity or equity basket which constitutes a reference asset. For all structured Notes, events such as changes in the law or increased costs for risk management may arise. If so, the Bank may, at its sole discretion, make any adjustments in the composition of the assets and the calculation of the yield or value of Notes or replace one reference asset with another reference asset, to the extent that the Bank deems necessary in order for the calculation of the yield or value of Notes to, in the Bank's opinion, reflect the manner in which yield or value was previously calculated. It may be that the Bank believes that such adjustments cannot procure a fair result, in which case the Bank may make the calculation of yield prematurely and determine the additional amount or the yield. Interest on the principal amount shall thereafter accrue at the market rate of interest. The Bank may make such amendments in the terms and conditions of the Notes as the Bank deems necessary in connection with such extraordinary events as may be stated in the General Terms or the Final Terms.

### ***Reading of closing values of reference assets***

In certain yield structures, the closing price is recorded on a number of occasions in order to calculate an average final price. The aim is to minimise the risk of single extreme values greatly affecting the final price. Investors should, however, appreciate the fact that the value on such recording occasions will affect the average final price, entailing that the final price may be lower or higher than the actual closing price on the valuation day. In some Notes however, the value is determined on the basis of a single valuation, hence, there is a risk that some extreme values could affect the final price.

### ***Loss of redemption amount/Delivery obligation***

If, according to the Final Terms, the redemption amount is dependent on the performance of one or more reference assets, investors risk losing the value of the entire investment or parts of it. Notes are written down to zero on the Redemption Date irrespective of whether the principal amount of the Notes is repaid in parts or, ultimately, not at all. If, according to the Final Terms, the redemption amount under certain circumstances may be replaced by an obligation to deliver equities, another reference asset or the equivalent thereof in cash, the value of such delivery or payment may be lower than the value of the original investment. Structured Notes may be linked to, for example, the development of a fund or of so called fund of funds. The liquidity of the shares in these funds can be limited as well as the number of occasions on which fund units can be redeemed during a year. Certain funds reserves the right to, under certain circumstances, close the fund for entry or exit. These circumstances can entail a risk that the redemption Notes linked to such fund is materially postponed or, in extraordinary circumstances, is not made at all.

### ***Repurchase/Early Redemption***

The Issuing Bank is entitled to redeem Notes early if the Final Terms contain a call option right, in which event the Notes may be redeemed prior to the agreed maturity date.

A right of the Issuing Bank to redeem Notes early may reduce the market value of Notes. During the period in which the Issuing Bank has such call option right, the market value of Notes will probably not exceed the amount for which Notes may be redeemed.

It can generally be expected that the Issuing Bank will exercise its right to redeem the Notes early when the Issuing Bank's refinancing costs for the Note are lower than the interest on the Notes. At such time, an investor generally does not have an opportunity to reinvest the redemption amount at an effective rate of interest matching the rate of interest or the yield under the Notes. Other reasons for early redemption can be that an applicable leverage threshold is breached or the occurrence of another agreed termination event,

### ***Total cost***

Costs are incurred by the Bank in connection with the issuance of structured Notes due to, among other things, production, distribution, licences, exchange listing and risk management. In order to cover these costs, the Bank charges brokerage fees and commissions. The amount of the commission may vary and is affected by the fluctuations in interest rates and the price of the financial instruments included in the product.

Investors should be aware that market participants have varying possibilities to influence the price of the financial instruments that may be embedded in a Note. Pricing of structured Notes are normally not made on marketable terms but is decided by the Issuing Bank. Hence, there may be a conflict of interest between the issuing bank and the Investors, to the extent the Issuing Bank is able to influence pricing, and has a possibility to make a gain or to avoid a loss, to the detriment of the Investors. The transparency relating to the pricing of Structured Notes may be limited.

### ***Currency risks***

When the reference asset is listed in a currency other than Swedish kronor (or, where applicable, in a currency other than Euro or Danish kronor), changes in the currency exchange rate may affect the yield on Notes. This does not apply to Notes which, pursuant to the terms and conditions, are expressly currency hedged, i.e. have a fixed exchange rate.

### ***Alternative cost risks***

The market risks vary depending on the note structure and the term to maturity for different Notes. The value of a Note varies with changes in market interest rates. A so-called structured Note often operates as a combination of an interest-bearing investment and, for example, an investment in equities. An investor thus takes an additional risk when investing in a structured Note if the alternative had been a pure interest-bearing investment. A structured Note generates no interest or other yield if the market performance is unfavourable and it is redeemable only at the nominal amount. If the Note is not principal protected, the entire invested amount may be lost. The investor in such a structured Note assumes an alternative risk corresponding to the interest that the investor would have received had the alternative been, instead, to invest the money in pure interest-bearing instruments. If the investor sells such Note prior to the expiry of the term to maturity, the investor bears the risk of receiving less than the nominal amount of the Note.

### ***Specific Legal risks relating to certain Notes***

In relation to Structured Notes it should be noted that any change in applicable laws or regulations or changes in the application thereof as well as specific events such as a moratorium, currency restriction, embargo, blockade or boycott of a central bank, the Swedish or Finnish government or other sovereign such as the United Nations or the European Union, may result in (i) a substitution of reference assets, (ii) a change in a method for calculation of certain amounts under the Note, (iii) that certain amounts are calculated at an earlier date, (iv) a change in the calculation of yield and/or (v) amendments of the Terms and Conditions or the Final Terms. Such event may therefore adversely affect the yield and other amounts that are payable to the investors under a Structured Note, as well as the timing of payments.



In the event that a change in laws or regulations or decisions by public authorities (or in the application thereof), or any other circumstance not directly related to a downgrading of the Issuing Bank's credit ratings, would (in the opinion of the Issuing Bank) result in an increase in certain costs related to Structured Note or increased costs for the Issuing Bank's risk management in relation to Structured Note, such event may entitle the Issuing Bank to (i) substitute reference assets, (ii) change a method for calculation of certain amounts under the Note, (iii) calculate certain amounts at an earlier date, (iv) change the calculation of yield and/or (v) amend the Terms and Conditions or the Final Terms.

## **Risks Relating to the Market**

### ***Secondary market and liquidity***

There is no guarantee that a secondary market in Notes will develop and be maintained. In the absence of a secondary market, Notes may be difficult to sell at a satisfactory market price and the investor should be aware that he may realise a loss upon sale if Notes are sold prior to the redemption date. Even if a Note is registered or listed on an exchange, trading in the Note will not always take place. Thus, it may be difficult and costly for the Holder to sell the Note within a short time frame and it may be difficult for the holder to obtain a price that is equivalent to the price obtainable for securities that are traded in a liquid secondary market.

In addition, it should be noted that it may from time to time be difficult or impossible to dispose of the investment due to, for example, severe price fluctuations, the fact that relevant marketplaces are closed, or that restrictions on trading have been imposed during a certain period of time.

At the time of sale, the price may be higher or lower than on the settlement date due to market changes but also due to liquidity on the secondary market.

### ***Clearing and settlement***

Notes issued under the MTN Programme are linked to Euroclear Sweden, Euroclear Finland or VP, all of which are so called account-based book entry systems and, consequently, no physical securities will be issued. Clearing and settlement in connection with trading in Notes takes place in the VPC-system, the Euroclear Finland and the VP-system or such other clearing system set out in the Final Terms. Holders of Notes are dependent on the relevant clearing system in order to obtain payment under the Notes.

## **The Banks' discretion regarding the proceeds**

The Banks are free to utilise the proceeds from issuance of Notes without any particular restrictions. The Banks do not represent or warrant that the utilisation of proceeds will result in or generate a maximum, or even a positive, result for the Banks or the Nordea Group.

## NOTES – TERMS AND CONDITIONS AND STRUCTURE

The Banks have established the MTN Programme for the purpose of issuing Notes on the capital market in Swedish kronor or Euro with maturities ranging from 30 days up to perpetual maturity. The aggregate nominal amount of Notes outstanding from time to time will not exceed one hundred billion Swedish kronor (SEK 100,000,000,000) or the equivalent thereof in Euro. Notes will be issued in the form of dematerialised debt securities, so called Medium Term Notes. Notes in denominations of less than one hundred thousand Euro (€100,000) may be issued under the MTN Programme, provided that NBF may not issue Notes in denominations of less than one thousand Euro (€1,000) or the equivalent thereof in SEK or other currency (and multiples thereof). The summary section on page 6-11 contains a summarised description of the MTN Programme in its entirety.

### 1. What is a Note?

#### *Freely transferable debt instrument*

Notes are freely transferable debt securities, often referred to as bonds. A Note manifests a debt owed by the relevant Issuing Bank to the investor and the investor is normally entitled to a cash payment from the Issuing Bank upon maturity (and sometime also interest payments during the term). Therefore, Notes differ from convertible debt instruments as investors in such instruments may under certain circumstances receive a physical delivery of shares instead of a payment on maturity. Once the Note has been issued and the investor in the Note has paid the issue price to the issuer the investor is generally entitled to receive payments from the issuer and will not owe any further obligation to make payments to the issuer.

#### *Combination of instruments*

The Banks may issue structured Notes pursuant to the MTN Programme. Structured Notes have - as mentioned in the section “Risks relating to specific types of Notes” on page 21 above and under the heading “Different types of Notes” below - developed in recent years and did not exist in the early bond markets. In terms of structure and economics, a structured Note often operates as a combination of different types of more traditional instruments, e.g. a bond combined with a share, a fund unit or a derivative instrument. The product may be composed of and resemble several instruments. However, all structured Notes constitute a claim of the investor towards the issuer pursuant to which the investor, subject to the terms of the Notes, is entitled to receive a cash payment from the issuer (or in limited cases where specifically stated in the terms and conditions, to a physical delivery of a reference asset). In this context it is important to note that, if the Note is composed of a derivative element, the so called counterparty risk in the derivative instrument remains with the Issuing Bank. However the market risk is transferred to the investor.

#### *Principal protected or not*

The Terms and Conditions of Notes issued provide that the Issuing Bank may issue “non-principal protected” Notes, meaning Notes under which the investor stands the risk of losing all or part of his investment in the event of a negative performance in the reference asset. A Note where the terms of which are such that the investor is always entitled to receive a nominal amount (or a certain minimum amount) are normally referred to as “*principal protected*” Notes. It shall be noted however that the investor risk losing his investment also where he invests in a principal protected Note, since repayment of the investment is dependent on that the Issuing Bank has sufficient assets to perform its payment obligations. The principal protection thus only mean that the investor is entitled to receive repayment of a certain minimum amount on the redemption date irrespective of the performance in the relevant reference asset of the Note. Further information with respect to different types of reference assets for structured Notes is provided under the heading “Different types of Notes” below.

### *Listing*

Notes are often listed for trading on any of the stock exchanges or other marketplace as further specified in this Base Prospectus; however, certain Notes may be tailored specifically to suit a particular investor or group of investors that seek exposure to a specific risk or market. Such Notes will normally not be intended for public trading or frequent transfer, although the Notes as such will be a freely transferable instrument. Further information with respect to secondary market trading is provided in the section “Risk factors” on pages 12-25 above.

### *Status*

Notes issued under the MTN Programme constitute direct and unsecured obligations of the respective issuing Bank and will rank *pari passu* with the Banks' unsecured and unsubordinated obligations.

## **2. Terms and Conditions – Final Terms**

### *Terms and Conditions*

The MTN Programme is one of the Banks' platforms for borrowings in the debt capital markets and is primarily intended to be used for issuance in Sweden, Finland, Denmark and Norway. The MTN Programme constitutes an efficient platform to relatively frequent and quickly raise capital in the aforementioned markets. One of the most important features of the MTN Programme is the Terms and Conditions, set out in their entirety in this Base Prospectus, as these apply to all Notes issued pursuant to the MTN Programme. The Terms and Conditions are standardised and general in nature and are intended to cover a large number of different types of Notes. The Terms and Conditions are therefore relatively extensive and complicated.

### *Final Terms*

Final Terms are prepared for each series of Notes. A form of Final Terms is set out in this Base Prospectus (as an appendix to the Terms and Conditions). The Final Terms specifies the terms and conditions for each series of Notes and constitute the full terms and conditions for the relevant series of Notes when applied together with the Terms and Conditions. Thus, the Final Terms must always be read together with the Terms and Conditions in order to obtain a complete understanding of the terms and conditions applicable to a specific Note. The Final Terms often, where deemed necessary, contain a reference to such parts of the General Terms that are applicable to the particular series of Notes, as well as any supplementary terms and conditions that are not set out in the Terms and Conditions. The Final Terms will specify, among other things, the nominal amount, denomination, type of note and method of calculation of yield or interest under the specific series of Notes.

Final Terms for Notes which are offered to the public or otherwise admitted to trading on an exchange are filed with the Swedish Financial Supervisory Authority. Final Terms that are filed accordingly will be published and made available on the Banks' website ([www.nordea.com](http://www.nordea.com)) and may also be obtained free of charge from any of the Banks' branch offices.

## **3. Different types of Notes**

As described above, a Note represents a right to demand and receive a certain performance from the relevant Issuing Bank, normally in the form of a cash payment or, in limited cases, by delivery of other assets (so called *performance in kind*). A Note is usually interest bearing or carries another form of yield. Notes where the redemption amount or the yield is linked to and determined on the basis of a reference asset are often referred to as structured Notes (see further below). The interest or other yield under a structured Note is often variable and not guaranteed and, where also the redemption amount is linked to the reference asset, the investor may under

certain structured Notes bear the risk of losing a significant part of the investment (or the entire investment) in certain cases of negative performance in the reference asset.

This section contains a presentation of the main types of Notes that the Banks intend to issue pursuant to the MTN Programme and the most common types of reference assets. The main types of Notes, coupon and zero coupon Notes, are presented immediately below.

#### *Coupon and zero coupon Notes*

Coupon notes pay interest and/or yield on a continuing basis during the term of the note or, alternatively, on the conditions specified for the note.

Zero coupon notes are non interest bearing. These notes are normally issued at a discount, i.e. the Issuing Bank receives an amount on the issue date which is lower than the nominal amount of the note and pays the nominal amount on the redemption date or, alternatively, the Issuing Bank receives the nominal amount for the note on issue and pays the nominal amount plus accrued interest on the redemption date.

Notes may be issued as coupon notes or as zero coupon notes or as a combination of both. Structured Notes under which the redemption amount is linked to the performance of various types of reference assets may or may not provide for payment of interest or other yield on a continuing basis.

#### *Amortising Notes*

The Banks may issue amortising Notes, being Notes where the principal amount is repaid in instalments.

#### *Interest bearing Notes*

Interest-bearing Notes typically accrue a fixed, floating or variable interest. A floating rate of interest is often composed of a variable interest base rate such as STIBOR (*Stockholm Interbank Offered Rate*) plus or minus a fixed interest margin; instruments with floating interest rates are frequently referred to as *floating rate notes*, whereas under Notes with fixed interest the rate of interest is fixed. Under a Note with inverse floating interest, there may be a fixed rate of interest less a rate of interest based on a reference rate such as STIBOR. The interest may be adjustable and adjusted after each interest period. There are also Notes where the interest structure is changed during the term to maturity. For example, a fixed rate may be paid initially but the interest may subsequently change to a floating rate; or the interest may, for example, be increased after a certain period of time, referred to as *interest step-up*.

Structured Notes may be interest based in the sense that they are structured with a yield based on a rate of interest and/or change in interest rate. Under range bonds, the yield depends on a whether a specified interest or interest index moves within certain predetermined ranges. The structure of such Notes may include multipliers, leverage factors, cap/floor and/or combinations thereof. Structured interest based Notes are further addressed under yield and redemption structures below.

#### *Inflation-linked Notes*

Inflation protected Notes are notes with or without an inflation-protected rate of interest and with an inflation-protected redemption amount. The rate of interest may be fixed or floating. If Notes are not interest-bearing, an inflation-protected redemption amount is paid only upon maturity. The calculation of inflation protection is based on the consumer price index. Such index is comprised of statistics that do not necessarily reflect the actual inflation exposure of the individual investor. The inflation-protected interest amount as well as the inflation-protected

principal amount is notified to the investors upon determination of those amounts by the Issuing Bank in accordance with the Terms and Conditions and the Final Terms.

#### *Equity-linked Notes*

Under an equity-linked Note, the yield and/or redemption amount depend on the performance of one or more equities, equity indices or baskets of equities, and/or equity indices or equity markets. The risk exposure under an equity-linked Note may be directed at certain markets or certain industries. There may be Notes where the underlying index or equity/equities relate to companies with a certain credit rating, as well as Notes where the reference assets are units in private equity funds or shares in venture capital companies. The risk focus of each specific series of equity-linked Notes will be clearly stated in the Final Terms.

An equity-linked Note may (but does not always) provide for a minimum predetermined yield, normally in the form of interest, in addition to the equity-linked yield. The Issuing Bank may structure an equity-linked Note so that the yield increases or decreases depending on the movements in the relevant equity instrument or index during the term.

Equity-linked Notes may have a variable degree of exposure to the reference asset. The Notes may be issued at a premium which is lost, or the right to repayment of an invested amount may be lost in whole or in part, if the reference asset performs disadvantageously for the investor or in relation to a relevant comparison figure (and vice versa if the performance of the reference asset is positive). Alternatively, there may be a more limited link to the value of the reference asset, and thus a lower exposure to the relevant equity. For example, there are Notes which pay a predetermined minimum yield despite that the reference asset performs negatively. However, such Notes generally provide a more limited yield in a scenario where the reference asset performs well, as compared to Notes without minimum yield.

#### *Reverse convertible Notes*

In a reverse convertible Note, the reference asset is normally composed of a share index or a basket of shares or indices. Repayment of the principal amount in cash may, under certain conditions, be replaced by an obligation of the issuer to deliver shares or the value of the shares in cash. A reverse convertible Note may include a fixed yield element.

#### *Credit-linked Notes*

Credit linked notes (CLN) are notes where the right to receive interest and/or the redemption amount is linked to certain reference credits or credit indices. The interest and/or redemption amount depend on whether a so-called "credit event" occurs during to term of the note (as further described below). The reference credits may be credits or baskets of credits related to specified companies or sovereigns such as governments, municipalities county councils, or credit indices. The reference credits may consist of existing, future, conditional or unconditional payment obligations under debt instruments, e.g. loan- or credit agreements, bonds or commercial paper (irrespective of term to maturity), financing commitments, payment obligations in respect of deposits, letters of credit, guarantee or surety commitments or other undertakings in respect of the payment obligations of a third party.

The interest and/or the redemption amount under a credit-linked Note may thus depend on the credit risk associated with one or more companies, i.e. the companies which are obliged to perform under the relevant reference credits (the so-called reference entities). Credit-linked Notes are often issued and priced on the basis of the credit ratings of the reference credits or reference entities. The rate of interest on the Notes is higher the lower the credit rating of the reference asset/entity. The higher interest on the Notes is intended to compensate for the higher risk associated with a low rating of the reference asset/entity, i.e. an increased likelihood that a credit event may occur. A credit event normally consist of payment default, bankruptcy (*konkurs*) or other insolvency related proceeding or other event that would typically affect the

likelihood of a creditor to receive repayment in full pursuant to the terms and conditions of the reference credit. A credit event may result in that the investor loses the right to receive interest and/or the redemption amount (in full or in part) on the Notes. Some credit-linked Notes are structured so that the interest and/or redemption amount is determined only on the basis of the first credit event, while other structures may take several credit events into account and gradually reduce the yield/redemption amount. The relevant reference credits as well as the reference entities and the credit risk associated with those will be clearly stated in the Final Terms of each series of credit-linked Notes.

Credit-linked Notes may be issued in several tranches, all of which relate to the same reference assets. The tranches would then generally have different ranking and risk so that credit events are allocated towards the tranches in their order of seniority (i.e. the lowest ranking would bear the first losses etc).

#### *Fund-linked Notes*

Under a fund-linked Note, the yield and/or the redemption amount depends on the performance of one or more funds, including hedge funds, so-called fund of funds (a fund of funds is a fund which invests in one or more funds), fund indices or baskets of funds. The funds may be Swedish or foreign and managed by well-known or less well known fund managers. Some of the funds are approved by and subject to the supervision of the Swedish Financial Supervisory Authority and are so called UCITS funds or so-called special funds in accordance with the Swedish Act on Investment Funds (2004:46) whereas other funds have not been approved by (and thus not under supervision of) the Swedish Financial Supervisory Authority. The funds may be organised as mutual funds or in corporate form. Examples of funds that are often organised in corporate form are the *private equity* funds, hedge funds and/or fund of funds. Not all funds are subject to investor protection rules similar to those that apply to mutual funds under Swedish law. Funds and fund of funds have different types of investment strategies and different risk levels and a fund index may relate to a number of different funds. The investment scope and strategy of the individual funds and other material information will be clearly stated in the Final Terms. Further, it is important to note that the fund rules of many funds or funds of funds provide various restrictions with respect to redemption of fund units, e.g. it may be possible to redeem units only on a limited number of times during a year or in a minimum or maximum amount and there may be circumstances under which redemption is closed entirely. Further it is important to note that in certain funds or funds of funds the liquidity might be limited or non existent. Such liquidity restrictions are generally mirrored in the fund-linked Notes and are therefore relevant to the investor in the Notes as they may result in delayed (or cancelled) redemption of the Notes.

#### *Commodity-linked Notes*

In a commodity-linked Note the yield or redemption amount depends on the value of one or more commodities, a commodities index or a basket of commodities and/or commodities indices, or a relevant comparison figure for the reference asset. Commodities that may be used as reference assets are electricity, oil, gold, emission rights, aluminium, copper and zinc.

#### *Currency-linked Notes*

In a currency-linked Note the yield or redemption amount depends on the value of one or more currencies or baskets thereof, or a relevant comparison figure for the underlying currency and/or rates of exchange of one or more currencies in relation to each other. The value of one or more currencies or relevant exchange rates may be determined by reference to spot or forward rates and may be generated from official sources such as the European Central Bank's fixing or similar, but also by reference to private trades on the currency market or on the basis of quotes from a number of independent banks.

#### *Index-linked Notes*

In an index-linked Note the yield and/or redemption amount depends on the performance of one or more indices or baskets of indices. The risk exposure under an index-linked Note may be directed at certain markets, industries or certain types of assets. Examples of indices which may be relevant include property indices, commodities indices and indices for other types of assets. The focus for any individual Note will be clearly stated in the Final Terms.

#### *Mixed portfolio Notes*

In a mixed portfolio Note the yield and/or redemption amount is linked to the performance of a number of portfolios which contain different types of assets. The assets in a portfolio or the different portfolios may be assigned different weights and will thereby influence the yield and/or redemption amount according to their respective weight. The types of assets may, for example, be equities, currencies, interest rates and commodities (different asset types can form part of the same portfolio and there may be several portfolios with different types of assets that are compared against each other).

#### **4. The performance structure – a description**

The performance structures described below determine the manner in which the performance of the relevant reference assets (as described for each type of Notes in section 3 above) affects the yield and/or the redemption amount under the Notes. The performance structures set forth below may be applied to several of the aforementioned types of Notes, so called “structured Notes”. Structured Notes may, in many cases, correspond in terms of risk and functionality to combinations of several types of traditional instruments, e.g. a bond combined with a share, a fund unit and/or a derivative instrument. The value of a structured Note will be affected by the value of the reference asset or relevant comparison figure. The value of the reference asset is sometimes determined at a number of occasions during the term of the Notes and sometime only at maturity. The performance may be positive or negative for the investor. Thus, the investor's right to yield and, where applicable, payment of the redemption amount is a function of the performance of the reference asset and the applicable performance structure. Investors will be notified of the relevant performance as well as yield and redemption amount in accordance with the Terms and Conditions and Final Terms of the relevant Notes.

The performance structures described below represent a selection of the most common structures. The structures may be combined, varied and used in their entirety or only in part. Other performance structures may also be applied, in which case the structure will be described in greater detail in the Final Terms for the relevant Notes.

##### *“Base structure”*

The basic method for calculation of performance under a structured Note compares the change between the initial price and the final price of one or more reference assets (below referred to as the “base structure”). In order to mitigate the impact of temporary value fluctuations in the reference asset the performance of the reference asset is often determined on the basis of an average value during the term of the Notes (i.e. there several valuation times). In some Notes however, the value is determined on the basis of a single valuation.

##### *“Best of” structure*

The “best of” structure is based on the base structure but includes a minimum yield, i.e. a floor for the yield. The investor receives either the minimum yield or a yield which reflects an increase in value of the reference asset, whichever is greater. When the change in value of the reference asset would result in a yield which is less than the predetermined minimum yield, the investor receives an amount corresponding to the minimum yield.

##### *“Max” structure*

The “max” structure is based on the base structure but contains a predetermined maximum yield, i.e. a cap on the yield. The investor receives either the maximum yield or a yield which reflects an increase in value of the reference asset, whichever is lower. If the change in value of the reference asset would result in a yield which exceeds the predetermined maximum yield, the investor receives an amount corresponding to the maximum yield.

*"Barrier" structure*

This structure provides for a deemed fixed price on the reference asset which replaces the actual final price if the final price on the reference asset reaches and/or exceeds a price cap or is less than a price floor.

*"Cliquet" structure*

A "cliquet" structure consists of the aggregate of a number of sub-yields for specified time periods during the term. Each time period may also have an upper or lower limit in respect of the proportion of sub-yield which is taken into consideration for the purpose of calculating the final total yield on the Notes.

*"Reverse Cliquet" structure*

The performance in a reverse cliquet structure consists of a predetermined yield less the total of any negative sub-yields for specified time periods during the term.

*Cumulative structure*

In a cumulative structure, the value of the Notes is calculated on the basis of a number of sub-yields for specified time periods which are multiplied on a number of occasions during the term. Each time period may also have an upper or lower limit as to the proportion of the sub-yield which is taken into consideration for the purpose of calculating the final total yield on the Notes.

*"Digital" structure*

The yield on a digital structure Note depends on the value of a reference asset on the closing day in relation to a predetermined value.

*"Binary" structure*

The yield in a binary structure depends on the relationship between the value of a reference asset and a predetermined value during the entire term of the Notes.

*"Portfolio" structure*

The yield in a portfolio structure Note comprises the average value during one or several specified time periods of the single best performing, or several of the best performing reference assets in a basket of several reference assets. The best performing reference asset(s) may be removed from the basket at the end of each time period.

*"Rainbow" structure*

In a rainbow structure, each reference asset is assigned a predetermined asset share value on each valuation date based on the performance of that reference asset, that is, the reference asset with the most favourable development in is designated a predetermined value and so forth. This structure is combined with one of the other structures.

*"Range Accrual" structure*



In a “range accrual” structure the yield on the Notes is a function of the number of days that the rate or the value of the reference asset is within a predetermined rate/value interval.

*"Swing" structure*

In a “swing” structure the yield on the Notes is determined by the reference asset with the lowest increase in value during the term.

*"Fixed best" structure*

In a "fixed best" structure, the final price of the reference asset which performed best is replaced by a predetermined value for the purpose of calculating the yield of the Notes.

*"Out performance" structure*

In an “out performance” structure, the yield on the Notes is linked to the difference in performance between two or more reference assets. The performance of the reference asset may be determined by way of reference to the base structure or in another manner. The reference assets to be compared may stay the same or vary during the term of the Notes and the structure may assign different weights to the reference assets and those weights may also change during the term. If the comparison takes place continuously or on several occasions during the term of the Notes, the performance may be locked in during the term.

*"CPPI" (Constant Proportion Portfolio Insurance) and "VPPI" (Variable Proportion Portfolio Insurance)*

CPPI and VPPI respectively offer an investment with total or partial protection of principal. Continuous adjustment of the exposure to the reference risk assets in the underlying portfolio such that the underlying portfolio can absorb a certain decrease in value before the value of the underlying portfolio falls below a certain predetermined value and therefore the risk that are embedded in the product is minimised. The value referred to may for example, be a value which is linked to the present value of the principal protection. The reduction in value which the underlying portfolio can absorb is often referred to as the CPPI/VPPI “cushion”.

The size of the exposure to the risk asset is determined from time to time by a multiplier. In practice, the stipulated exposure to the risk asset is equal to the CPPI/VPPI cushion multiplied by the multiplier. The degree of linkage between the exposure against the risk asset vis-à-vis the product of the CPPI/VPPI cushion and the multiplier may, however, vary from product to product. For example, the exposure to the risk asset may be allowed to deviate to a greater or lesser degree from the product of the CPPI/VPPI cushion and the multiplier without the underlying portfolio being adjusted. If the multiplier is constant over time, the product is referred to as CPPI; if the multiplier can vary over time, the product is referred to as VPPI. In a VPPI the multiplier may, for example, be a function of the characteristics of the risk assets, e.g. volatility. In addition to the risk assets, the underlying portfolios may comprise loans or cash.

The flexibility of a CPPI allows for a high degree of variation in the choice of reference assets. The reference portfolio may contain a mix of several types of assets.

*"Simple Leverage" structure*

Under a simple leverage structure there is no adjustment of the degree of exposure to the reference asset. The value of the Notes is therefore a direct function of the value of the reference portfolio from time to time less the leverage amount. A simple leverage structure is often combined with an option for the Issuing Bank to redeem the Notes prior to its stated maturity if the value of the reference portfolio falls below a predetermined lowest level. The amount that the investor is entitled to receive may fall below the predetermined lowest level.

### *“Constant Leverage” structure*

A constant leverage structure is a structure where the exposure against the reference risk asset is continuously adjusted in order to achieve a permanent leverage. The mechanics behind the adjustment of the risk exposure are similar to those in a CPPI. The value of the reference portfolio is a direct function of the current determined exposure towards the reference asset less the current leverage amount. A “constant leverage” structure is often combined with an option for the Issuing Bank to redeem the Notes prior to its stated maturity if the value of the reference portfolio falls below a certain predetermined floor.

### *“Delta 1” structure*

Under a “Delta 1” structure the investor in the Notes receives the current value of the reference asset on the redemption date. In this type of structure the investor is fully exposed to the performance of the underlying reference asset and the Note is not capital protected.

## **5. Other factors which may affect the redemption amount or yield under a Note**

The different types of Notes and the performance structures described above may be combined with one or several of the variables described below. These variables may affect the investor’s risk and the yield and/or the redemption amount under the Notes.

### *Absolute figures or percentage changes*

The reference figures which may form part of the performance structures described above for determining performance may be an absolute figure or be expressed as a percentage.

### *Principal protection or not*

The Terms and Conditions allows for issuance of Notes which are structured so that the investor may lose the entire investment or be entitled to recover a small portion of the original investment if the reference asset performs to the disadvantage of the investor. A Note under which the investor is entitled to receive at least the principal amount of the Note on maturity regardless of the performance of the reference asset is a “principal protected” (or “capital protected”) Note. Whether a Note has capital protection or not will be clearly stated in the Final Terms.

Certain structures may allow for capital protection exceeding the principal amount of the Notes through positive changes in value being locked in on one or more occasions during the term. This will be clearly stated and is described in greater detail in the Final Terms.

### *Notes with adjustable interest payment and Redemption Dates*

The Issuing Bank may under certain conditions have the right to change (delay) the interest payment and repayment of principal on the Notes, e.g. if liquidity in a certain reference asset is too low. If so, this is clearly stated in the Final Terms.

### *Early redemption*

In a Note with an early redemption feature the Issuing Bank is entitled to redeem the Note before the stated maturity date if the price of a reference asset during the term reaches a certain predetermined level (referred to as a call option) or for other reasons. In certain cases, a predetermined early redemption amount may be specified. There are also structures which allow the investors to demand redemption of the Note prior to maturity, for example in order to lock

in and realise a positive performance in the reference asset (referred to as a put option). The existence of a call or put option will be clearly stated in the Final Terms.

#### *Index ratio*

The structure of the Notes may contain an index ratio which is used to determine the exposure to the respective reference asset, i.e. the proportion of the change in value which accrues to the investor in each individual Note. The index ratio is set by the Issuing Bank and is determined by, among other things, the term, volatility, market interest rate and expected return on the reference asset.

#### *Premium or discount*

Notes may be issued at a premium or discount, which means that the investor pays on issue an amount that is higher or lower than the principal amount of the Notes. Zero coupon Notes are frequently issued at a discount. Structured Notes are often issued at a premium and the premium can be considered as the fee that the investor pays for being entitled to receive a comparatively larger part of a positive performance of the reference asset. The difference between the paid amount and the Notes' principal amount (the premium) is never covered by the capital protection in a Note.

#### *Multiplies and leverage effects*

In certain structured Notes a multiplier is included against which the performance of the reference asset is multiplied, thereby significantly increasing the portion of the change in value which may be credited to the investor in a Note (in the above-mentioned CPPI structure, there may be multiplier in the range of 4-5). A high multiplier often entails that the Note is issued at a higher premium. The multiplier will result in a more rapid loss of invested capital in the event of a negative performance of the reference asset. Notes with multiplier always provide a floor so that a negative performance in the reference asset cannot result in that the value of the Notes becomes negative.

#### *"Leverage"*

Leveraged structures offer a higher exposure to the reference asset than the amount of the invested capital would otherwise allow. The leverage is often created by synthetically borrowing against the underlying portfolio of reference assets. The leverage can sometimes vary over time according to a predefined mechanism. Such mechanism may serve the purpose of keeping the leverage and/or the exposure to the reference assets within certain limits.

#### *Currency factor*

If the currency of the reference asset differs from the currency of the Notes, investors may be exposed to a currency risk relating to the exchange rate between the currency of the Notes and the currency of the reference asset.

Dual currency Notes may be issued under the MTN Programme. For dual currency Notes, payment of principal, interest, yield and redemption amounts may take place in different currencies.

#### *"Rebalancing"*

Rebalancing is a continuous adjustment of the relationship between the exposure under a risk asset and invested principal. The rebalancing mechanics will, if applicable, be described in greater detail in the Final Terms.

## TERMS AND CONDITIONS

### for Notes issued pursuant to Nordea Bank Finland Plc's and Nordea Bank AB (publ)'s

#### MTN Programme

The following Terms and Conditions dated 7 May 2012 shall apply to notes (each a "Note" and, when referred to as the notes in a series, the "Notes") that Nordea Bank Finland Plc ("NBF") and Nordea Bank AB (publ) ("NBAB") (reg. no. 1680235-8 and 516406-0120 respectively) (jointly the "Banks" and individually the "Bank") issues under this MTN Programme in Swedish kronor ("SEK"), Euro ("EUR") or another currency subject to a minimum maturity of 30 days. With respect to Notes issued under Danish, Finnish or Norwegian law, these Terms and Conditions shall apply subject to the modifications set forth in Additional Terms 1. The maximum amount of all Notes outstanding from time to time may not exceed SEK ONE HUNDRED BILLION (100,000,000,000) or the equivalent thereof in EUR (unless otherwise amended in accordance with section 11.2).

Each Series of Notes will be subject to final terms ("Final Terms") containing additional terms and conditions. The Final Terms may modify these terms and conditions ("Terms and Conditions") and will prevail in the event of any inconsistency. The Final Terms together with the Terms and Conditions will constitute the complete terms and conditions for the relevant Notes. Any references below to "these terms and conditions" shall be deemed to include the provisions of the relevant Final Terms. The Final Terms for Notes offered to the public or otherwise listed with an exchange will be published on the Issuing Bank's homepage and submitted to the Swedish Financial Supervisory Authority and will be made available at NBAB's and NBF's head offices.

#### Section 1 Definitions

In addition to definitions set forth above, in these Terms and Conditions the following definitions shall apply.

|                             |  |
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| "Account Operator"          | A bank or other party authorised to act as an account operator pursuant to the Swedish Financial Instruments Accounts Act (1998:1479) and with which a Holder has opened a VP account with respect to Notes;   |
| "Additional Amount"         | As specified in the Final Terms;   |
| "Adjusted Principal Amount" | The Principal Amount of the Notes less the aggregate nominal amount of all Notes of the same series held by the Issuing Bank or another Holder which is a member of the Nordea Group;  |
| "Administrator"             | As specified in the Final Terms – where Notes are issued through (i) an Issuing Bank and two or more Issuing Agents and the Issuing Bank is not responsible for certain administrative duties concerning the Note; or (ii) two or more Issuing Agents, the Issuing Bank shall appoint an Issuing Agent as Administrator with responsibility for certain administrative duties regarding the Notes; |
| "Affected Reference Asset"  | A Reference Asset that is affected by Market Disruption, Disruption, Calculation Adjustment, Corrections, or Extraordinary Events, Change in Law or Increased Costs. If the Reference Asset is constituted by a basket of underlying assets, Market Disruption, Disruption, Calculation  |

Adjustment, Corrections, or Extraordinary Events, Change in Law or Increased Costs shall be deemed to have occurred only for such underlying asset or assets which are affected.

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| "Amortisation Amount"     | As specified in the Final Terms;  |
| "Amortisation Dates"      | As specified in the Final Terms;  |
| "Asset Share Value"       | As specified in the Final Terms;  |
| "Base CPI"                | The Participation Ratio stated in the Final Terms which is the Base Consumer Price Index as determined at the time specified in the Final Terms;  |
| "Base Currency"           | The currency in which the Reference Asset is reported;  |
| "Basket Performance"      | As specified in the Final Terms;  |
| "Business Day"            | A Business Day Sweden and/or Business Day Finland or a day other than a Saturday, Sunday or public holiday on which commercial banks and domestic capital markets are open for business in a jurisdiction specified in the Final Terms;   |
| "Business Day Convention" | Means the convention applicable for the purposes of adjusting a relevant day where the day would occur on a day which is not a Business Day. The adjustment may be made in accordance with any of the conventions stated below;<br><br><u>Following Business Day</u><br><br>Where an Interest Payment Date or another relevant date occurs on a day which is not a Business Day, it shall be deferred to the immediately following Business Day.<br><br><u>Modified Following Business Day</u><br><br>Where an Interest Payment Date or another relevant date occurs on a day which is not a Business Day, it shall be deferred to the immediately following Business Day unless that day falls in the next calendar month, in which case the Interest Payment Date or another relevant date shall occur on the immediately preceding Business Day.<br><br><u>Preceding Business Day</u><br>Where an Interest Payment Date occurs on a day which is not a Business Day, it shall instead occur on the immediately preceding Business Day. |
| "Business Day Finland"    | A day other than a Saturday, Sunday or public holiday on which commercial banks and domestic capital markets are open for business in Helsinki;   |
| "Business Day Sweden"     | A day in Sweden which is not a Sunday or other public holiday or, with respect to the payment under debt instruments, is not equated with a public holiday;   |
| "Calculation"             | As specified in section Additional Terms 2 to these Terms and   |

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| Adjustment"               | Conditions with any amendments or adjustments as set out in the Final Terms;   |
| "Calculation Agent"       | The agent for the Issuing Bank as stated in the Final Terms and which performs the duties specified in the Final Terms;  |
| "Change in Law "          | As specified in section 5;   |
| "Closing Date"            | As specified in the Final Terms;   |
| "Closing Price"           | As specified in the Final Terms;   |
| "CPI"                     | Consumer price index or, where CPI has ceased to be determined or published, an equivalent index with respect to consumer prices in Sweden as determined or published by SCB (Statistics Sweden) or the body which determines or publishes such index in lieu of SCB. In the event an index series is changed, the new index shall be recalculated to the index series on which the Base CPI is based; |
| "Correction"              | As specified in Additional Terms 2 to these Terms and Conditions with any amendments or adjustments as specified in the Final Terms;   |
| "Credit Event"            | As specified in Additional Terms 3 to these Terms and Conditions with any amendments or adjustments as specified in the Final Terms;   |
| "Currency"                | SEK, EUR or another currency as specified in the Final Terms;  |
| "Currency Effect"         | Currency Effect arises in conjunction with Currency Exchange where changes, positive or negative, have taken place in the exchange rate for the Base Currency/the Currency between the Issue Date and the day on which Currency Exchange is carried out;   |
| "Currency Exchange"       | Currency exchange performed by the Issuing Bank from the Base Currency to the Currency within the number of days specified in the Final Terms;   |
| "Currency Trading Day"    | Unless otherwise specified in the Final Terms and irrespective of whether a Disruption Currency has occurred, a day on which the price for the Reference Asset Currency is published or is intended to be published in accordance with the provisions of the Final Terms;  |
| "Dealer"/"Dealers"        | NBAB, Nordea Bank Danmark A/S, NBF and Nordea Bank Norge ASA or any other dealer as appointed in respect of an issue of Notes under the MTN Programme;   |
| "Denomination"            | The nominal amount of the Notes as specified in the Final Terms;   |
| "Early Redemption Date"   | The Interest Payment Date or the Interest Payment Dates or other such date as specified in the Final Terms on which the Issuing Bank or, where applicable, the Holder, is entitled to demand early redemption of Notes pursuant to the Final Terms;  |
| "Early Redemption Amount" | As specified in the Final Terms;   |
| "Early Redemption Level"  | As specified in the Final Terms;   |

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| "EURIBOR"                  | The rate of interest which (1) at 11:00 am Central European Time on the relevant day is published on Reuters screen "EURIBOR01" for the relevant period (or through such other system or on such other screen as replaces the aforementioned system or screen) or, in the absence of such quotation the rate of interest which (2) at the aforementioned time, pursuant to notice from the Issuing Agent (or where applicable, the Administrator) or the Issuing Bank corresponds to - (a) the arithmetic mean of the rates quoted by European Reference Banks to leading commercial banks in Europe for deposits of EUR 10,000,000 for the relevant period or, where only one or no such quotation is given - (b) the Issuing Agent's (where applicable, Administrator's) or Issuing Bank's assessment of the rate of interest offered by leading commercial banks in Europe for loans of EUR 10,000,000 in respect of the relevant period on the European interbank market; |
| "Euroclear Sweden"         | Euroclear Sweden AB;  |
| "European Reference Banks" | Four major commercial banks which, at the time in question, quote EURIBOR and are appointed by an Issuing Agent (or, where applicable, the Administrator) or Issuing Bank;  |
| "Extraordinary Events"     | As specified in Additional Terms 2 to these Terms and Conditions with any amendments or adjustments as specified in the Final Terms;  |
| "Final CPI"                | CPI at a point in time specified in the Final Terms; where CPI has not been published 5 Business Days at the latest prior to the relevant Redemption Date as stated in the Final Terms; the Final CPI shall amount to (1) an index based on pricing on the Swedish bond market as determined by the Issuing Bank not later than 5 Business Days prior to the relevant Redemption Date; or (2) the most recently published CPI prior to the date stated in the Final Terms, whichever is higher;   |
| "Final Currency Value"     | As specified in the Final Terms;  |
| "Final Price"              | As specified in the Final Terms;  |
| "Fixed Price"              | As specified in the Final Terms;  |
| "Fund"                     | As specified in the Final Terms;  |
| "Fund Event"               | As further specified in Additional Terms 4 to these Terms and Conditions with any amendments or adjustments as set out in the Final Terms;  |
| "Hedging Disruption"       | As specified in section 5.3;  |
| "Holder"                   | A person or entity registered on a VP account as a creditor or as otherwise entitled to receive payment under Notes and any person of entity which, pursuant to section 18, shall be deemed to be a Holder;   |
| "Increased Costs"          | As specified in section 5.2;  |
| "Inflation-Linked Index"   | The CPI at a time specified in the Final Terms. Where the CPI has not been published at the latest 5 Business Days prior to the relevant Interest Payment Date as stated in the Final Terms, the Inflation-Linked   |

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|                                 | Index shall amount to the higher of (1) an index value based on pricing on the Swedish bond market as determined by the Issuing Bank not later than 5 Business Days prior to the relevant Interest Payment Date or (2) the most recently published CPI prior to the date stated in the Final Terms;  |
| "Inflation-Linked Interest"     | The rate of interest multiplied by the Principal Amount and by a figure corresponding to the ratio between the Inflation-Linked Index and the Base Index (Inflation-Linked Index /Base Index);   |
| "Inflation-Protected Principal" | The Principal Amount multiplied by a figure corresponding to the ratio between the Final CPI and Base CPI (Final CPI/Base CPI);  |
| "Initial Currency Value"        | As specified in the Final Terms;   |
| "Initial Price"                 | As specified in the Final Terms;   |
| "Interest Base Rate"            | EURIBOR, STIBOR or such other reference rate as specified in the Final Terms;  |
| "Interest Determination Date"   | A day specified in the Final Terms which occurs two Business Days prior to the first day in each Interest Period;  |
| "Interest Margin"               | As specified in basis points in the Final Terms;   |
| "Interest Payment Date"         | As stated in the Final Terms, or (i) with respect to the first Interest Payment Date, the day which occurs at the end of the first Interest Period after the Issue Date; and (ii) with respect to subsequent Interest Payment Dates, the day which occurs at the end of the subsequent Interest Period after the immediately preceding Interest Payment Date, subject to the Business Day Convention specified in the Final Terms; |
| "Interest Period"               | The period specified in the Final Terms or, (i) with respect to the first Interest Period, the period from the Issue Date to the first Interest Payment Date; and (ii) with respect to subsequent Interest Periods, the period commencing on an Interest Payment Date to the next Interest Payment Date;   |
| "Interest Rate"                 | As specified in the Final Terms;   |
| "Issuing Bank"                  | As specified in the Final Terms the Bank which issues or has issued the Notes;   |
| "Issue Date"                    | Unless otherwise stated in the Final Terms – the date of payment of issue proceeds in respect of the Notes;  |
| "Issuing Agent"                 | The Dealer specified in the Final Terms for the Notes issued;  |
| "Limit"                         | As specified in the Final Terms;   |
| "Market Disruption"             | As specified in Additional Terms 2 to these Terms and Conditions with any amendments or adjustments as set out in the Final Terms;   |
| "Max Yield"                     | As specified in the Final Terms;   |



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| "Measurement Period"          | Unless otherwise specified in the Final Terms, with respect to each Reference Asset, the period of time from a Start Date up to and including the immediately following Closing Date;  |
| "Minimum Yield"               | As specified in the Final Terms;   |
| "Nordea Group"                | NBAB and its subsidiaries, licensed to carry on financing business in their respective country of domicile;  |
| "Notes"                       | Debt instruments registered pursuant to the Swedish Financial Instruments Accounts Act and which form part of a series issued by the Issuing Bank under this MTN Programme, with the terms and denomination specified in the relevant Final Terms and these Terms and Conditions;  |
| "Options or Futures Exchange" | As specified in the Final Terms;   |
| "Participation Ratio"         | As specified in the Final Terms;   |
| "Performance"                 | As specified in the Final Terms;   |
| "Price Cap"                   | As specified in the Final Terms;   |
| "Price Floor"                 | As specified in the Final Terms;   |
| "Principal Amount"            | As specified in the Final Terms – the nominal amount of the Notes;   |
| "Programme Amount"            | SEK ONE HUNDRED BILLION (100,000,000,000) or the equivalent thereof in EUR (unless otherwise amended in accordance with section 11.2). Notes denominated in EUR or any other currency shall, on the Transaction Date in respect of such Notes, upon calculation of the Programme Amount be converted to SEK in accordance with the rate which applied for such Notes on the Transaction Date as published on Reuters' "SEKFIX=" screen or on such other screen or through such other system as replaces the aforementioned screen or system or, in the absence of such a quotation, the Issuing Agent's (or, where applicable, the Administrator's) or Issuing Bank's spot rate of exchange on the Transaction Date in respect of the relevant currency; |
| "Record Date"                 | The Business Day on which Holders are entitled to payment under these Terms and Conditions, as determined in accordance with section 8.6;  |
| "Redemption Amount"           | The Principal Amount of a Note including accrued interest or other accrued yield (where applicable) and any Additional Amount. The Principal Amount may, where applicable, be an Inflation Protected Principal Amount or physical delivery of securities. Where applicable, the Redemption Amount in respect of non-principal protected instruments may be less than the Principal Amount, in each case as determined by the Issuing Bank in accordance with these Terms and Conditions and the Final Terms;   |
| "Redemption Date"             | As specified in the Final Terms - the day on which the Notes shall be redeemed;  |
| "Reduction Amount"            | The Principal Amount of the Notes on the Redemption Date or the  |

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|                               | Early Redemption Amount (which as the case may be the Principal Amount) as calculated in accordance with the Final Terms on an Early Redemption Date;  |
| "Reference Assets"            | As specified in the Final Terms – reference assets such as equities, shares (including private equity)/depository receipts, indices, interest rates, currencies, fund units, commodities, credit risks or baskets thereof, combinations or relationships between assets, the change in price or performance of which affects the size of the Additional Amount and/or the Redemption Amount;   |
| "Reference Assets Currency"   | As specified in the Final Terms – reference assets such as currencies, the exchange rates of which affects the size of the Additional Amount and/or the Redemption Amount;   |
|                               | enligt Slutliga Villkor – underliggande tillgång såsom valutor vars valutakursförändring påverkar storleken av Tilläggsbeloppet och/eller Återbetalningsbeloppet;  |
| "Reference Banks"             | Four major commercial banks which, at the relevant time, quote STIBOR and are appointed by the Issuing Agent (or, where applicable, the Administrator) or Issuing Bank;  |
| "Reference Interest Rate"     | The rate of interest applicable pursuant to the Final Terms for calculation of the Redemption Amount under certain zero coupon Notes where the Issuing Bank or, where applicable, a Holder, is entitled to early redemption of the Notes pursuant to the Final Terms;  |
| "Reference Yield"             | The yield applicable pursuant to the Final Terms for calculation of the Redemption Amount under certain zero coupon Notes where the Issuing Bank or, where applicable, a Holder, is entitled to early redemption of the Notes pursuant to the Final Terms;   |
| "Replacement Reference Asset" | As specified in the Final Terms;   |
| "Start Date"                  | As specified in the Final Terms;   |
| "STIBOR"                      | The rate of interest which, (1) at or about 11.00am Central European Time on the relevant day is published on Reuters' "SIOR" screen for the relevant period (or through such other system or on such other screen as replaces the aforementioned system or screen) or, in the absence of such quotation, the rate of interest which (2) at the aforementioned time corresponds to (a) the arithmetic mean of the rates for deposits in SEK for the relevant period on the Stockholm interbank market as quoted by the Reference Banks or, where only one or no such quotation is given - (b) the Issuing Bank's determination of the rate of interest offered by Swedish commercial banks for loans in SEK for the relevant period on the Stockholm interbank market; |
| "Stock Exchange"              | As specified in the Final Terms;   |
| "Stock Exchange Day"          | Unless otherwise specified in the Final Terms and irrespective of whether a Market Disruption has occurred, with respect to each Reference Asset which is an equity/depository receipts, equities index or any other type of Reference Asset which is traded on a stock exchange or market place, a day on which (i) trading is intended to take   |

place in a Reference Asset on a Stock Exchange and on an Options or Futures Exchange and/or (ii) the relevant index sponsor publishes the level of the index; and, with respect to Reference Assets which comprise a currency or a currency index or any other type of Reference Asset for which the price is published, a day on which the price for such Reference Asset or currency included in a Reference Asset is published or is intended to be published in accordance with the provisions of the Final Terms; and, with respect to a Reference Asset which is a fund or a fund index, a day on which it is intended that the value of the Reference Asset or units in the Reference Asset shall be published and, with respect to any other Reference Asset, such day as is specified in the Final Terms;

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| "Stock Exchange Day Convention" | Means the applicable convention for the purposes of adjusting a relevant day where the day occurs on a day which is not a Stock Exchange Day. Adjustment may take place in accordance with any of the following conventions and in accordance with what is stated in the Final Terms:<br><br><u>Following Stock Exchange Day</u><br><br>Where a relevant day occurs on a day which is not a Stock Exchange Day, it shall be deferred until the Following Exchange Day.<br><br><u>Modified Following Stock Exchange Day</u><br><br>Where a relevant day occurs on a day which is not a Stock Exchange Day, it shall be deferred to the immediately following Stock Exchange Day in the same calendar month unless that day falls in the next calendar month, in which case the relevant day shall occur on the immediately preceding Stock Exchange Day.<br><br><u>Preceding Stock Exchange Day</u><br><br>Where a relevant day or another relevant day occurs on a day which is not a Stock Exchange Day, it shall instead occur on the immediately preceding Stock Exchange Day. |
| "Structured Notes"              | Notes for which the yield consists of, and is determined by, the Performance of one or more Reference Assets and, where applicable, interest;   |
| "Succession Events"             | As specified in the Final Terms;  |
| "Trading Day Currency"          | Unless otherwise specified in the Final Terms and irrespective of whether a Market Disruption Currency has occurred, with respect to each Reference Asset Currency, a day on which the price for such Reference Asset Currency is published or is intended to be published in accordance with the provisions of the Final Terms;  |
| "Transaction Date"              | A day on which an agreement is reached between an Issuing Agent and Issuing Bank regarding placement of Notes or, where the Issuing Bank itself offers Notes, as determined by the Issuing Bank;  |
| "Valuation Date"                | As specified in the Final Terms;  |
| "Valuation Time"                | Unless otherwise specified in the Final Terms, with respect to each   |

Reference Asset, the time at which its official closing price is determined or the value thereof is otherwise determined as specified in the Final Terms;

VP Account A securities account on which the respective Holder's holdings of Notes are registered in accordance with the Swedish Financial Instruments Accounts Act; and

“Yield Period” As specified in the Final Terms.

Credit-linked notes are subject also to the definitions set out in Additional Terms 3 to these Terms and Conditions.

## **Section 2 Undertaking to pay**

The Issuing Bank undertakes to pay the Redemption Amount and, where applicable, interest or any other form of yield specified in the Final Terms.

## **Section 3 Registration in respect of Notes**

3.1 The Notes shall be registered on VP Accounts on behalf of Holders and, accordingly, no physical securities will be issued.

3.2 Any registrations to be made in respect of the Notes shall be made to an Account Operator.

3.3 A person or entity who, based on any appointment, pledge, provisions in the Swedish Parental Code, testamentary disposition, or deed of gift or otherwise has acquired a right to receive payment under a Note shall register the right to receive payment with Euroclear Sweden.

## **Section 4 Interest and yield structures**

4.1 Interest or other yield is calculated in accordance with one of the following alternatives as further specified in the relevant Final Terms.

### **a) Interest - Fixed Rate**

The Notes shall bear interest at the Interest Rate from but excluding the Issue Date to and including the Redemption Date.

Interest accrued during each Interest Period will be payable in arrear on the relevant Interest Payment Date and shall be calculated on a 30/360 day basis if the Notes are denominated in SEK and on the actual basis/actual basis if the Notes are denominated in EUR, or in accordance with such other calculation principle as applies with respect to the relevant Interest Base Rate.

Unless otherwise specified in the Final Terms, the Business Day Convention stated in section 8.7 below shall apply to Notes that bear fixed interest.

### **b) Interest - Rate adjustment**

The Notes shall bear interest at the Interest Rate from but excluding the Issue Date to and including the Redemption Date. The Interest Rate shall be adjusted periodically and notified to the Holders through Euroclear Sweden.

Interest accrued during each Interest Period shall be paid in arrear on the relevant Interest Payment Date and shall be calculated on a 30/360 day basis if the Notes are denominated in SEK and on the actual number of days if the Notes are denominated in EUR, or in accordance with such other calculation principle as applies with respect to the relevant Interest Base Rate.

Unless otherwise specified in the Final Terms, the Business Day Convention stated in section 8.7 below shall apply to Notes that are subject to rate adjustment.

c) **Interest - FRNs (Floating Rate Notes)**

The Notes shall bear interest from but excluding the Issue Date up to and including the Redemption Date. The Rate of Interest applicable to each Interest Period shall be determined by the Issuing Agent (or, where applicable, the Administrator) or the Issuing Bank on the relevant Interest Determination Date as the sum of the Interest Base Rate and the Interest Margin for the relevant period. The Interest Base Rate for each Interest Period shall be notified to the Holders through Euroclear Sweden.

Interest for each Interest Period is paid in arrear on the relevant Interest Payment Date and is calculated on the actual number of days/360 basis if the Notes are denominated in SEK or EUR, or in accordance with such other calculation principle as applies with respect to the relevant Interest Base Rate.

Unless otherwise specified in the Final Terms, the Business Day Convention stated in section 8.7 below shall apply to FRN.

d) **Interest - Inflation-Linked**

The Notes shall bear Inflation Protected Interest from but excluding the Issue Date to and including the Redemption Date. The Interest Rate may be fixed or floating and shall be calculated and published in the manner stated in a) and c) above respectively. The amount of Inflation-Linked Interest for each Interest Period shall be notified to the Holders through Euroclear Sweden, as soon as such amount is determined by the Issuing Bank.

Unless otherwise specified in the Final Terms, the Business Day Convention specified in section 8.7 below shall apply to Notes that bear Inflation-Linked Interest.

e) **Zero coupon**

The Notes shall not bear interest and are zero coupon notes. Zero coupon Notes may be issued at a discount and redeemed at their nominal amount. Alternatively, zero coupon Notes may be issued at their nominal amount and accrue interest/yield which shall be paid on the Redemption Date.

Unless otherwise stated in the Final Terms, the Business Day Convention specified in section 8.7 below shall apply to zero coupon Notes.

f) **Structured Notes**

The yield shall relate to the Performance of one or more Reference Assets.

The yield may be paid regularly during the term of the Notes, in arrear on each Interest Payment Date, and be calculated for each Yield Period on a 30/360 day basis if the Notes are denominated in SEK and on the actual number of days/actual number of days basis if the Notes are denominated in EUR, or in accordance with

such other calculation principle as applies for the relevant Performance and as specified in the Final Terms.

The Notes may be structured as zero coupon Notes with no regular payments of yield during the term, in which case the Performance of the Reference Assets will be reflected in the Redemption Amount.

The Issuing Bank (or its designee for such purpose) shall, where applicable, upon determination by the Issuing Bank of the yield notify the yield to the Holders in writing or as otherwise set out in the Final Term.

Unless otherwise set out in the Final Terms, the Business Day Convention stated in section 8.7 below shall apply to Structured Notes.

- 4.2 The Final Terms may contain terms whereby the yield under the Notes shall be increased after a certain period of time (Interest Step-up).
- 4.3 The Issuing Bank may structure Notes by using the above interest and yield structures in whole or in part and may combine two or more of the above interest and yield structures in whole or in part. Such combined structures shall not be regarded as new interest or yield structures.
- 4.4 Interest on interest bearing Notes shall bear interest on the outstanding Principal Amount.
- 4.5 If an interest rate cannot be determined due to an event referred to in the first paragraph of section 19, interest shall continue to accrue on the Notes at the rate applicable to the then current Interest Period. The Issuing Agent (or, where applicable, the Administrator) or the Issuing Bank shall as soon as the relevant event has ceased, calculate the new interest rate which shall apply from the second Business Day after the date of calculation until the expiry of the then current Interest Period.
- 4.6 The Issuing Bank may appoint another person or entity to perform calculations pursuant to these Terms and Conditions.

## **Section 5 Terms and conditions applicable only to Structured Notes**

The following provisions apply unless otherwise specified below or in the Final Terms or, if different, in accordance with market practice.

### **Change in Law**

The following provisions shall be applicable to all Structured Notes:

- (a) Where, in the Issuing Bank's opinion, as a consequence of any changes in any law, ordinance, regulation or equivalent or decision by a public authority or any change in the application thereof, or if a decree of moratorium, currency restriction, embargo, blockade or boycott of a central bank, the Swedish or Finnish government or other public authority such as the United Nations or the European Union, it would be unlawful, significantly more difficult or cause significant reputational damage to the Issuing Bank to issue and to hold Structured Notes, or if it becomes unlawful or more difficult for the Issuing Bank or a third party or cause significant reputational damage to the Issuing Bank to hold, acquire or divest Reference Assets or to enter into derivative transactions with respect to a Reference Asset, which may be entered into to hedge the Issuing Bank's exposure under the Notes, the Issuing Bank may determine that the Affected Reference Asset shall be

replaced by a Replacement Reference Asset, or alternatively adjust the calculation of the Additional Amount.

- (b) Where the Issuing Bank determines that it would not provide a reasonable result to replace the Affected Reference Asset or to adjust the applicable calculation, the Issuing Bank may perform an early calculation of the Additional Amount and/or the yield. Such calculation shall be based on the most recently published value of the Reference Asset. When the Issuing Bank has determined the Additional Amount and/or the yield, the Issuing Bank shall notify the Holders of the amount of the Additional Amount and/or the yield and the rate of interest which shall continue to accrue on the Notes, which shall be market rate. The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.
- (c) The Issuing Bank shall be entitled to make any addition, adjustment or amendment to the Final Terms as the Issuing Bank deems necessary in connection with a Change in Law.

### **Increased Costs of Hedging**

The following terms and conditions are applicable to all Structured Notes:

- (a) Where, in the Issuing Bank's opinion, as a consequence of any change in any law, ordinance, regulation or equivalent or decision by a public authority or the application thereof, or any other event or circumstance not directly attributable to the Issuing Bank's deteriorated credit rating which, in the opinion of the Issuing Bank, would affect the Issuing Bank's costs for holding, acquiring or divesting Reference Assets or entering into, maintaining or terminating derivative instruments relating to the Reference Asset for the purpose of managing the Issuing Bank's exposure under the Note, would increase in a manner which is not insignificant for the Issuing Bank or if the Issuing Bank's risk management costs, for a reason other than as listed above would, in the opinion of the Issuing Bank, increase, or where, in the Issuing Bank's opinion, the risk management costs significantly increase, the Issuing Bank may determine that the Affected Reference Asset shall be replaced by a Replacement Reference Asset or alternatively adjust the calculation of the Additional Amount.
- (b) Where the Issuing Bank believes that it would not provide a commercially reasonable result to replace the Affected Reference Asset or to adjust the applicable calculation, the Issuing Bank may perform an early calculation of the Additional Amount and/or the yield. Such early calculation shall be based on the most recently published value of the Reference Asset. When the Issuing Bank has determined the Additional Amount and/or the yield, the Issuing Bank shall notify the Holders of the amount of the Additional Amount and/or the yield and the rate of interest which shall continue to accrue on the Notes, which shall be market rate.. The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.
- (c) The Issuing Bank shall be entitled to make any addition, adjustment or amendment to the Final Terms as the Issuing Bank deems necessary in connection with Increased Costs.

### **Hedging Disruption**

The following terms and conditions shall apply to all Structured Notes:

Where, in the Issuing Bank's opinion, after using commercially reasonable efforts, it would be substantially more difficult or impossible to hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of Reference Assets or enter into transactions or acquire financial instruments for the purpose of hedging/risk management with reference to Reference Assets which have been acquired to secure the Issuing Bank's exposure/delivery obligation under the Notes), the Issuing Bank may determine that Affected Reference Asset shall be replaced by Replacement Reference Asset or alternatively adjust the calculation of the Additional Amount.

If the Issuing Bank believes it would not provide a fair result to replace the Affected Reference Asset or to adjust the applicable calculation, the Issuing Bank may perform an early calculation of the Additional Amount and/or the yield. When the Issuing Bank has determined the Additional Amount and/or the yield, the Issuing Bank shall notify the Holders of the Additional Amount and/or the amount of the yield and at which rate of interest which shall continue to accrue on the Notes, which shall be market rate. . The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.

## **Section 6 Early Redemption and purchase**

6.1 If specified in the relevant Final Terms, the Issuing Bank may redeem Notes early, in whole or in part, at the Early Redemption Amount together with accrued interest (if any), on the date or dates specified in the Final Terms. The Principal Amount of the Notes shall be reduced by the Reduction Amount on the Early Redemption Date irrespective of the amount actually paid.

If, during the term of the Note, the Principal Amount of a Note is reduced to zero in accordance with the Terms and Conditions, then the Issuing Bank may redeem the Note early at such time as the Issuing Bank decides. The Early Redemption Amount shall in such case be zero.

The Issuing Bank shall notify the Holders of any early redemption not later than 10 days prior to the relevant Early Redemption Date. Such notice of early redemption shall be irrevocable.

6.2 If specified in the relevant Final Terms, the Holder shall be entitled to demand early redemption of Notes at their Early Redemption Amount together with accrued interest (if any) thereon, on the date or dates set out in the Final Terms and subject to any conditions specified in the Final Terms.

In order to exercise such option, the Holder, must not less than 45 days prior to the relevant Early Redemption Date give notice to the Issuing Bank. Such notice of early redemption shall be irrevocable.

6.3 Upon early redemption of zero coupon Notes, the relevant Notes shall be repaid in an amount determined on the Record Date in accordance with the following formula, unless otherwise specified in the Final Terms:

$$\frac{\text{Principal Amount}}{(1 + r)^t}$$

r = the ask rate (*säljränta*), expressed as a percentage, quoted by the Issuing Bank for Swedish Government Bonds with an outstanding term to maturity corresponding to the remaining term of the Notes. In the absence of such ask rate, the bid rate (*köpränta*) shall instead be used, as reduced by a market bid/ask spread, expressed in percentage points. The calculation shall be based on the closing quotation or such other Reference Interest Rate or Reference Yield as stated in the Final Terms.



t = the remaining term of the Notes, expressed as a number of days divided by 360 (whereby each month shall be deemed to consist of 30 days) or based on the actual number of days/actual number of days.

6.4 The Issuing Bank shall be entitled from time to time to purchase Notes in the market at the then prevailing market price.

## **Section 7 Withholding tax**

All payments in respect of Notes shall be made without deduction for, or on account of any taxes or charges, provided that the Issuing Bank is not obliged to effect such deductions according to Finnish or Swedish law, ordinances, regulations or similar or decisions by Finnish or Swedish public authorities. In the event the Issuing Bank is obliged to effect any deduction in respect of such Finnish or Swedish taxes, the Issuing Bank will pay such additional amounts as may be necessary in order that the net amount receivable by the Holders, on the due date shall equal the respective amount that would have been receivable in the absence of such deduction; except that no such additional amounts shall be payable where:

- (i) the Issuing Bank is NBAB and the Holder is liable to taxation in Sweden, or where the Issuing Bank is NBF and the Holder is liable to taxation in Finland;
- (ii) the Holder is liable to taxation in Sweden or Finland for any reason other than merely being a holder of rights under Notes; or
- (iii) the Holder is not obligated to taxation in Finland and Sweden by having filed a certificate with the relevant authority.

In addition, no such additional amount shall be payable to Holders where the tax deduction or the charge is imposed in accordance with EU Directive 2003/48/EC with respect to taxation of assets or any other such Directive as implements the conclusion presented by the ECOFIN meeting on 26-27 November 2000 and/or 14-15 December 2001, or any other Swedish or Finnish Act or regulation which implements the above-mentioned Directives or in any other manner is the result of the aforementioned meeting or Directives.

Where, due to changed circumstances, the Issuing Bank is obliged by law to effect any deduction for, or on account of any taxes or charges, the Issuing Bank shall be entitled to effect an early redemption of all outstanding Notes under the relevant series. The relevant Notes shall then be redeemed in an amount corresponding to the Principal Amount of the Notes plus any accrued interest up to and including the Early Termination Date, unless otherwise specified in the Final Terms. In the event the Issuing Bank intends to exercise its right of early redemption, the Issuing Bank shall notify the Holders in accordance with section 14 no later than 30 days prior to, and no earlier than 60 days prior to, the Early Termination Date]. In the event withholding tax is introduced in Finland and Sweden and, pursuant to such Finnish or Swedish withholding tax the Issuing Bank is obliged to effect deductions as referred to in the first paragraph, the Issuing Bank reserves the right to obtain the following information regarding each Holder:

- (i) The Holder's name, personal identification number or other identification number and postal address; and
- (ii) the number of Notes held by the Holder and their Principal Amount.

The information referred to above need only be provided in relation to debt instruments issued under this MTN Programme.

A request for information pursuant to this section 7 shall be submitted to Euroclear Sweden in sufficient time for Euroclear Sweden to process.

## **Section 8 Redemption and payment of interest or other yield**

- 8.1 The Notes shall be repaid at the Redemption Amount (as specified in the Final Terms) on the Redemption Date. If specified in the Final Terms, the Redemption Date may be deferred to a later date in accordance with the provisions specified in the Final Terms ("**Deferred Redemption Date**").
- 8.2 If specified in the Final Terms, Structured Notes may be non-principal protected. If so, the Issuing Bank will upon the occurrence of events or other circumstances specified in these Terms and Conditions be entitled to write down the Principal Amount of the Notes (including accrued interest) in whole or in part and thereby discharge its obligation to redeem the Notes at an amount that is lower than their Principal Amount (or by no payment if the Notes are written down in whole). Irrespective of the amount of redemption payment the Principal Amount will on the Redemption Date or the Early Redemption Date be reduced by the Reduction Amount.
- 8.3 If specified in the Final Terms, certain Notes may be amortising. If so, the Redemption Amount will be paid in instalments equal to the Amortisation Amount on one or several Amortisation Dates, as further set out in the Final Terms.
- 8.4 Interest or other yield that is payable pursuant to section 4 shall be paid on the relevant Interest Payment Date and on the Redemption Date.
- 8.5 Payment of the Redemption Amount and, where applicable, interest and other yield shall be made in the currency in which the Notes are denominated, unless otherwise specified in the Final Terms.

Where the currency of the Reference Asset differs from the currency in which the Notes are denominated, the Issuing Bank will effect a Currency Exchange. A Currency Effect may arise as a result of the Currency Exchange due to positive or negative changes of the relevant exchange rate.

Dual currency Notes may be issued under the MTN Programme. Under dual currency Notes, payment of principal, interest, yield or Redemption Amount may be made in different currencies.

- 8.6 Payment of the Redemption Amount and, where applicable, interest or other yield shall be made to the Holder thereof on the fifth Business Day prior to the respective due date or such later Business Day prior to the due date if generally applicable on the Swedish bond market.
- 8.7 Provided that the Holder, through an Account Operator, has designated a bank account into which payment of the Redemption Amount, interest or other yield shall be made, payment will be made to such account through Euroclear Sweden on the respective due dates. If no such designation has been registered, Euroclear Sweden will, on the due dates, deliver the relevant amount to the address of the Holder as recorded in the register of Euroclear Sweden as of the Record Date.

Notes with fixed interest, Inflation-Linked Interest, rate adjustment or zero coupon Notes shall be subject to the Following Business Day Convention, unless otherwise specified in the Final Terms. Interest will then only be payable up to and including the Redemption Date or Early Redemption Date, as applicable.

Notes with variable interest (FRNs) shall be subject to the Modified Following Business Day Convention, unless otherwise specified in the Final Terms. Interest

will then be calculated on an adjusted or unadjusted basis, as set out in the Final Terms.

Structured Notes shall be subject to the Following Business Day Convention, unless otherwise specified in the Final Terms.

If Notes are subject to a Business Day Convention other than those specified above, or if the structure of the Notes is not provided for in this section 8.7, then the applicable Business Day Convention shall be specified and described in the Final Terms.

- 8.8 In the event that Euroclear Sweden is prevented from making any payment in accordance with the above provisions due to a delay in performance by the Issuing Bank or for any other reason, Euroclear Sweden will make such payment to each person that is registered as a Holder on the relevant Record Date as soon as payment is received from the Issuing Bank or the reason for delay has ceased.
- 8.9 If the Issuing Bank is prevented from making payments to the Holders through Euroclear Sweden because Euroclear Sweden is affected by an event or circumstance set out in the first paragraph of section 19, then the Issuing Bank shall be entitled to defer payment until such time as the event or circumstance affecting Euroclear Sweden has ceased. In such case, interest shall be payable in accordance with section 9.2.
- 8.10 If a person or entity to whom payment was made in accordance with the above provisions was not entitled to receive such payment, the Issuing Bank and Euroclear Sweden shall nevertheless be deemed to have discharged their respective payment obligations, unless the Issuing Bank or Euroclear Sweden had knowledge that payment was made to a person or entity that was not entitled to receive the payment or if the Issuing Bank or Euroclear Sweden did not act with due care.

## **Section 9 Default interest**

- 9.1 In the event of any default in payment, default interest shall be payable on the due and unpaid amount from its due date up to and including the day on which payment is made at a rate of interest equal to the average of one week STIBOR with respect to Notes denominated in SEK, one week EURIBOR with respect to Notes denominated in EUR and, with respect to Notes denominated in any other currency, the rate of interest stated in the Final Terms, in each case plus two percent. STIBOR and EURIBOR shall thereupon be determined by the Issuing Bank on the first Business Day of each calendar week during the period of default. Notwithstanding the aforesaid, the default interest rate on interest bearing Notes shall not (except in circumstances set out in section 9.2) be lower than the rate which applied to the relevant Notes on the relevant due date plus two percent. Default interest shall not be capitalised.
- 9.2 If any default in payment under the Notes is due to any event or circumstance affecting the Dealers, the Issuing Bank or Euroclear Sweden as referred to in the first paragraph of section 19 the default interest rate shall, with respect to interest bearing Notes, not exceed the rate of interest which applied to the relevant Notes on the relevant due date (without addition of two percent) and, with respect to non-interest bearing Notes, no default interest shall accrue or be payable.

## **Section 10 Limitation**

Claims against the Issuing Bank for the payment of a Redemption Amount will be statute barred unless made within ten years after the relevant Redemption Date. Claims against the Issuing Bank for the payment of interest or other yield shall be statute barred unless made within three years after the relevant Interest Payment Date. The Issuing Bank shall upon limitation be entitled to keep any funds that may have been reserved by the Issuing Bank for such payments.

If the limitation period is interrupted (*preskriptionsavbrott*) a new limitation period of ten years will commence for claims in respect of Redemption Amounts and three years for claims in respect of interest amounts and other yield. Where the limitation period is interrupted through any acknowledgement, claim or reminder a new limitation period shall commence on the date of the interruption or, where the limitation period is interrupted through legal proceedings or the claims for payment is brought before in a court of law, enforcement authority or in arbitration proceedings, bankruptcy (*konkurs*) proceedings or proceedings for a judicial composition with creditors (*offentligt ackord*), a new limitation period shall commence on the date on which a judgment or final decision is rendered or the procedure is otherwise terminated.

## **Section 11 Amendments to Terms and Conditions, Programme Amount, etc.**

- 11.1 The Issuing Bank is entitled to make any amendment to these Terms and Conditions that is approved at a meeting of Holders or is approved by all Holders of the relevant Notes. The Issuing Bank shall promptly notify the Holders of any amendment to the Terms and Conditions accordance with section 14.
- 11.2 The Banks and Dealers are entitled to agree any increase or decrease in the Programme Amount. Furthermore, new Dealers may be appointed and an existing Dealer may be replaced or otherwise cease to be a Dealer under the MTN Programme.
- 11.3 In addition to the provisions of section 11.1 or as further set out in these Terms and Conditions, the Banks are entitled, without the consent of Dealers and the Holders, amend these Terms and Conditions and/or the Final Terms in order to correct any manifest error or to the extent appropriate upon a change in applicable mandatory law.

## **Section 12 Meeting of Holders**

- 12.1 The Issuing Bank shall be entitled to convene a meeting of Holders. The Issuing Bank shall be obliged to convene a meeting of Holders upon a written request from a Dealer or from Holders representing not less than one-tenth of the Adjusted Principal Amount.
- 12.2 A written notice of a meeting of Holders shall be provided to the Holders through Euroclear Sweden no later than twenty Business Days prior to the meeting, with a copy to the Dealers. Such notice shall be dispatched in accordance with Euroclear Sweden's applicable procedures. The notice shall contain (i) information regarding the time and place of the meeting, (ii) an agenda listing the matters to be addressed at the meeting and (iii) a summary of each proposed resolution. The matters shall be numbered. A resolution may not be passed at the meeting in respect of any matter that is not listed in the notice. The Issuing Bank shall send a copy of the notice to the Dealers.
- 12.3 The Holders, Dealers, representatives of the Issuing Bank and their counsels, board members, the managing director and other senior executives of the Issuing Bank and the Issuing Bank's auditors and advisors shall all be entitled to attend a meeting of Holders.

A Holder shall be entitled to exercise its rights at a meeting of the Holders through a duly authorised representative. A form of power of attorney will be provided by the Issuing Bank.

- 12.4 The Issuing Bank or the Representative of the Holders appointed in accordance with section 12.9 shall be entitled at all times to request an extract from the register of noteholders (*avstämningsregistret*) kept by Euroclear Sweden in respect of the relevant Notes. The Issuing Bank shall procure that an extract from the register as at the end of the fifth Business Day prior to the meeting of Holders (the “**Noteholders Register**”) is available at the meeting.
- 12.5 The Issuing Bank shall appoint a chairman at the meeting. The chairman shall prepare a list of Holders that are present (or duly represented) with right to vote at the meeting, with information on the proportion of the adjusted Principal Amount of the Notes that are held by each respective Holder (the “**Voting Register**”). Only a person registered in the Noteholders Register or who is to be regarded as a Holder according to section 12.10 is entitled to vote at the meeting and shall be included in the Voting Register. A nominee (*förvaltare*) in respect of nominee registered holdings of Notes (*förvaltarregistrerade innehav*) shall be deemed present at the meeting with the proportion of the Adjusted Principal Amount which the nominee declares itself to represent at the meeting. Neither the Issuing Bank nor any company in the Nordea Group shall be entitled to vote or be included in the Voting Register.
- 12.6 The chairman shall procure that minutes are kept at the meeting of Holders, recording the participants at the meeting, the matters addressed at the meeting, voting results and the resolutions passed. The Voting Register shall be recorded in, or appended to, the minutes. The minutes shall be signed by the chairman and be verified by at least one additional person appointed by the meeting and shall thereafter be submitted to the Issuing Bank. The minutes shall be distributed to the Holders no later than ten Business Days after the meeting, in accordance with section 14. Any new or amended Final Terms or Terms and Conditions shall be appended to the minutes and be submitted to Euroclear Sweden by the Issuing Bank. The minutes shall be safe kept by the Issuing Bank.
- 12.7 The quorum at any meeting of Holders shall be Holders representing not less than one-fifth of the Adjusted Principal Amount are present (or represented) at the meeting. However, the quorum at any meeting for passing a resolution on any of the following matters (“**Extraordinary Resolutions**”) shall be Holders representing at least one-half of the Adjusted Principal Amount:
- (a) approval of an agreement with the Issuing Bank or another party with respect to a change of the Redemption Date, reduction of the Principal Amount, change in relevant currency of the Notes (unless the change in currency is effected by operation of law), change of Interest Payment Date or any other term and condition relating to interest or other yield;
  - (b) approval of a substitution of debtor, other than a substitution that the Issuing Bank is entitled to effect with the Holders’ consent pursuant to section 13; and
  - (c) a resolution to amend this section 12.
- 12.8 If the meeting of Holders has been convened but the necessary quorum requirements have not been met within thirty minutes of the scheduled opening of the meeting, the meeting shall be adjourned for ten Business Days. Where a

quorum is present with respect to certain, but not all, matters which are to be resolved upon at the meeting, the meeting shall be adjourned after resolutions have been passed on those matters for which a quorum was present. A notice of the adjournment and information regarding the time and place of the adjourned meeting shall promptly be dispatched to the Holders through Euroclear Sweden. The quorum for any adjourned meeting shall be formed if any Holder (or representative) entitled to vote is present (or represented) at the meeting (irrespective of the number of Notes held by the Holder) within thirty minutes of the scheduled opening of such meeting. The Voting Register prepared in accordance with section 12.5 shall continue to apply in respect of the adjourned meeting.

- 12.9 Resolutions at meetings of Holders shall be passed by voting. Each Holder entitled to vote shall have one vote per Note held by such Holder. A nominee in respect of nominee-registered Notes (but not other Holders) shall be entitled to split votes on a specific matter (e.g. by partly voting for and partly against a proposed resolution). An Extraordinary Resolution shall be passed by three-quarter majority of the votes cast or, in respect of an adjourned meeting, by simple majority. Any other resolution shall be passed by simple majority of the votes cast. Such other resolutions may, *inter alia*, constitute:
- (a) a consent to a proposed amendment to the terms and conditions of the Notes, provided that the amendment does not require an Extraordinary Resolution;
  - (b) appointment of a representative ("**Representative**") of Holders in matters relating to the Notes both before courts of law and enforcement authorities and outside courts of law and enforcement authorities;
  - (c) directives and instructions to the Representative concerning the Representative's exercise of rights and obligations as representative of the Holders; and
  - (d) appointment of a committee to protect the Holders' interest and exercise the Holders' voting rights pursuant to this section 13.
- 12.10 The nominee in respect of nominee-registered Notes shall be deemed to be the Holder of such Notes unless the beneficial owner of the Notes is present at the meeting of Holders (in person or through a duly authorised representative with power of attorney) and presents the meeting with a certificate from the nominee confirming that the beneficial owner was a holder of the Notes five Business Days prior to the meeting and the size of such person's holding. In such event the beneficial owner shall be deemed to be the Holder for the purpose of this section.
- 12.11 Any resolution passed at a duly convened and conducted meeting of Holders shall be binding on all the Holders, whether or not they are present (ore represented) at the meeting and irrespective of whether or how they voted at the meeting. Holders that have voted in favour of a resolution passed at a meeting of Holders shall not be held liable for any damage that the resolution may cause another Holder.
- 12.12 The Issuing Bank shall be entitled to adopt and prescribe further rules of procedure for the meeting of Holders, in addition to the provisions set out in this section 12.
- 12.13 The Issuing Bank shall reimburse the Representative and Euroclear Sweden for all costs incurred by them in connection with a meeting of Holders, irrespective of who initiated the meeting.

- 12.14 A request for a meeting of Holders to be convened shall be submitted to Nordea Bank AB (publ), marked for the attention of Merchant Banking Law Sweden and Group Treasury. Such request shall state that the matter is urgent.

### **Section 13 Substitution of debtor**

The Issuing Bank may, having given not less than thirty (30) nor more than sixty (60) days' notice to the Holders in accordance with section 14, without the consent of any Holder, transfer all its obligations under or in respect of Notes to another bank in the Nordea Group (which bank will assume the obligations of the Issuing Bank and the Issuing Bank shall be released from its obligations under the Notes), provided that the transferee bank has the same or better credit rating than the Issuing Bank and further provided that the transfer does not materially affect the Holders' credit risk in respect of payments under the Notes. Notwithstanding the aforesaid, NBAB has an unconditional right to succeed to the rights and obligations of NBF in respect of any Notes.

If Notes are transferred from the Issuing Bank to another bank in the Nordea Group (including NBAB), the terms and conditions of the Notes shall apply between each Holder and such transferee bank and the transferee bank shall confirm to the Holders and the Dealers by notice in accordance with section 14 that the transferee bank has assumed all of the Issuing Bank's obligations under the Notes.

### **Section 14 Notices**

Notices shall be provided to Holders in respect of Notes at their address as recorded in Euroclear Sweden's register.

The Issuing Bank shall, where applicable, as soon as possible after determination thereof notify Holders of any Initial- and Final Price, Redemption Amount (if different from Principal Amount) and Additional Amount, Base CPI, Final CPI, Inflation-Protected Principal and interest amounts, together with other information which the Issuing Bank has undertaken to provide pursuant to these Terms and Conditions.

Information regarding prices and changes in prices during the term of a Structured Note may be obtained at Nordea Bank AB (publ) branch offices or as otherwise specified in the Final Terms.

### **Section 15 Confidentiality**

The Issuing Bank reserves the right, with respect to Structured Notes or Notes in relation to which any other bank in the Nordea Group has acted as Dealer, to request and obtain from Euroclear Sweden the following information relating to an account in the Euroclear Sweden noteholders register: (i) the Holder's name, personal identification number or other identification number as well as postal address, (ii) Notes held and the terms and conditions of such Notes and (iii) where applicable, the number of Notes and their nominal amount.

### **Section 16 Listing**

If specified in the Final Terms that an application will be made for the Notes to be admitted to listing, trading and/or quotation with a securities exchange and/or other quotation system, the Issuing Agent or the Issuing Bank will submit an appropriate application for such admission with NASDAQ OMX Stockholm or such other securities exchange or marketplace as specified in the Final Terms. The Issuing Bank shall take any measures that may be required in order to maintain the relevant admission for the entire term of the Notes.

### **Section 17 Right to cancel an offer of Notes; Further issues of Notes**

The Issuing Bank is entitled to cancel an offering of Notes upon the occurrence of any event of an economic, financial or political nature or in accordance with terms stated in the Final Terms which, in the opinion of the Issuing Bank, could jeopardize a successful closing of the relevant issue.

The Issuing Bank may from time to time create and issue further tranches of Notes in relation to a series of Notes having the same terms and conditions as the notes under such series (or the same terms and conditions except for the amount of first payment of interest (if any) and the price of such further Notes upon issue). Such further tranches of Notes will be consolidated and form a single series with the outstanding Notes in respect of such series. Any references in the terms and conditions to Notes will, unless the context otherwise requires, include all Notes in the series after consolidation with the Notes issued in the further issue.

#### **Section 18 Nominee registration**

The relevant nominee (*förvaltaren*) shall for the purpose of these terms and conditions be deemed to be the holder of Notes which are nominee-registered (*förvaltarregistrerade*) pursuant to the Swedish Financial Instruments Accounts Act, except as otherwise explicitly provided in section 12.10.

#### **Section 19 Limitation of liability etc.**

The Dealers, the Issuing Bank and Euroclear Sweden shall not, in connection with the exercise or purported exercise of its obligations in respect of the Notes, be held liable for any damage arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance. The reservation in respect of strikes, lockouts, boycotts and blockades applies even if an aforementioned entity takes such measures, or is subject to such measures.

The Dealers, the Issuing Bank or Euroclear Sweden shall not be held liable for any other damage or loss incurred if such entity has exercised due care. The aforementioned entities shall not in any case be held responsible for any indirect damage, consequential damage and/or loss of profit., otherwise than as a result of or in relation to the gross negligence of the Dealers, the Issuing Bank or Euroclear Sweden.

Should there be an impediment to the Dealers, the Issuing Bank or Euroclear Sweden to take any action pursuant to these terms and conditions due to any circumstance set out in the first paragraph of this section 19, such action may be postponed until the impediment has ceased.

The provisions of this section 19 shall apply unless otherwise provided in the Swedish Financial Instruments Accounts Act.

#### **Section 20 Notes issued under Danish, Finnish or Norwegian law**

Notes that are expressed to be governed by Danish, Finnish or Norwegian law are subject to the Terms and Conditions as amended pursuant to Additional Terms 1 to these Terms and Conditions.

Any reference in these Terms and Conditions to Euroclear Sweden shall, as applicable, apply also in relation to any other clearing organization or institution that is responsible for maintaining and administering a register of Holders and their holdings of Notes and which performs clearing and settlement in respect of Notes, as may be further specified in the Final Terms.

#### **Section 21 Governing law and jurisdiction**



The Terms and Conditions are governed by, and construed in accordance with, the laws of the country specified in the Final Terms and Notes shall be deemed to be issued under such law. The Final Terms may specify Swedish, Finnish, Danish or Norwegian law as the governing law.

If Swedish law is specified in the Final Terms as the governing law, then disputes concerning the interpretation or application of these terms and conditions shall be settled in Swedish courts. The Stockholm District Court shall be court of first instance.

If Finnish law is specified in the Final Terms as the governing law, then disputes concerning the interpretation or application of these terms and conditions shall be settled in Finnish courts. The court of first instance shall be *Helsingen käräjoikeus*.

If Danish law is specified in the Final Terms as the governing law, then disputes concerning the interpretation or application of these terms and conditions shall be settled by Danish courts. The court of first instance shall be *Københavns Byret*.

If Norwegian law is specified in the Final Terms as the governing law, then disputes concerning the interpretation or application of these terms and conditions shall be settled by Norwegian courts. The court of first instance shall be *Oslo Tingrett*.

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These Terms and Conditions have prepared in three (3) original counterparts of which the Dealers have each received one.

It is hereby confirmed that the above Terms and Conditions are binding on us.

Stockholm 7 May 2012

NORDEA BANK FINLAND Plc

NORDEA BANK AB (publ)

## **ADDITIONAL TERMS 1 TO THE TERMS AND CONDITIONS FOR NOTES ISSUED UNDER DANISH LAW, FINNISH OR NORWEGIAN LAW**

Sections and paragraphs referred to in these Additional Terms 1 are references to the corresponding sections and paragraphs in the Terms and Conditions.

### **NOTES ISSUED UNDER FINNISH LAW**

The Terms and Conditions for Notes that are expressed to be governed by Finnish law shall apply as amended by the terms set out below.

#### **Section 1 Definitions**

*The following definitions shall amend or replace the corresponding definitions in the Terms and Conditions.*

|                      |  |
|----------------------|--|
| "Account Operator"   | means an institution to which Euroclear Finland has granted a licence to act as an account operator and conduct registrations in the securities register pursuant to the Finnish Securities System Act (826/1991) and Euroclear Finland's regulations; |
| "Euroclear Finland"  | means Euroclear Finland Ltd,   |
| "Notes"              | means any publicly traded debt instrument in the form of securities issued by NBF under this MTN Programme;  |
| "Securities Account" | means an account pursuant to the Finnish Securities System Act (826/1991) and the Finnish Securities Accounts Act (827/1991);  |

All references to "Euroclear Sweden" in the Terms and Conditions shall be replaced with "Euroclear Finland".

#### **Section 3 Registration of Notes**

*Sections 3.1 and 3.2 shall be replaced by the following provision:*

"Notes shall on behalf of the Holder be registered on a Securities Account, consequently, no physical securities will be issued. A request for a registration measure regarding Notes shall be addressed to the Account Operator."

#### **Section 8 Redemption and payment of interest or other yield**

*Sections 8.6 and 8.7, first paragraph shall be replaced by the following provision:*

"The Redemption Amount and, where applicable, interest or other yield shall be paid on the Redemption Date pursuant to the Finnish Securities System Act (826/1991) and the Finnish Securities Accounts Act (827/1991) as well as Euroclear Finland's rules and provisions to those persons who are entitled to the payments. Euroclear Finland's rules in force from time to time are available at [www.ncsd.eu](http://www.ncsd.eu)."

#### **Section 10 Limitation**

*Section 10, first paragraph shall be replaced by the following:*

"The right to payment of any Redemption Amount and interest or other yield shall become statute barred three years after the Redemption Date or the Interest Payment Date. The Issuing Bank shall upon limitation be entitled to keep any funds that may have been reserved by the Issuing Bank for such payments.

## **Section 12 Meeting of Holders**

*Section 12.2, first and second sentences shall be replaced by the following:*

"Notice to attend meetings of Holders shall be published not later than 20 Business Days prior to the meeting of Holders in accordance with section 15 below. Notices shall be sent to Holders pursuant to section 15 below."

*Section 12.4, first sentence is deleted.*

*Section 12.6, fourth sentence shall be replaced by the following:*

"A copy of the minutes shall be available for inspection at the head office of the Issuing Bank no later than ten Business Days after the meeting of Holders."

*Section 12.8, second sentence shall be replaced by the following:*

"Notice that the meeting of Holders has been adjourned and a new notice to attend the adjourned meeting shall be sent to Holders in accordance with section 14 below."

*Section 12.9, third sentence shall be replaced by the following:*

"Notice to attend pursuant to section 12.2 shall be sent to Holders in accordance with section 14 below."

## **Section 14 Notices**

*Section 14, first paragraph shall be replaced by the following:*

"Notices regarding outstanding Notes shall be published by NBF in a national daily newspaper in the jurisdictions in which Notes have been offered to the public or on the Issuing Bank's website [www.nordea.fi/joukkolainat](http://www.nordea.fi/joukkolainat) or on any other website as specified in the Final Terms for the respective Notes. Written notice may also be sent to Holders at the address recorded in the Issuing Bank's register. Where Notes have been issued as dematerialised securities, notice to Holders may be sent via Euroclear Finland and Account Operators. Notices shall be deemed received by Holders on the day on which they are published in a national daily newspaper, on a relevant website or in Euroclear Finland or, where the notice has been sent by letter, on the seventh day after despatch of the letter. Notice to NBF shall be deemed duly delivered the day after despatch where sent to NBF, Aleksis Kivis katu 9, Treasury/Markets, Helsinki, FI-00020 NORDEA (or another address as notified to Holders) and notices to NBAB shall be deemed duly delivered on the day after despatch where sent to NBAB."

*Section 14, third paragraph shall be replaced by the following:*

"Information regarding prices and changes in prices during the term of a Structured Notes may be obtained at the Issuing Bank's head office."

## **Section 18 Nominee registration**

*Section 18 shall be replaced by the following:*

"The Finnish Securities System Act (826/1991) and the Finnish Securities Accounts Act (827/1991) as well as Euroclear Finland's regulations and provisions shall apply to nominee-registered Notes."

### **Section 19 Limitation of liability, etc.**

*Section 19, final paragraph shall be deleted.*

### **NOTES ISSUED UNDER DANISH LAW**

The Terms and Conditions for Notes that are expressed to be governed by Danish law shall apply as amended by the terms set out below.

### **Section 1 Definitions**

*The following definitions shall amend or replace the corresponding definitions in the Terms and Conditions.*

|                        |   |
|------------------------|---|
| "Business Day"         | Business Day Sweden, Business Day Finland and/or Business Day Denmark or a day other than a Saturday or Sunday or public holiday, on which commercial banks and domestic capital markets are open for business in the jurisdiction stated in the Final Terms; |
| "Business Day Denmark" | A day other than a Saturday or Sunday or public holiday, on which commercial banks and domestic capital markets are open for business in Denmark;   |
| "Notes"                | Debt instruments issued by the Issuing Bank in the form of a note under this MTN Programme;   |
| "VP"                   | VP Securities A/S;  |

### **Section 14 Notices**

*Section 14, first paragraph shall be replaced by the following:*

"Notices shall be provided to Holders of Notes via NASDAQ OMX Copenhagen A/S or VP."

*Section 14, third paragraph shall be replaced by the following:*

"Information regarding prices and changes in prices during the term of a Structured Notes may be obtained at the Issuing Bank's head office."

### **Section 18 Nominee registration**

*Section 18 shall be deleted and the subsequent numbering adjusted.*

### **Section 19 Limitation of liability, etc.**

*Section 19, final paragraph shall be deleted.*

### **NOTES ISSUED UNDER NORWEGIAN LAW**

The Terms and Conditions for Notes that are expressed to be governed by Norwegian law shall apply as amended by the terms set out below.

## Section 1 Definitions

*The following definitions shall amend or replace the corresponding definitions in the Terms and Conditions.*

|                       |  |
|-----------------------|--|
| "Account Operator"    | means an institution to which the VPS has granted a licence to act as an account operator and conduct registrations in the securities register pursuant to the Norwegian Securities Register Act (64/2002);  |
| "Business Day"        | Business Day Sweden, Business Day Finland and/or Business Day Norway or a day other than a Saturday or Sunday or public holiday, on which commercial banks and domestic capital markets are open for business in the jurisdiction stated in the Final Terms; |
| "Business Day Norway" | means any day on which Norwegian banks can settle foreign currency transactions, being any day on which the Norwegian Central Bank's Settlement System is open;  |
| "Notes"               | Debt instruments registered in the VPS and which form part of a series issued by the Issuing Bank under this MTN Programme, with the terms and denomination specified in the relevant Final Terms and these Terms and Conditions;                            |
| "VPS"                 | means Norwegian Central Securities Depository, Verdipapirsentralen ASA;  |
| "VPS Account"         | A securities account on which the respective Holder's holdings of Notes are registered in accordance with the Norwegian Securities Register Act (64/2002);   |

All references to "Euroclear Sweden" in the Terms and Conditions shall be replaced with "VPS".

## Section 8 Redemption and payment of interest or other yield

*Sections 8.6 and 8.7, first paragraph shall be replaced by the following provision:*

"The Redemption Amount and, where applicable, interest or other yield shall be paid on the Redemption Date pursuant to the Norwegian Securities Register Act (64/2002) as well as the VPS' rules and provisions to those persons who are entitled to the payments. VPS' rules and provisions in force from time to time are available at [www.vps.no](http://www.vps.no)."

## Section 12 Meeting of Holders

*Section 12.2 shall be replaced by the following provision:*

"A written notice of a meeting of Holders shall be provided to the Holders through VPS no later than ten Business Days prior to the meeting, with a copy to the Dealers. Such notice shall be dispatched in accordance with VPS's applicable procedures. The notice shall contain (i) information regarding the time and place of the meeting, (ii) an agenda listing the matters to be addressed at the meeting and (iii) a summary of each proposed resolution. The matters shall be numbered. With regard to Notes listed on the Oslo Stock Exchange or the Oslo ABM the notice

shall also contain information regarding (iv) the Holder's right to participate at the meeting, (v) payment of interest or other yield, if applicable, (vi) the exercise of any conversion, exchange or cancellation rights and (vii) repayment of the Notes. A form of power of attorney shall also be attached to the notice. A resolution may not be passed at the meeting in respect of any matter that is not listed in the notice. The Issuing Bank shall send a copy of the notice to the Dealers."

*Section 12.4, shall be deleted:*

*Section 12.5 third sentence shall be replaced by the following:*

"Only a person registered as Holder of Notes in the VPS two Business Days prior to the meeting or who is to be regarded as a Holder according to section 12.10 is entitled to vote at the meeting and shall be included in the Voting Register."

*Section 12.10 shall be replaced with the following:*

"The nominee in respect of nominee-registered Notes shall be deemed to be the Holder of such Notes unless the beneficial owner of the Notes is present at the meeting of Holders (in person or through a duly authorised representative with power of attorney) and presents the meeting with a certificate from the nominee confirming that the beneficial owner was a holder of the Notes two Business Day prior to the meeting and the size of such person's holding. In such event the beneficial owner shall be deemed to be the Holder for the purpose of this section."

## **Section 14 Notices**

*Section 14, first paragraph shall be replaced by the following:*

"Notices shall be provided to the Holders in respect of Notes via VPS."

*Section 14, third paragraph shall be replaced by the following:*

"Information regarding prices and changes in prices during the term of a Structured Notes may be obtained at [www.nordea.no/kurser](http://www.nordea.no/kurser)."

## **Section 15 Confidentiality**

*Section 15 shall be replaced by the following:*

"An Account Operator is obligated, upon request, to provide any relevant Norwegian authorities, including the Financial Supervisory Authority of Norway and the Norwegian tax authorities, with any information registered on the relevant VPS Account(s). Such information may include the identity of the registered Holder of the Notes, the residency of the registered Holder of the Notes, the number of Notes registered with the relevant Holder, the address of the relevant Holder, the Account Operator in respect of the relevant VPS account and whether or not the Notes are registered in the name of a nominee and the identity of any such nominee".

## **Section 18 Nominee registration**

*Section 18 shall be replaced by the following:*

"The Norwegian Securities Register Act (64/2002) as well as the VPS' rules and provisions shall apply to nominee-registered Notes."

## **Section 19 Limitation of liability, etc.**

*Section 19, final paragraph shall be replaced by the following:*

“The provisions of this section 19 shall apply unless otherwise provided in the Norwegian Securities Register Act (64/2002) or in the Norwegian Consumer Sales Act (34/2002).”

## **ADDITIONAL TERMS 2 TO TERMS AND CONDITIONS - FURTHER DEFINITIONS FOR CERTAIN STRUCTURED NOTES**

The following terms and conditions may apply to Notes in respect of which the yield or Redemption Amount is linked to the development of one or several equities, funds, commodities, currencies, Indices or portfolios of several asset types. Further provisions may also apply. Such provisions will be specified in the applicable Final Terms. The provisions below shall be subject to amendment or adjustment in the Final Terms.

The following terms and conditions apply if specified in the Final Terms and should be considered for all Structured Notes except Credit-linked Notes. In the case of Commodity Notes Market Disruption Commodity should be considered and for currency Notes, Disruption Currency should be considered.

### **Market Disruption**

The following provisions will apply if stated in the Final Terms and should be considered for all Structured Notes except Credit-linked Notes. In the case of issuance of Commodity Notes the terms in Market Disruption Commodity should be considered and for currency Notes, Disruption Currency should be considered.

- (a) Market Disruption with respect to a Reference Asset exists where, in the Issuing Bank's opinion, any of the following events occurs:
- (i) the quotation of an official final price for a Reference Asset or significant portion of the reference assets included in the Reference Asset does not exist, is unavailable or ceases;
  - (ii) where applicable, if a compilation and/or publication of the value of the Reference Asset's value ceases;
  - (iii) the relevant Stock Exchange and/or Options or Futures Exchange does not open for trading during its normal trading hours or closes for trading earlier than its normal closing time;
  - (iv) trading in a Reference Asset or a significant portion of the underlying assets included in a Reference Asset or options or futures contracts related to a Reference Asset, which is/are traded on the Stock Exchange or Options or Futures Exchange ceases, is suspended or significantly restricted;
  - (v) the ability of market participants to carry out trades in or obtain the market value for a Reference Asset or a significant portion of the underlying assets included in a Reference Asset or options or futures contracts related to a Reference Asset, which is/are traded on the Stock Exchange or Options or Futures Exchange ceases, is discontinued or significantly deteriorates due to any other event; or
  - (vi) in respect of Fund-linked Notes only, the valuation of a Reference Asset, which comprises funds or fund units, on a Valuation Date for the Reference Asset does not take place or full payment of the redemption amount with respect to such Reference Asset does not take place on a redemption day for the Fund.



- (b) A limitation on the number of hours or days when trading occurs shall not be deemed to constitute a Market Disruption where the restriction is due to a published change in the normal trading hours for the relevant Stock Exchange and/or Options or Futures Exchange.
- (c) A restriction in trading which is introduced during the course of a day due to changes in prices which exceeds permitted levels pursuant to the relevant Stock Exchange and/or Options or Futures Exchange shall be deemed to constitute a Market Disruption.
- (d) Where, in the Issuing Bank's opinion, a Market Disruption has occurred on a Start-, Closing- or Valuation Date shall, the Start-, Closing- or Valuation Date with respect to determination of the Closing Price, Initial Price and/or Final Price be the Following Stock Exchange Day (for each Affected Reference Asset, respectively) where Market Disruption does not exist; however, where Market Disruption exists on the eight Stock Exchange Days (for each Affected Reference Asset, respectively) that follows immediately after the original Start- or Closing Date or another relevant day as stated in the Final Terms, such eighth Stock Exchange Day (for each Affected Reference Asset, respectively) shall be deemed the Start or Closing Date or another relevant day is stated in the Final Terms irrespective of the existence of Market Disruption, and the Issuing Bank shall thereupon determine the value of the Closing Price, Initial Price and/or Final Price to be applied upon calculation of the Performance or in conjunction with another calculation in accordance with the Terms and Conditions and Final Terms.

The Issuing Bank shall be entitled to make any addition, adjustment, or amendment to the Terms and Conditions and to the Final Terms as the Issuing Bank deems necessary in connection with Market Disruption or Disruption.

### **Market Disruption Commodity**

The following provisions will apply if specified in the Final Terms and Market Disruption Commodity should be considered for Commodity-linked Notes in particular:

- (a) Market Disruption with respect to a Reference Asset exists where, in the Issuing Bank's opinion, any of the following events occurs:
  - (i) the quotation, compilation, calculation or publication of official final prices for a Reference Asset or the underlying assets included in the Reference Asset does not exist, unavailable or ceases;
  - (ii) the quotation, compilation, calculation or publication of the value of a Reference Asset or the value of the underlying assets included in the Reference Asset does not exist, is unavailable or ceases;
  - (iii) the relevant Stock Exchange is not open for trading during its normal trading hours;
  - (iv) trading in a Reference Asset or the underlying assets included in a Reference Asset or options or futures contracts related to a Reference Asset, which is/are traded on the Exchange ceases, is suspended or significantly restricted;
  - (v) the possibilities for parties on the market to carry out trades in or obtain the market value for a Reference Asset or a significant portion of the underlying assets included in a Reference Asset or options or futures contracts related to a Reference Asset, which is/are traded on the Stock

- Exchange ceases, is discontinued or significantly deteriorates due to any other event;
- (vi) the manner of calculating a Reference Asset or the underlying assets included in the Reference Asset or the value thereof changes significantly;
  - (vii) the content, compilation or structure of a Reference Asset or the underlying assets included in a Reference Asset or relevant options- or futures contract changes significantly; or
  - (viii) the introduction, change or repeal of tax provisions with respect to a Reference Asset or tax provisions regarding tax calculated by way of reference to the underlying assets included in a Reference Asset (however, not tax on, or which is calculated by reference to, gross or net income) after the Start Date, as a consequence of which the final price on the Valuation Date changes as compared to what it would have been had the tax provisions not been introduced, changed or repealed.
- (b) Where, in the opinion of the Issuing Bank, a Market Disruption has occurred on a Start-, Closing- or Valuation Date such Start or Closing Date for determination of the Closing Price, Initial Price and/or Final Price shall be the immediately following Stock Exchange Day (for each Affected Reference Asset) where Market Disruption does not exist (for each Affected Reference Asset) or the Initial Price, Final Price or Closing Price may be determined or replaced by the Issuing Bank in another appropriate manner; however, where Market Disruption occurs during the five Stock Exchange Days (for each Affected Reference Asset) immediately following the original Start-, Closing- or Valuation Date or another relevant day as stated in the Final Terms and the Initial Price, Final Price or Closing Price may be determined or replaced by the Issuing Bank in another appropriate manner, such fifth Stock Exchange Day (for each Affected Reference Asset) shall be deemed to be the Start-, Closing- or Valuation Date or another relevant day as stated in the Final Terms irrespective of whether Market Disruption exists, and the Issuing Bank shall thereupon determine or replace the prevailing value of the Initial Price, Final Price or Closing Price upon calculation of the Performance or another relevant value.
- (c) Where the Issuing Bank believes that it is not possible or would not provide a fair result to determine or replace the value of the Affected Reference Asset at the time of such Market Disruption, the Issuing Bank may perform an early calculation of the Additional Amount and/or the yield and determine the Additional Amount and/or the yield. Where the Issuing Bank has determined the Additional Amount and/or the yield the Issuing Bank shall notify the Holders of the amount of the Additional Amount and the yield and the rate of interest which will continue to accrue on the Notes. The Issuing Bank shall pay market interest on the Principal Amount. The Redemption Amount (including accrued interest, if any) shall be paid on the Redemption Date.
- (d) The Issuing Bank shall be entitled to make any addition, adjustment, or amendment to the Terms and Conditions and to the Final Terms as the Issuing Bank deems necessary in connection with Market Disruption or Disruption.

### **Disruption Currency**

The following provisions will apply if specified in the Final Terms and Disruption Currency should be considered for Currency-linked Notes in particular:

- (a) Disruption with respect to a Reference Asset exists where, in the Issuing Bank's opinion, any of the following events occurs:
- (i) spot or futures prices are not available for the Reference Asset or the underlying assets included in the Reference Asset;
  - (ii) calculation or publication of any final price/exchange rate/currency price on a specified reference source for a Reference Asset or the underlying assets included in the Reference Asset does not exist, is unavailable or ceases to be published on the specified reference source;
  - (iii) a material price deviation or a predetermined price deviation occurs as stated in the Final Terms between the price of various currencies, exchange rates and/or currency prices; or
  - (iv) a quotation of spot and/or futures prices cannot be obtained on a stated minimum amount in one or a reasonable number of currency transactions which together amount to a predetermined minimum sum.
  - (v) the introduction of any currency exchange regulations or currency exchange restrictions which affect the ability to exchange a currency which constitutes a Reference Asset into another currency and/or to transfer the relevant currency from the relevant jurisdiction.
- (b) Where, in the opinion of the Issuing Bank, Disruption has occurred on a Start Date, Closing Date or Valuation Date the Issuing Bank shall determine the value of the Closing Price, Initial Price, Final Price or Closing Price based on all available information which the Issuing Bank believes to be relevant in conjunction with calculation of the Performance or another relevant value.
- (c) The Issuing Bank shall be entitled to make any addition, adjustment, or amendment to the Terms and Conditions and to the Final Terms as the Issuing Bank deems necessary in connection with Disruption.

### **Calculation Adjustment**

The following provisions will apply if specified in the Final Terms and should be considered for all Structured Notes except Credit-, Currency and Commodity-linked Notes.

- (a) Where, in the opinion of the Issuing Bank, the compilation, calculation or publication of any Reference Asset ceases in whole or in part, or the characteristics of the Reference Assets are changed significantly, the Issuing Bank shall be entitled, upon calculation of the Performance, to replace such Affected Reference Asset with a comparable alternative. Where, in the Issuing Bank's opinion, a comparable alternative to such Affected Reference Asset is not compiled, calculated and published or where, in the opinion of the Issuing Bank, the method of calculating any Affected Reference Asset or the value thereof is changed significantly, the Issuing Bank shall be entitled to make such adjustments in the calculation as the Issuing Bank, based reasonable grounds deems necessary, in order for the calculation of the value of the Affected Reference Asset to reflect and be based on the manner in which such was previously compiled, calculated and published. The value thereby calculated shall replace the value of the Affected Reference Asset in calculations of the Performance.
- (b) Where the Issuing Bank believes that it would not provide a fair result to replace the Affected Reference Asset or adjust the applicable calculation, the Issuing Bank may perform an early calculation of the Additional Amount and/or the yield and

determine the Additional Amount and/or the yield. Such calculation shall be based on the most recently published value of the Reference Asset. When the Issuing Bank has determined the Additional Amount and/or the yield, the Issuing Bank shall notify the Holders of the amount of the Additional Amount and/or the yield and the rate of interest which will continue to accrue on the Notes. The Issuing Bank shall pay market interest on the Principal Amount. The Redemption Amount (including accrued interest, if any) shall be paid on the Redemption Date.

- (c) The Issuing Bank is entitled to make any addition, adjustment or amendment to the terms and conditions and to the Final Terms as the Issuing Bank deems necessary in connection with Calculation Adjustment.

### **Corrections**

The following provisions will apply if specified in the Final Terms to all Structured Notes except Credit-linked Notes and Commodity-linked Notes:

Where the official closing price for a Reference Asset is corrected within the number of days from the original publication as normally elapse between a trade and settlement day in conjunction with spot trading in the Reference Asset or in the underlying assets included in the Reference Asset, however not later than three Stock Exchange Days after the Valuation Date, and such price is used to determine a Closing Price and/or Initial Price and/or Final Price, the Issuing Bank shall be entitled to make a corresponding correction.

### **Correction Commodity**

The following provisions will apply if stated in the Final Terms and Correction Commodity should be considered for Commodity Notes.

Where the official closing price for a Reference Asset is corrected within 30 days of the original publication and such a price is used to determine a Closing Price and/or Initial Price and/or Final Price, the Issuing Bank shall be entitled to make a corresponding correction.

### **Correction Currency**

The following provisions will apply if stated in the Final Terms and Correction Currency should be considered for Currency-linked Notes.

Where the official closing price for a Reference Asset is corrected and such price is used to determine a Closing Price and/or Initial Price and/or Final Price, the Issuing Bank shall be entitled to make a corresponding correction not later than six Stock Exchange Days after the official closing price for the Reference Asset was published.

### **Extraordinary Events**

The provisions will apply if specified in the relevant Final Terms and should be considered for all Structured Notes except for Credit-Linked Notes:

- (a) Where, in the Issuing Bank's opinion, delisting, nationalisation, bankruptcy (*konkurs*) proceedings, liquidation (*likvidation*), company reorganization, compulsory redemption, merger, demerger, asset transfer, share swap, swap offer, public tender offer or other similar event occurs with respect to equities which constitute a Reference Asset or a company whose shares are included in an equities basket which constitutes a Reference Asset; or where, in the Issuing Bank's opinion, a subdivision, new issue, bonus issue, issuance of warrants or convertible debentures, reverse split, or buy-back occurs with respect to such an equity or basket of equities as constitute a Reference Asset, or any other event occurs as

specified in the Final Terms or which, in accordance with practice on the market for equity-related derivative products, may lead to an adjustment in the calculation during outstanding transactions, the Issuing Bank shall be entitled to make such adjustments in the calculation of Performance and/or compilation of Reference Assets, or to replace the Affected Reference Asset with a Replacement Reference Asset which the Issuing Bank thereby deems necessary in order to achieve a calculation of Performance which reflects, and is based on, the manner in which such was previously calculated.

- (b) Where the Issuing Bank believes that it would not provide a fair result to replace the Affected Reference Asset or adjust the applicable calculation or the structure of the Reference Asset, the Issuing Bank may perform an early calculation of the Additional Amount and/or the yield and determine Additional Amount and/or the yield. Such early calculation shall be based on the most recently published value for the Reference Asset. When the Issuing Bank has determined Additional Amount and/or the yield, the Issuing Bank shall notify the Holders of the amount of the Additional Amount and the yield and the rate at which interest will continue to accrue on the Notes. The Issuing Bank shall pay market interest on the Principal Amount. The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.
- (c) The Issuing Bank shall be entitled to make any addition, adjustment or amendment to the Final Terms as the Issuing Bank deems necessary in connection with Extraordinary Events.

#### **Replacement Reference Asset**

The following provisions will be applicable to any Notes if a Replacement Reference Asset is specified in the relevant Final Terms:

The Replacement Reference Asset replaces the Reference Asset under certain conditions specified in these terms and conditions. A Replacement Reference Asset shall replace a Reference Asset with effect from the date determined by the Issuing Bank. The Issuing Bank is entitled to make any addition, adjustment or amendment to the terms and conditions and to the Final Terms as the Issuing Bank deems necessary in connection with Calculation Adjustment.

### **ADDITIONAL TERMS 3 TO THE TERMS AND CONDITIONS - FURTHER DEFINITIONS FOR CREDIT-LINKED NOTES**

The following provisions will apply if stated in the Final Terms and shall be considered for Notes linked to credits or baskets of credits of companies or Sovereigns such as states, municipalities or county councils. In addition to these definitions, further definitions may apply and will then be set out in the Final Terms (or appended thereto) for the relevant Notes. The definitions below shall be subject to amendment or adjustment in the Final Terms.

Credit Event: The occurrence of one or more of the following events unless otherwise stated in the Final Terms:

a) in relation to a Reference Entity which is not a Sovereign: (i) Failure to Pay, (ii) Restructuring or (iii) Bankruptcy (*konkurs*);

b) in relation to a Reference Entity which is a Sovereign: (i) Failure to Pay, (ii) Repudiation/moratorium or (iii) Restructuring and, in relation to east European and central Asian Sovereigns, also (iv) Obligation Acceleration;

whereupon a Credit Event shall be deemed to exist notwithstanding that the event is directly or indirectly caused by, or an obligation is contested by reference to, any of the following: (i) lack of authority, lack of legal capacity, lack of capacity to enter into legal relations or similar in respect of a Reference Entity; (ii) actual or alleged invalidity, illegality or unenforceability of Debt Obligations; (iii) applicable law, regulations, public authority decisions, judgments, court decisions, decisions of arbitrators or similar procedures or the implementation of, or amendment to, or interpretation of applicable law or regulations on order of any court of arbitration or public authority; or (iv) the introduction of, or changes to, currency regulations, monetary restrictions or similar provisions by any monetary or other authority (including central banks).

Repudiation/Moratorium: The occurrence of (a) and (b) below:

a) an authorised officer of the Sovereign or its authorised officials;

(i) disaffirms, disclaims, rejects or otherwise contests the Debt Obligation or its validity or enforceability, in whole or in part; or

(ii) declares or imposes a moratorium or otherwise declares or determines that payments under the Notes shall be suspended, discontinued or deferred, irrespective of whether made pursuant to law or through actual measures, and the measure relates to a total amount of the Debt Obligation of not less than an amount stated in the Final Terms ("Possible Repudiation/Moratorium"); and

b) on or before the Repudiation/Moratorium's Calculation Date (as defined below), a Failure to Pay or Restructuring occurs in relation to the Debt Obligation, irrespective of the size of the relevant amount.

Replacement Reference Company: As specified in the Final Terms.

Bankruptcy (*konkurs*): means that a Reference Entity:

- (a) is dissolved (other than through a consolidation, amalgamation or merger);
- (b) becomes insolvent, is unable to pay its debts as they fall due, suspends payments or admits or declares in writing in judicial proceedings, administrative proceedings, regulatory proceedings or otherwise admits or declares a general inability to pay its debts as they fall due;
- (c) generally assigns, settles, reconstruct or take similar measures with respect to assets or liabilities to the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment or decision regarding insolvency, inability to pay or bankruptcy (*konkurs*), or any other decision pursuant to bankruptcy-, insolvency- or similar statutes or regulations which affect creditors' rights, or a petition to dissolve or place the Reference Entity into liquidation (*likvidation*) has been filed and such proceedings or such a petition
- (i) result in a judgment or a decision of insolvency, inability to make payment or bankruptcy (*konkurs*), a judgment or a decision which generally affects creditors' rights, or a decision to place the Reference Entity into liquidation (*likvidation*); or
- (ii) is not withdrawn, dismissed, discharged, stayed or restrained or generally restricted within thirty days after the proceedings have been commenced or the petition filed;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of a trustee (including every form of bankruptcy (*konkurs*) or insolvency administration), receiver, investigator, administrator or other similar office with respect to the Reference Entity and all or a significant part of the Reference Entity's assets;
- (g) has a secured party take possession of all or substantially all of the Reference Entity's assets, or the Reference Entity becomes the subject of execution, attachment or other similar measure or procedure with respect to all or a significant part of its assets, and such creditor retains possession or such procedure is not, dismissed, discharged or stayed within thirty days; or
- (h) causes or is subject to an event or circumstance which, according to law applicable to the Reference Entity, has an analogous effect to any of the events specified in clauses (a) – (g).

Basket: the group of Reference Entities set forth in the Final Terms.

Public Source: a public source such as Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, NihonKezain Shinbun,

Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review (or a replacement publication or electronic public source), the main source of business news in the relevant Reference Entity's jurisdiction and every other internationally recognised or electronically displayed public source.

Sovereign:

means a state or its administrative organs or political subdivisions (such as the government, ministries, civil service and suchlike), agencies conducting business operations, authorities, central bank, municipalities, cities, or other units which may enjoy legal immunity.

Restructuring:

(a) Restructuring means, with respect to one or more Debt Obligations, that (A) either voluntarily by the Reference Entity or a court of law, arbitral board, central bank, authority or other body with regulatory power, an agreement is reached with the holder(s) of Debt Obligations with binding effect on all holders of Debt Obligations with the purpose set forth in any of items (i) – (v) below; or (B) that the Reference Company or a court of law, arbitral board, central bank, authority or other body with regulatory power publishes or orders one or more of the measures mentioned in points (i) – (v) below with binding effect on all holders of Debt Obligations. In addition, it is assumed that the Debt Obligation(s) that are subject to the measure(s) in points (i) – (v) below equals or exceeds, in total, the amount specified in the Final Terms at the time the Credit Event occurs.

(i) a reduction in the rate or amount of interest or the amount of scheduled interest accruals;

(ii) a reduction in any amount of principal, charges or similar amounts which fall due for payment at maturity or another scheduled payment date;

(iii) a postponement or other deferral of (A) the due date for payment of interest or date for interest calculation or (B) the due date for payment of principal, charges or similar amounts;

(iv) a change in the ranking in priority of payment of any Debt Obligation causing the subordination of such Debt Obligation to any other Debt Obligation; or

(v) a change in the currency (or composition of currencies) in which payment of interest, principal or charges under the Debt Obligation shall be made, provided the change is made to any currency other than a currency which is:

(A) legal tender in any of the G7 countries (including additional G7 countries, where new members are admitted to the G7 group); or

(B) legal tender in any country which, at the time of the change in question, is an OECD member and the domestic currency of which has a long-term rating of at least AAA by Standard & Poor's, a division of The MacGraw-Hill Companies, Inc (or any successor to their rating operations), at least Aaa by Moody's Investor Service, Inc (or any successor to their rating operations) or at least AAA by Fitch Ratings (or any successor to their rating operations).



(b) None of the following shall constitute a Restructuring:

(i) payment in euros of interest or principal in relation to a Debt Obligation determined in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community;

(ii) in the event any of the measures referred to in points (a) (i)- (v) above occurs, is agreed upon or is announced as a consequence of an administrative, accounting, or tax adjustment or other technical adjustment occurring in the ordinary course of business;

(iii) where any of the events mentioned in points (a) (i)-(v) above occurs, is agreed upon or is announced in circumstances where such event is not a direct or indirect consequence of a deterioration in the credit rating or financial condition of the Reference Company.

(c) In paragraphs (a) and (b) above, "Debt Obligation" also includes the Reference Company acting as provider of a guarantee undertaking or surety, whereupon "Reference Company" in paragraph (a) shall mean the debtor under the obligation for which the guarantee or surety is issued and in paragraph (b) shall mean the Reference Company.

|                          |   |
|--------------------------|---|
| Reference Company:       | each entity (including Replacement Reference Company) which from time to time constitutes a Reference Entity.   |
| Reference Entity:        | each Reference Company and Sovereign which from time to time is included in a Basket.   |
| Debt Obligation:         | means each Reference Entity's current, future, conditional or other payment obligations under (a) agreements having the commercial effect of borrowings, e.g. loan agreements, notes or commercial paper (irrespective of term to maturity) or financing limits, payment obligations regarding deposits or letters of credit and (b) guarantees or other sureties or commitments which the Reference Company has provided or provides with respect to the payment obligations of a third party. |
| Obligation Acceleration: | one or more Debt Obligations in an aggregate amount of at least the amount specified in the Final Terms have become due and payable before they would otherwise become due and payable (through acceleration or any other reason) as a result of, or on the basis of the occurrence of a default or other similar condition or event relating to the Reference Entity (and such breach of contract does not relate to Failure to Pay).  |
| Failure to Pay:          | a Reference Company's or a Sovereign's failure to pay when due, in accordance with the terms and conditions for one or more Debt Obligations, any amount due for payment provided the amount which is due and payable or the total of the amounts that are due and payable equals or exceeds the amount specified in the Final Terms.   |
| Successor:               | means one or more companies which (directly or indirectly) succeed to 25% or more of the Debt Obligations through a   |

Succession Event and less than 25% of the Debt Obligations remain with the Reference Entity, in which case such company shall constitute a Successor in lieu of the Reference Entity. Where any company succeeds to 75% or more of the Debt Obligations through a Succession Event, such company alone shall constitute a Successor. Where one or more companies individually succeed to less than 25% of the Debt Obligations through a Succession Event and the Reference Entity ceases to exist, the company or companies that succeed to the largest portion of the Debt Obligations shall constitute a Successor.

The Issuing Bank shall perform any calculations and assessments required to determine whether the thresholds set forth above have been met and shall notify the parties of any such determination. The Issuing Bank shall perform the appropriate adjustments of the Final Terms to reflect a Successor and the scope of the Debt Obligations as well as any other amendments that the Issuing Bank deems necessary upon the occurrence of a Succession Event.

Succession Event:

Means any merger, consolidation, transfer of assets or liabilities, demerger or other similar event pursuant to which one company assumes the obligations of another company, by law or agreement.

## **ADDITIONAL TERMS 4 TO THE TERMS AND CONDITIONS - FURTHER DEFINITIONS FOR FUND-LINKED NOTES**

The following provisions will apply if stated in the Final Terms and will be considered for Notes linked to funds, fund units or indices with funds as underlying assets. In addition to the following terms and conditions, further provisions relating to funds may apply as specified in the relevant Final Terms. The below provisions is subject to any amendment or adjustment in the Final Terms.

“Fund” As specified in the Final Terms;

“Fund Manager” As specified in the Final Terms;

### **Fund Events**

The provisions below shall apply when specified in the Final Terms. The usage of these provisions should be considered for all Fund-linked Notes.

Fund Event: The Issuing Bank may, in its own discretion, determine that a Fund Event has occurred, if any of the following events should occur following the Start Date:

1. the Net Asset Value (“NAV”) in respect of the Fund is not calculated and not published on such a day or in such a way as stated in the provisions for the Fund and the terms of the Fund and Fund Managers operations;
2. the occurrence of any event or circumstance affecting the
3. the Fund or the Fund Manager refuses subscription or redemption (in whole or partially) of fund units of the Fund on such a day when subscription or redemption should be possible in accordance with the provisions of the Fund and in accordance with the terms of the Funds operation;
4. the proceeds that the Fund pays out as a result of a
5. the Fund or the Fund Manager restricts the ability to subscribe for or redeem fund units, introduces or amends fees or any additional taxes or other charges arises in connection with subscription or redemption after the Start Date;
6. a material change of the reference assets of the Fund negative effect on the value of the fund units;
7. the Fund or the Fund Manager becomes insolvent, negotiations are initiated in regard to declaring either the Fund or the Fund Manager bankrupt, either the Fund or the Fund Manager seeks or becomes subject to winding up, seeks the appointment of an administrator, makes a composition or is subject to any similar event;
8. the Fund or the Fund Manager merges with or into or becomes subject to sale (in whole or partially);
9. the Fund breaches any terms applicable to the Fund’s
10. the Fund or the Fund Manager makes any changes in the

terms applicable to the Fund's or the Fund Manager's operations such as changes in the risk profile of the Fund, changes in regard to the right to vote in respect of the fund units, change of the investment guidelines of the Fund, change of the denomination of the fund units or such other change that is adverse in the Issuing Bank's opinion;

11. the Fund breaches any agreements to which it is party or
12. any change in law, regulation or other set of rules (including tax legislation and accounting rules), or resolution is passed by governmental agency, court or other body which has a negative impact on the Fund or the Fund Manager or the Issuing Bank's possibilities to subscribe for or redeem the Reference Asset;
13. the Fund, the Fund Manager, the administrator, the account operator or the board of directors becomes subject to investigation, lawsuit or similar action by an authority or other due to breach of relevant legislation or other rules applicable to the Fund, the Fund Manager, the administrator, the account operator or the board of directors or the relevant license for any of these is withdrawn;
14. the Fund Manager, the administrator, the account operator or the board of directors are replaced;
15. any conversion of the Reference Asset into other fund units;
16. any compulsory transfer or redemption of fund units occur;
17. the Fund experience difficulties, or is not able, to carry out investments;
18. any change of the derivative instruments of the Fund which has a negative effect on the value of the fund units or the possibility of the fund to admit redemption;
19. the Fund, the Fund Manager or the administrator fails to provide such information within such grace period as The Fund, the Fund Manager or the administrator has undertaken to provide information to any investor;
20. any other event or circumstance occurs which, as determined by the Issuing Bank, has a negative affect on the application of the Final Terms for the Notes.

## FORM OF FINAL TERMS

for Notes under series no. [ ] (the “Notes”)

issued pursuant to Nordea Bank AB (publ)’s and Nordea Bank Finland Plc’s

### MTN Programme

The Notes shall be governed by the Terms and Conditions for the above-referenced MTN Programme dated [ ] and the terms and conditions set out below. The Terms and Conditions dated [ ] are set out in the Banks’ Base Prospectus for the MTN Programme. Terms used but not defined in these Final Terms shall have the same meaning as set out in the Terms and Conditions.

Full information on the Issuing Bank and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus (including and supplements thereto published from time to time). The Base Prospectus (and any supplements) is available for viewing at [www.nordea.com](http://www.nordea.com).

### INFORMATION REGARDING THE NOTES

#### Type of Notes

[Brief description/summary of the Notes and of the underlying reference assets.]

[If non-principal-protected Notes

**The Notes are not capital protected. As described in the Base Prospectus the repayment of the invested amount is therefore subject to the performance of the Reference Asset(s) and an investor risks losing all or part of the invested amount in the event of performance which is to the disadvantage of the investor.]**

#### The Reference Asset/ the Reference Assets

*[A short description of the type of asset and, if relevant, the structure of possible baskets and indexes and if relevant participation ratio, investment area, credit risks and other essential information.]*

*[If the Reference Asset is a fund consider the following: [The Fund is not subject to Swedish fund legislation, the underlying reference fund has not been approved by the Swedish Financial Supervisory Authority and the Swedish Financial Supervisory Authority does not exercise any supervision.]/ [The fund has been approved by thy Swedish Financial Supervisory Authority in accordance with the Swedish Act on Investment Funds (2004:46) and is subject to supervision by the Swedish Financial Supervisory Authority.]*

#### Calculation of yield

[Brief description of yield/performance structure as well as computation example]

#### Past yield

[Brief description of the past performance of the reference assets, if possible]

**The past performance of corresponding investments is not to be regarded as an indication, guarantee or undertaking regarding future yield.**

This section contains a brief summary description of certain terms applicable to the Notes [and relevant reference assets] and is only intended to facilitate the investor's understanding of the terms and conditions applicable to the Notes. The complete terms and conditions are set out in the Terms and Conditions and the Final Terms for the Notes and this summary section does not form part of the terms and conditions of the Notes.

## **RISK FACTORS**

### **[Specific risks associated with the Notes**

In addition to those risks listed in pages 12-25] of the Base Prospectus the following risks are associated with the Notes.

[A brief description is provided here of the risks specifically associated with the type of notes in question as well as the performance structure of the Notes. *The risks addressed herein must relate to the risks described in the Base Prospectus.*]

## **OTHER INFORMATION**

Dealer:  [x]

Offer/Distribution:  [Limited group of investors/public offer]  
 [Syndicated/non-syndicated/sales group]

Tranche(s):  [Tranche 1]  [Tranche 2]

Stock Exchange Code (Börskod): NB  [Series number] NB  [Series number]

ISIN code(s):  [ISIN]  [ISIN]

Additional Sales Restrictions:  [x]

Timetable: [An application for subscription must reach Nordea not later than  or such earlier day as the Issuing Bank or the Dealer may determine. Funds for payment must be available on the Issue Date on the relevant account stated in the application.]

Total cost: [In connection with the issuance of this type of notes, the Issuing Bank incurs costs for, among other things, production, distribution, licences, stock exchange listing and risk management. In order to cover these costs, the Issuing Bank charges brokerage fees and commission. [The commission is included in the price and will amount to a maximum of  per cent per year, calculated on the price of the Notes].]

Investors should be attentive to the fact that market participants have various ways of influencing the price of the financial instruments included in the products.

Brokerage fees: total [Brokerage fees are payable in the amount of  per cent on the Principal Amount of the Notes.]

Use of proceeds: [Stated only if the use of proceeds differs from what is stated on page 88 of the Base Prospectus.]

Interests: [*Specify only in case any person involved in the issue has any interests in relation to the Notes and/or if there are any interests in relation to the Notes that are of importance for the issue and that are not disclosed in the Base Prospectus or in any supplements to the Base Prospectus.*]

Tax aspects: [*Insert a brief description of the tax treatment of an investment in the Notes if the particular structure of the Notes is such that it is not already addressed in the Base Prospectus.*]

**This description does not constitute tax advice. The description is not exhaustive but, rather, intended as general information regarding certain rules. Holders must make their own assessment of the tax consequences that may arise and, in conjunction therewith, consult with tax advisors.]**

Incentive: [the structured products supplied by Issuing Bank contain reference to [*fund units/ other Reference Asset*] administered by [*fund management company*]. The Issuing Bank receives commission from [*fund management company/other*] as a result of structured product being issued with reference to [*fund units/other Reference Asset*]. The commission is determined as:

1. Compensation at one occasion, at the time of sales in the form of a percentage of the capital invested (does the percentage increase?)
2. A yearly compensation based on the capital invested during the year.
3. A combination of both
4. [other]

Right to cancel the issue and to make amendments to the terms of the issuance:

[In addition to the right to cancel an issue pursuant to the Terms and Conditions, Nordea reserves the right to cancel the issue should any of the following events occur:

- (i) if the total subscribed amount is less than [ ]; or
- (ii) if the [Participation Ratio/Price] for the respective Tranche on the Issue Date cannot be established at a [maximum/minimum] of [ ] in respect of [Tranche 1] and [ ] in respect of [Tranche 2].]
- (iii) [x]

[The Issuing Bank may in addition to what is provided in the General- and Final Terms up until the Issuing Date replace a Reference Asset with a corresponding Reference Asset.]

Licences: [Not applicable] [*Specify in Appendix A to the Final Terms if the particular issue requires a licence on terms that must be disclosed.*]

## CONTRACTUAL TERMS

|   |   |
|---|---|
| Issuing Bank:   | [Nordea Bank Finland/Nordea Bank AB (publ);   |
| Series:   | The Series with number [ ] which is designated [ ];   |
| Tranche:  | [The series consists of one tranche/two tranches, [1] and [2].];  |
| Issue Date:   | Means [ ]. Where such day is not a Business Day, a Business Day pursuant to the Business Day Convention;                              |
| Payment Date:   | [Stated if other than the Issue Date];  |
| Redemption Date (Maturity):                             | Means [ ]. Where such a day is not a Business Day, a Business Day pursuant to the Business Day Convention;                            |
| Principal Amount:                                       | [The principal amount of the Notes] / [An amount determined on or prior to the Payment Date and notified immediately thereafter]];    |
| Redemption Amount:                                      | [Principal Amount/Principal Amount plus Additional Amount/other];   |
| Issue Price:  | [ ];  |
| Denomination:   | Nominal amount per Note [ ];  |
| Currency:   | [SEK/Euro/other currency] [different currency interest coupons and principal amount, referred to as <i>dual currency</i> ];           |
| Status of Notes:  | Unsubordinated Notes;   |
| Type of Notes:  | [Principal protected/Non-principal protected]<br>[Zero Coupon /yield paid during the term]<br>[The Notes constitute structured Notes] |
| Yield structure:  | [Fixed interest / Interest adjustment / FRN /Inflation-Linked interest /Zero Coupon / Structured Notes];                              |
| <b>Provisions relating to interest (if any) payable</b> |   |
| Interest Rate:  | [ ]   |
| Interest Base Rate:                                     | [ ]   |
| Interest Margin:  | [ ]   |
| Interest Step-up:                                       | [ ]   |
| Interest Determination Date:                            | [ ]   |
| Interest Payment Date:                                  | [ ]   |
| Day Calculation Convention:                             | [Specify if other than as stated in the Terms and Conditions]   |
| Interest Period:  | [ ]   |



Business Day Convention: *[Specify applicable Business Day Convention pursuant to 8.7 in the General Terms of the Terms and Conditions or another appropriate Business Day Convention [ ]. [For FRNs, state if interest is calculated on an adjusted or unadjusted basis].]*

**Further terms, where applicable, for Notes with Inflation-Linked Interest:**

Base CPI: [The date for determination of Final CPI is [ ] or Base CPI where determined prior to the Issue Date]

Final CPI: [The date for determination of Final CPI is [ ].]

**Further terms, where applicable, for Structured Notes:** *Specify if necessary e.g. in relation to a Credit-linked Notes if additional definitions other than as set out in Additional Terms 3 to the Terms and Conditions are needed.*

Reference Asset(s): [ ]

Reference Asset(s) Currency: *[State if necessary e.g. in relation to a Note that has an exposure to another currency than the in the Final Terms stated Currency. In addition, the following provisions should be considered; Initial Currency Value, Final Currency Value and Currency Trading Day, Disruption Currency and Correction Currency.]*

Fund: [ ]

Additional Amount: [Comprises the higher of:  
  
Principal Amount x Participation Ratio x Basket Performance  
  
and  
  
zero.  
  
The Additional Amount shall be rounded-down to the nearest whole number of [ ].]

Participation Ratio: [Determined for the respective Tranche by the Issuing Bank not later than the Issue Date.]

Basket Performance: [Means the sum of each Reference Asset's Basket Participation multiplied by the Reference Asset's Performance.]

Performance: *[Description of the calculation of the Reference Asset's Performance.]*

Basket Participation: [Means, with respect to each Reference Asset, the relative weight of the Reference Asset applicable when calculating the Basket Performance as set out below.]

| Weight: | Reference Asset: |
|---------|------------------|
|         |                  |
|         |                  |

|  |  |
|--|--|
|  |  |
|  |  |
|  |  |

- Measurement Period:  [x]
- Period Yield:  [The [annual] percentage yield determined by the Issuing Bank not later than the Issue Date];
- Yield Period:  [x]
- Range:  [x]
- Price Cap:  [x] [Determined by the Issuing Bank not later than the Issue Date.]
- Price Floor:  [x] [Determined by the Issuing Bank not later than the Issue Date.]
- Determination Price:  [x] [The price determined by the Issuing Bank not later than the Issue Date]
- Limit:  [x] [The limit determined by the Issuing Bank not later than the Issue Date]
- Max Yield:  [x] [The maximum yield determined by the Issuing Bank not later than the Issue Date]
- Minimum Yield:  [x] [The minimum yield determined by the Issuing Bank not later than the Issue Date]
- Start Date(s):  [Means [date/[ ] observations from and including [date] to and including [date]], or where such a day is not a [Stock Exchange Day/Business Day], [Stock Exchange Day/Business Day] in accordance with the stated [Stock Exchange Day or Business Day Convention], taking into account the provisions regarding [Market Disruption/Market Disruption Commodity/Disruption Currency].]
- Initial Price:  [x] [Means for [the/each] Reference Asset, [the average of] the Closing Price on the Start Date(s) as determined by [the Calculation Agent/Issuing Bank].]
- Final Price:  [x] [Means for [the/each] Reference Asset, [the average of] the Closing Price on the Closing Day(s) as determined by [the Calculation Agent/Issuing Bank] on the Valuation Day.]
- Closing Price:  [x] [Means the value of [the/each] Reference Asset at the Valuation Time as determined by [the Calculation Agent/Issuing Bank].]
- Closing Day(s)  [Means [date/[ ] observations from and including [date] to and including [date]], [or where such day is not a [Stock Exchange Day/Business Day], [Stock Exchange Day/Business Day] in accordance with the stated [Stock Exchange Day or Business Day Convention] taking into account the provisions regarding Market Disruption/Market Disruption Commodity/Disruption Currency]

|                                 |   |
|---------------------------------|---|
| Initial Currency Value:         | [X][Means for [the/each] Reference Asset Currency the Closing Price on the [Stock Exchange Day/Business Day] immediately preceding to the Start Date, as determined by [the Calculation Agent/Issuing Bank].]   |
| Final Currency Value:           | [X][Means for [the/each] Reference Asset Currency the Closing Price on the [Stock Exchange Day/Business Day] immediately following the Valuation Day, as determined by [the Calculation Agent/Issuing Bank].]   |
| Valuation Time:                 | [x] [means for [the/each] Reference Asset, the time where its official Closing Price is published.]   |
| Valuation Day:                  | [x] [Means <i>[date]</i> or, where such day is not a [Stock Exchange Day/Business Day], [Stock Exchange Day/Business Day in accordance with the stated [Stock Exchange Day or Business Day Convention] taking into account the provisions regarding [Market Disruption /Market Disruption Commodity/Disruption Currency].]  |
| Stock Exchange Day:             | [means the applicable Stock Exchange Day pursuant to the Terms and Conditions] [other] [ <i>state if Stock Exchange Day is for all Reference Assets or for each respective Reference Asset</i> ]  |
| Stock Exchange Day Conventions: | [The Following Stock Exchange Day. This means that if a relevant day occurs on a day which is not a Stock Exchange Day, it shall be deferred to the following Stock Exchange Day.]<br><br>[Modified Following Stock Exchange Day. This means that if a relevant day occurs on a day which is not a Stock Exchange Day, it shall be deferred to the immediately following Stock Exchange Day in the same calendar month unless that day falls in the next calendar month, in which case the relevant day shall occur on the immediately preceding Stock Exchange Day.]<br><br>[Preceding Stock Exchange Day. This means that where a relevant day occurs on a day which is not a Stock Exchange Day, it shall be brought forward to the immediately preceding Stock Exchange Day.] |
| Stock Exchange:                 | [Means those Stock Exchanges which are the main trading venues in respect of the Reference Asset(s), as determined by the Issuer.]  |
| Options or Futures Exchange:    | [Means those Options or Futures Exchanges, if any, which are the main trading venues for options or futures relating to [the/each] Reference Asset(s), as determined by the Issuer.]  |
| Currency Trading Day:           | [Means the applicable Currency Trading Day pursuant to the Terms and Conditions] [other] [ <i>state if Currency Trading Day is for all Reference Assets or for each respective Reference Asset</i> ]  |
| Reference Source:               | [x] [For [the/each] Reference Asset, means the source for determination of the Closing Price if the Reference Source is not a Stock Exchange or an Options or Futures Exchange.]  |
| Replacement Reference           | [Specify in relation to Equity-linked Notes, Fund-linked Notes and  |

|   |   |
|---|---|
| Source:   | <i>Index-linked Notes as well as for other relevant Notes</i> <input checked="" type="checkbox"/> [Means such other system or such other screen that replace <i>Reference Source</i> .]   |
| Requirement for determination of Closing Price: | <p><b><i>[To be specified for all Notes where the Closing Price is based on trades or unofficial reference sources.]</i></b></p> <p>[The Closing Price shall mean that price determined by [the Issuing Bank/ Calculation Agent] where the transaction satisfies the following requirements:</p> <p>The transaction has been carried out at [a price/a rate] which is neither significantly superior nor inferior to [the rate/the price] applied by an independent professional <input checked="" type="checkbox"/> trader on the <input checked="" type="checkbox"/> market.</p> <p>Upon request [the Issuing Bank/Calculation Agent] shall demonstrate that the <input checked="" type="checkbox"/> market traded [the Reference Asset/all Reference Assets] at [a price/a rate] [equal to] the values used as basis of the relevant determination.]</p> |
| Base Currency:                                  | [ ]   |
| Currency Exchange:                              | <input checked="" type="checkbox"/> [Currency exchange from the Base Currency to the Currency is carried out by the Issuing Bank not later than [ ] after the Issuing Bank has received payment under the Reference Asset.]   |
| Currency Effect:                                | <input checked="" type="checkbox"/> [Payment of [Interest/Early Redemption Amount/Redemption Amount] may be affected by a Currency Effect.]   |
| Credit Event:                                   | <i>[Specify if necessary in relation to a Credit-linked Notes. Consider if the definitions set out in Additional Terms 3 to the Terms and Condition need amendment.]</i>  |
| Fund Events:                                    | <b><i>[To be specified for all Fund-linked Notes and based on an individual review of the fund rules. Provisions in Additional Terms 4 to the Terms and Conditions might be applicable.</i></b> With respect to Fund-Linked Notes, further special rules may apply; the necessity of special rules is determined from case to case.]  |
| Effect of Fund Events:                          | <b><i>[To be specified for all Fund-linked Notes if Fund Events is applicable]</i></b>  |
| Notices to Holders:                             | <i>[To be specified if other than as set forth in section 4.1 (f), fourth paragraph or section 14 of the Terms and Conditions.]</i>   |
| Market Disruption/Disruption:                   | <i>[Specify for Structured Notes]</i> [The following provisions, which are set out in Additional Terms 2 to the Terms and Conditions, apply to the Notes. <i>Insert relevant provision from Additional Terms 2</i> ] / [Additional Terms 2 to the Terms and Conditions apply to the Notes, amended as follows. <i>Use this alternative if the wording in Additional Terms 2 needs amendment for the purpose of the particular Notes</i> ]   |
| Market Disruption Commodity:                    | <i>[Specify for Commodity Notes]</i> [The following provisions, which are set out in Additional Terms 2 to the Terms and Conditions, apply to the Notes. <i>Insert relevant provision from Additional</i>   |

*Terms 2] / [Additional Terms 2 to the Terms and Conditions apply to the Notes, amended as follows. Use this alternative if the wording in Additional Terms 2 need amendment for the purpose of the particular Notes]*

Disruption Currency: *[Specify for Currency Notes][The following provisions, which are set out in Additional Terms 2 to the Terms and Conditions, apply to the Notes. Insert relevant provision from Additional Terms 2] / [Additional Terms 2 to the Terms and Conditions apply to the Notes, amended as follows. Use this alternative if the wording in Additional Terms 2 needs amendment for the purpose of the particular Notes]*

Calculation Adjustment: *[Specify for certain Structured Notes, see Additional Terms 2 in the Terms and Conditions.][The following provisions, which are set out in Additional Terms 2 to the Terms and Conditions, apply to the notes. Insert relevant provision from Additional Terms 2] / [Additional Terms 2 to the Terms and Conditions apply to the Notes, amended as follows. Use this alternative if the wording in Additional Terms.2 needs amendment for the purpose of the particular notes]*

Correction: *[Specify for certain Structured Notes, see Additional Terms 2 in the Terms and Conditions.][The following provisions, which are set out in Additional Terms 2 to the Terms and Conditions, apply to the Notes. Insert relevant provision in section from Additional Terms 2] / [Additional Terms 2 to the Terms and Conditions apply to the Notes, amended as follows. Use this alternative if the wording in Additional Terms 2 need amendment for the purpose of the particular Notes]*

Correction Commodity: *[Specify for certain Structured Notes, see Additional Terms 2 in the Terms and Conditions.][The following provisions, which are set out in Additional Terms 2 to the Terms and Conditions, apply to the Notes. Insert relevant provision from Additional Terms 2] / [Additional Terms 2 to the Terms and Conditions apply to the Notes, amended as follows. Use this alternative if the wording in Additional Terms 2 needs amendment for the purpose of the particular notes]*

Correction Currency: *[Specify for certain Structured Notes, see Additional Terms 2 in the Terms and Conditions.][The following provisions, which are set out in Additional Terms 2 to the Terms and Conditions, apply to the Notes. Insert relevant provision from Additional Terms 2] / [Additional Terms 2 to the Terms and Conditions apply to the Notes, amended as follows. Use this alternative if the wording in Additional Terms 2 needs amendment for the purpose of the particular notes]*

Extraordinary Events: *[Specify for certain Structured Notes, see Additional Terms 2 in the Terms and Conditions.][The following provisions, which are set out in Additional Terms 2 to the Terms and Conditions, apply to the Notes. Insert relevant provision from Additional Terms 2] / [Additional Terms 2 to the Terms and Conditions apply to the Notes, amended as follows. Use this alternative if the wording in Additional Terms 2 need amendment for the purpose of the particular Notes]*

Change in Law: [Specify for Structured Notes][The following provisions, which are set out in section 5.1 of the Terms and Conditions, apply to the Notes. *Insert relevant provision from Section 5.1*] / [Section 5.1 of the Terms and Conditions apply to the Notes, amended as follows. *Use this alternative if the wording in Section 5.1 needs amendment for the purpose of the particular Notes*]

Increased Costs: [Specify for Structured Notes][The following provisions, which are set out in section 5.2 of the Terms and Conditions, apply to the Notes. *Insert relevant provision from Section 5.2*] / [Section 5.2 of the Terms and Conditions apply to the Notes, amended as follows. *Use this alternative if the wording in Section 5.2 needs amendment for the purpose of the particular Notes*]

Hedge Disruption: [Specify for Structured Notes][The following provisions, which are set out in section 5.3 of the Terms and Conditions, apply to the Notes. *Insert relevant provision from Section 5.3*] / [Section 5.3 of the Terms and Conditions apply to the Notes, amended as follows. *Use this alternative if the wording in Section 5.3 needs amendment for the purpose of the particular Notes*]

Replacement Reference Asset: [Insert the following wording for Equity-linked Notes and Fund-linked Notes as well as for other relevant Notes].

[x]/asset chosen by the Issuing Bank]. The Replacement Reference Asset shall replace the Affected Reference Asset in certain situations as specified in [the Terms and Conditions/Final Terms]. A Replacement Reference Asset shall replace a Reference Asset commencing the date determined by the Issuing Bank. The Issuing Bank may carry out all such amendments to the Final Terms as the Issuing Bank deems necessary in connection with replacing an Affected Reference Asset with a Replacement Reference Asset.

**Terms relating to Early Redemption/Redemption**

Early Redemption: [Applicable]

Early Redemption Date: [x]

Early Redemption Level: [x]

Early Redemption Amount: [x]

Reference Yield: [x]

Reference Interest: [x]

Amortisation: [Applicable/Not applicable]

Amortisation Dates: [x]

Amortisation Amount: [x]

Redemption Amount: [The Principal Amount] [and Additional Amount] [other]  
Deferred Redemption Date: [x]  
Business Day Convention: [*Specify applicable Business Day Convention pursuant to 8.7 of the Terms and Conditions or other applicable Business Day Convention* [ ]]  
Interest on arrears: [*Specify Applicable Interest Base Rate, if other than EURIBOR or STIBOR*]

**General Terms and Conditions relating to Notes**

Administrator: [ ]  
Calculation Agent: [ ] [*Specify only if an entity other than the Issuing Bank*]  
Clearing: [Euroclear Sweden AB, Euroclear Finland Ab, VP Securities A/S, Euroclear SA/NV or other]  
Listing: Application will be made to [ ] in [Stockholm/Helsinki/Copenhagen/other] for listing  
Business Day: [Business Day Sweden/Business Day Finland/or another Business Day]  
Applicable law: [Swedish/Finnish/Danish]  
Other applicable terms: [x]

**RESPONSIBILITY**

The Issuing Bank hereby confirms that the above supplemental terms and conditions (Final Terms) are applicable to the Notes together with the Terms and Conditions, and undertakes to make payment in accordance therewith.

[ ]

[Nordea Bank Finland Plc/Nordea Bank AB (publ)]

## **USE OF PROCEEDS**

In March 2004, NBAB's board of directors resolved to issue Notes under the MTN Programme on a continuing basis. In August 2007 it was decided that the programme amount would be raised to one hundred billion Swedish Krona.

In April 2002, NBF's board of directors resolved to include NBF as an issuer under the then Nordea Bank Sverige's MTN Programme and issue Notes under the aforementioned programme on a continuing basis. In August 2007 it was decided that the programme amount would be raised to one hundred billion Swedish Krona.

Notes issued under the MTN Programme constitute a part of the Banks' and Nordea Group's long-term financing and the net proceeds of any issue of MTNs will be used for the general banking and other corporate purposes of the Banks and the Nordea Group but may also be used for other purposes.



## ADMISSION TO TRADING AND CLEARING AND SETTLEMENT

Notes issued pursuant to the MTN Programme will, where so agreed and upon issue, be admitted to the OMX Nordic Exchange in Stockholm and on the stock exchanges in Helsinki, Copenhagen and Oslo or another stock exchange or marketplace. Notes issued pursuant to the MTN Programme are linked to Euroclear Sweden account-based book entry system and, accordingly, no physical securities will be issued. Clearing and settlement in conjunction with trading will take place in the VPC-system. Certain Notes under the MTN Programme may also be linked to the account-based book entry systems in Finland (Euroclear Finland), Denmark (the VP system) and Norway (VPS system). References to Euroclear Sweden in this Base Prospectus shall, with appropriate amendments and in applicable parts, be deemed to include also any other clearing organization or institution that is responsible for maintaining and administrating a register of Holders and which performs clearing and settlement.

Note holders are the persons registered on a VP account (or its equivalent in Finland, Denmark and Norway) as creditors and therefore entitled to receive payment under the Notes.

The Banks may provide for Notes to be subject to clearing and settlement in Euroclear and/or Clearstream, Luxembourg. Investors holding Notes through Euroclear (the clearing system operated by Euroclear Bank S.A./N.V., "**Euroclear**") or Clearstream (the clearing system operated by Clearstream Banking, société anonyme, Luxembourg, "**Clearstream, Luxembourg**") Euroclear and/or Clearstream, Luxembourg or their nominees will be registered as Holders on VP accounts.

### Dealers

The Dealers have, in a Dealer Agreement dated 18 April 2002 as amended and supplemented, undertaken to offer Notes on the capital market on behalf of the Banks, subject to that:

- (i) no impediment or limitation exists pursuant to law or similar from any Swedish or foreign government, central bank or other public authorities; and
- (ii) Notes may be placed in the primary market at normal market terms.

A Dealer may undertake in a separate agreement between the Issuing Bank and the Dealer, with respect to a particular series of Notes, to quote bid prices for sale of Notes and, when the Dealer's own holdings of the relevant Notes so allow, offering to purchase Notes and provide quotes therefore.

## TAXATION

**The description below does not constitute tax advice. The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Holders must make their own assessment of the tax consequences of an investment in Notes and, in conjunction therewith, consult with tax advisors. This summary is based upon the law as in effect on the date of this base prospectus and is subject to any change in law that may take effect after such date.**

### **Taxation in Sweden**

Euroclear Sweden or its nominee (in case of nominee-registered Notes) perform a preliminary tax withholding, at present 30 % of paid interest, for physical persons that are subject to taxation in Sweden and Swedish estates of deceased persons. No withholding of tax in Sweden is made in respect of interest payments to any person other than a physical person that is subject to Swedish taxation or a Swedish estate of deceased person.

No deduction of withholding tax or other tax in Sweden is made in respect of other payments than interest payments.

Further and more detailed information regarding the tax treatment of a specific product issued under the MTN Programme may be provided in the Final Terms.

### **Taxation in Finland**

Interest on notes issued by NBF to the public in Finland constitutes income pursuant to the act on withholding tax for interest income for physical persons that are subject to taxation in Finland and Finnish estates of deceased persons. The withholding tax on interest income is at present 30%. According to the act on withholding tax for interest income, index-linked yield is treated as interest income. Interest on notes issued by NBAB to physical persons that are subject to taxation in Finland and Finnish estates of deceased persons constitute capital income. The tax rate applicable to capital income is at present 30%. The tax rate for the part of capital income which exceeds 50,000 euros per year is 32%.

Where notes are sold by a Finnish physical person or Finnish estate of deceased person prior to the due date, any capital gains and payment of accrued interest (*Sw. eftermarknadsgottgörelse*) is taxed in at the tax rate applicable to capital income (see above).

Payments of interest in accordance with the Terms and Conditions are not subject to withholding tax in Finland provided that the recipient is not subject to taxation in Finland.

### **Taxation in Denmark**

A holder that is a private person domiciled in Denmark or a private person domiciled outside Denmark who spends at least six months per year in Denmark, is taxed when the yield is paid and realized. If the note is listed on a security exchange or other quotation system a loss will only be deductible when applicable disclosure requirements in respect of the acquisition is met.

If the note is regulated according to a mechanism similar to derivatives (could be structured notes), the taxation will be on mark-to-market basis and with restriction in the deductibility of losses.

Companies are taxed of interest on accrued basis. Gains/losses are taxed on mark-to-market basis.

Payment of interest, any other form of yield and/or principal is made, under applicable Danish law, without deduction of taxes or other charges.

Further and more detailed information regarding the tax treatment of a specific product issued under the MTN Programme may be provided in the Final Terms.

### **Taxation in Norway**

Residents in Norway for tax purposes are subject to income taxation on interest received or any other form of yield in respect of the Notes. The tax rate is currently 28%. If the Notes are issued at a discount a calculated interest will be distributed and taxable over the life of the Note.

Capital gains or profits realised by residents in Norway for tax purposes on the sale, disposal or redemption of the Notes will be subject to Norwegian taxation. Any costs in relation to the purchase of the Note will be capitalized as part of the tax base of the Note. The tax rate is currently 28%.

The Notes are included in the wealth of an individual resident in Norway and other Holders of Notes that are liable to wealth tax. The net wealth is taxed at maximum 1.1%. Limited liability companies are not liable to wealth tax in Norway.

Payment of interest, any other form of yield and/or principal is made, under applicable Norwegian law, without deduction of taxes or other charges. Payments of interest in accordance with the Terms and Conditions are not subject to withholding tax in Finland or Sweden provided that the recipient is not subject to taxation in Finland or Sweden respectively.

### **Council Directive 2003/48/EC of 3 June 2003 on taxation of income from savings in the form of interest payments**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), which has been implemented in Sweden, Finland and Denmark each Member State is from, 1 July 2005, required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On November 13, 2008 the European Commission published a proposal for amendments to the EU Savings Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

## SPECIFIC SALES- AND OTHER RESTRICTIONS

With the exception of the approval by the Swedish Financial Supervisory Authority of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Regulation (/809/2004/EG) and the Swedish Financial Instruments Trading Act (1991:980), neither the Banks nor the Dealers have undertaken any action, and will not take any action in any country or jurisdiction, that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required; other than with respect to a country or jurisdiction within the EEA to which the Base Prospectus is passported in accordance with Chapter 2, section 35 of the Swedish Financial Instruments Trading Act and article 17 and 18 of the Prospectus Directive by the Banks requesting the Swedish Financial Supervisory Authority to issue a certificate to the relevant authorities confirming approval of the Base Prospectus and its compliance with the Prospectus Directive 2003/71/EC of 4 November 2003. Such notification and passporting has been made to the relevant authorities in Finland, Denmark, Norway, Estonia, Latvia, Lithuania and Luxemburg. Further passporting and notification of relevant authorities in other jurisdictions within the EEA may be made.

Persons into whose possession this Base Prospectus of Final Terms comes are required by the Banks and the Dealers to comply with all applicable laws, regulations and rules in each jurisdiction where they purchase, offer, sell or deliver Notes or hold or distribute such offering material, in each case at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuing Bank. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular series of Notes under the MTN Programme) or (in any other case) in a supplement to this Base Prospectus.

Notes issued pursuant to the MTN Programme may not be offered or sold in Australia, Canada, Japan, New Zealand or South Africa or in any other country or jurisdiction other than in accordance with all applicable laws, regulations and rules. Further, the Base Prospectus may not be distributed to or within any of the above-mentioned jurisdictions other than in accordance with all applicable laws, regulations and rules.

### **UNITED STATES**

**Notes have not been, and will not be, registered in accordance with the U.S. Securities Act of 1933 and may not be offered or sold within the United States or to, on behalf of, or for the benefit of, persons domiciled in the United States other than in accordance with Regulation S or exemptions from the registration requirements of U.S. Securities Act of 1933. The terms used in this paragraph have the same meaning as pursuant to Regulation S of the U.S. Securities Act of 1933.**

## THE NORDEA GROUP

### Overview

The Nordea Group (Nordea Bank AB (publ) ("**NBAB**") and its subsidiaries, the "**Nordea Group**", the "**Group**" or "**Nordea**") is a financial group in the Nordic region, with additional operations in the Baltic Sea region in Poland, Russia, Estonia, Latvia, Lithuania, Luxembourg, as well as in a number of international locations. The Nordea Group's parent company, NBAB, is a public Swedish limited liability company incorporated under Swedish law. NBAB's shares are listed and traded on the Stockholm, Copenhagen and Helsinki stock exchanges.

The Nordea Group's head office is located in Stockholm at Smålandsgatan 17, SE-105 71 Stockholm, Sweden.

As of 31 December 2011, the Nordea Group's assets totalled EUR 716 billion and Tier 1 capital EUR 22.6 billion. As of the same date, the Nordea Group had approximately 11 million customers across the markets in which it operates, of which approximately 7.6 million are household customers in customer programmes and 0.6 million are active corporate customers.

As of 31 December 2011, the Nordea Group had approximately 1,400 branches of which approximately 290 were located in Russia, Poland, Lithuania, Latvia and Estonia (together referred to as the "**New European Markets**"). In addition, the Group has a very large number of telephone and Internet customers. The Nordea Group is very active within e-based financial services and, at the end of 2011, had approximately 6.5 million users of such services.

In addition, the Nordea Group acts as an asset manager within the Nordic region and Baltic Sea region with EUR 187 billion in assets under management as per 31 December 2011. The Nordea Group also provides life insurance products.

### The Formation of the Nordea Group

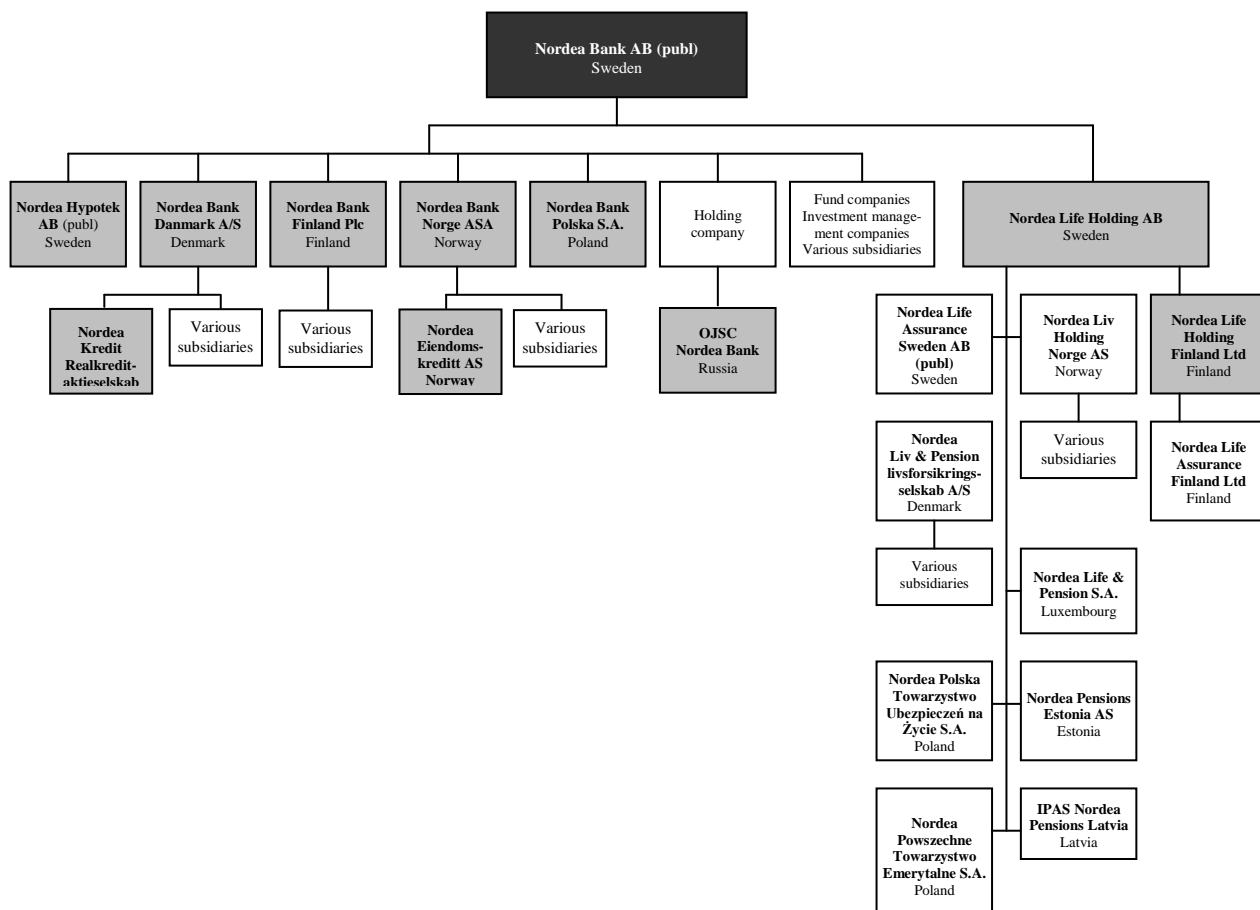
Nordea was created through international mergers among four large Nordic financial institutions which gradually resulted in the creation of a single unit. Nordea's predecessors were Nordea Bank Sverige AB (publ) (formerly Nordbanken AB (publ)) in Sweden, ("**Nordea Bank Sverige**"), which, on 1 March 2004, merged with the Group's parent company and underwent a change of name to Nordea Bank AB (publ); Nordea Bank Danmark A/S (formerly Unibank A/S) in Denmark, ("**Nordea Bank Danmark**"); Nordea Bank Finland Plc (formerly Merita Bank Abp) in Finland, ("**Nordea Bank Finland**"); and Nordea Bank Norge ASA (formerly Christiania Bank og Kreditkasse ASA) in Norway, ("**Nordea Bank Norge**").

After the Group's parent company had adopted the name Nordea AB (publ) at the end of 2000, the name "Nordea" was gradually introduced within the Group and, by December 2001, the banks and branch offices within the Group had adopted the name Nordea.

### Legal structure

To improve operating capacity, reduce risk exposure and enhance capital efficiency, Nordea's Board of Directors initiated a change in the Group's legal structure in June 2003. The internal restructuring commenced in 2003 when Nordea AB (publ), the parent company of the Nordea Group, acquired Nordea Bank Sverige, Nordea Bank Danmark and Nordea Bank Norge from Nordea Bank Finland. At the same time, Nordea AB (publ) also acquired Nordea North America, Inc. from Nordea Bank Finland. Following these transactions, Nordea AB (publ) was established as a bank and its name was changed to Nordea Bank AB (publ). Thereafter, Nordea Bank Sweden merged with Nordea Bank AB (publ). The merger was registered with the Swedish Patent and Registration Office (currently the Swedish Companies Registration Office) on March 1, 2004.

The Nordea Group aims at continuous simplification of its legal structure and the aim is that Nordea Bank AB (publ) will be converted into a European company, a “Societas Europaea,” as regards the Nordic Banks. The conversion is conditional on, among other things, Nordea obtaining necessary approvals from the relevant authorities. As all regulatory responses to the financial turmoil and the “New Normal” are yet to be seen and evaluated, Nordea is following up and analysing the changes in process which are not expected to be finalized during 2012. The following chart sets forth the general legal structure of the Nordea Group, including its material subsidiaries, as of December 31, 2011.



The Nordea Group’s banking business in the Baltic countries is operated as branches of Nordea Bank Finland. For additional information on the legal structure of the Nordea Group, see “*Note P21*” to the audited consolidated financial statements of the Nordea Group for the year ended and as of December 31, 2011 incorporated by reference into this Base Prospectus.

## **The Nordea Group's Organization**

### **Overview**

The Nordea Group's organizational structure, which was implemented in June 2011, is built around three main business areas: Retail Banking, Wholesale Banking and Wealth Management. In addition to the business areas, the Nordea Group's organization includes the business unit Group Operations and Other Lines of Business. Group Corporate Centre and Group Risk Management which are the other central parts of the Nordea Group's organization. The Nordea Group's financial reporting structure has been based on the new organizational structure from and including the third quarter of 2011.

In the Nordea Group's organization, all parts of the value chains – customer responsibility, support, products, staff and IT development – have been incorporated into the three main business areas with the objective to improve efficiency, increase return on equity and deepen customer relationships. By organising the business areas around value chains, Nordea believes that the responsibilities for creating efficiencies will be clearer and that the Nordea Group will be able to respond to new regulatory and investor demands in a more agile manner. The purpose of the organizational structure is also to enable all people within the Nordea Group to work even closer to customers, including understanding and delivering on their needs and preferences. Similar to the Nordea Group's previous operating model described below under “—Nordea Group's Previous Operating Model,” segmentation of customers and differentiating both the value proposition and resource allocation according to customer needs are at the core of the Nordea Group's customer strategy in the new organization.

Of the Nordea Group's business areas, Retail Banking is responsible for customer relations with household customers as well as large, medium-sized and small corporate customers in the Nordic and Baltic Sea markets. Retail Banking is responsible for segmentation (customer groups) as well as value propositions (customer programs), cross-border customer strategies and sales processes. The Retail Banking business is operated through Banking Denmark, Banking Finland, Banking Norway, Banking Sweden and Banking Poland & the Baltic countries.

The Wholesale Banking business area further builds on the Nordea Group's customer-centric relationship banking approach and aims to ensure that all service and product competences of the Nordea Group reach its large corporate customers. The Wholesale Banking business area includes the business units Corporate & Institutional Banking, Shipping, Offshore & Oil Services, Banking Russia, Nordea Markets, Transaction Products and International Units.

Wealth Management includes the business units Private Banking (Nordic and International), Asset Management and Life & Pensions. The Private Banking business is operated through an integrated model with Retail Banking.

The business unit Group Operations and Other Lines of Business operates the Nordea Group's common development and services, including IT, Processes, Services, and Premises and Property. It also contains two lines of business that have their own value chains and operating models, namely Nordea Bank Russia and Nordea Finance.

Group Corporate Centre and Group Risk Management are group functions that continue to operate in the same structure as they did in the Nordea Group's previous operating model.

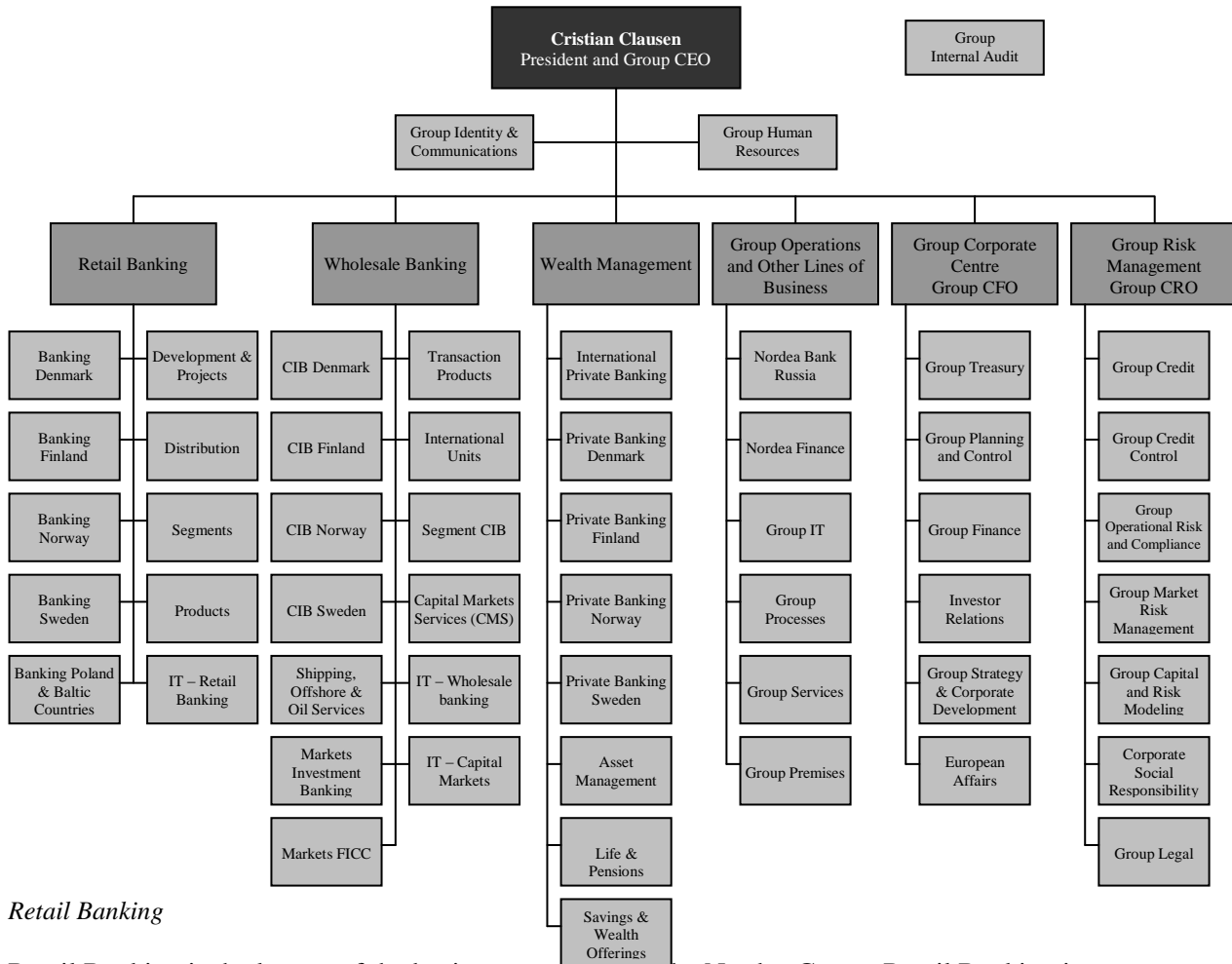
### ***Business Areas***

At the core of the Nordea Group's strategy is segmentation of customers and differentiating both value proposition and resource allocation according to customer needs. The Nordea Group's customer activities are organised around two major customer groups: household customers and corporate customers. With both its household customers and corporate customers, the Nordea Group seeks to build long-term banking relationships and to become a lifetime financial partner by gaining an

understanding of the customers' specific product and service needs and by offering products and advice tailored to meet those requirements.

To serve its household customers and corporate customers, the Nordea Group has divided its operations into three main business areas (Retail Banking, Wholesale Banking and Wealth Management) and the business unit Group Operations and Other Lines of Business. The business areas each comprise a number of business units which operate as separate profit units.

The following chart sets forth the Nordea Group's organization.



### Retail Banking

Retail Banking is the largest of the business areas within the Nordea Group. Retail Banking is responsible for customer relations with household customers as well as large, medium-sized and small corporate customers in the Nordic and Baltic Sea markets. Retail Banking is responsible for segmentation (customer groups) as well as value propositions (customer programs), cross-border customer strategies and sales processes. The Retail Banking business is operated through Banking Denmark, Banking Finland, Banking Norway, Banking Sweden and Banking Poland & Baltic countries.

Within Retail Banking, the Nordea Group operates a multi-channel distribution strategy in the household customer segment to ensure that household customers can access the bank when and how it suits them. The three core elements of Retail Banking's distribution strategy are branches, contact centers and on-line and mobile banking. Through the Nordea Group's common customer relationship system, the three distribution channels are fully integrated so that customer interaction in one channel is simultaneously recorded in all other channels. The Nordea Group assigns household customers in each of the Nordic markets to different segments based on the business volume and number of products and services the customer has with the Nordea Group, namely Gold, Silver and Bronze customers in the Nordea Group's customer programs. Retail Banking advisors work to develop relationships with the Nordea Group's household customers and to provide them with product solutions tailored to meet their individual banking needs.



In the Nordic markets, Retail Banking divides its corporate customers further into the following customer segments: Large, Medium and Small corporates. The aim for the Large, Medium and Small customer segments is to develop customer relationships and to become the house bank for their respective customers. Retail Banking has launched a concept to service small corporate customers with one adviser for both their corporate and their household business.

### *Wholesale Banking*

The Wholesale Banking business area was established to further build on the Nordea Group's customer centric relationship banking approach and to ensure that all service and product competences of the Nordea Group reach its large corporate customers. The organization of the Wholesale business area was slightly revised in late 2011 when the units serving corporate and institutional customers, Corporate Merchant Banking and Financial Institutions, were combined into Corporate & Institutional Banking (CIB), that, in turn, has four units (CIB Denmark, CIB Finland, CIB Norway and CIB Sweden). Currently, the Wholesale Banking business area includes the units Corporate & Institutional Banking, Shipping, Offshore & Oil Services, Banking Russia, Nordea Markets, Transaction Products and International Units.

### *Corporate & Institutional Banking*

The Corporate & Institutional Banking organization serves the Nordea Group's largest Nordic corporate customers and institutional customers in one central unit in each market. The Nordea Group seeks to establish strategic partnerships with its Corporate & Institutional Banking customers by becoming their primary source for a wide range of financial services, including day-to-day banking services such as cash management. The Nordea Group provides Corporate & Institutional Banking with tailored, highly individualised product solutions and terms. A central part of the Nordea Group's corporate strategy is to create value by relationship banking, through a named senior relationship manager responsible for developing and organising the customer relationship and having a total view of the customer's business and financial affairs. In the upper corporate customer segments, the Nordea Group's aim is to establish partnerships that develop into house bank relationships, comprising the full spectrum of financial services and a high level of ancillary business. When serving large financial institution customers, such as banks, investment banks, hedge funds and other financial institutions, the Nordea Group employs a similar relationship banking concept, seeking to establish a strategic partnership with the customer and to provide specialised advice and tailored products and services.

### *Shipping, Offshore & Oil Services*

Nordea believes that the Nordea Group has a solid recognition in the maritime sector. With a global business platform, strong syndication franchise and consistent presence in the market during business cycles, Nordea believes that the Nordea Group has positioned itself as a globally leading bank to the shipping, offshore and oil services industries, and further that the Nordea Group's exposure to the shipping, offshore and oil services industries is well diversified.

### *Banking Russia*

Nordea offers banking services to corporate and household customers in Russia through its wholly owned subsidiary, OJSC Nordea Bank, a full service bank. Banking Russia has a particular focus on making business with large global companies and core Nordic clients in Russia and offers all regular banking products, including cash management, lending and capital markets services. Based on its strong presence in the Nordic countries, Nordea believes that the Nordea Group can offer companies active both there and in Russia solutions that meet their needs for banking services.

### *Nordea Markets*

Nordea believes that Nordea Markets is the leading capital markets and investment banking operation in the Nordic region. Nordea Markets is responsible for handling trading, research and sales within areas such as foreign exchange, fixed income, equities, structured products, commodities, capital markets services, financial advisory and corporate finance. Nordea Markets offers its products to corporate and financial institutions and through Wealth Management to household customers. The activities in Nordea Markets are purely customer-driven. The strategy of Nordea is to further increase business in risk management products with Nordea's corporate customers.

### *Transaction Products*

The Transaction Products product division consists of three units, Cash Management, Trade Finance and Payment Operations. The division is responsible for the product offering within, among others, transaction products and services, working capital related services, corporate e-channels and trade financing.

### *International Units*

The Nordea Group operates an international network of branches in New York, London, Frankfurt, Shanghai and Singapore, as well as representative offices in Sao Paulo and Beijing. In addition to its own network, the Nordea Group has entered into various cooperation agreements with banks around the world. As a result, the Nordea Group is able to offer its corporate customers high-quality solutions for their international business. The product offering focuses on day-to-day banking services, credit products, cash management, trade finance and capital markets products. The Nordea Group's business in the Baltic countries is operated through branches of Nordea Bank Finland.

### *Wealth Management*

Wealth Management provides high-quality investment, savings and risk management products, manages the Nordea Group's customers' assets and advises affluent and high-net-worth individuals as well as institutional investors on their financial situation.

### *Private Banking*

The Nordea Group operates its Private Banking business through an integrated model with Retail Banking. The Nordea Group believes that this integrated operating model enables it to fully leverage the distribution capabilities and customer base of the whole Group as well as to utilise the investment and product development competencies in the Group.

In addition to its Nordic Private Banking operations, the Nordea Group engages in International Private Banking operations that are targeted to both customers of a Nordic origin domiciled outside the Nordic region and international customers of non-Nordic origin.

#### *Asset Management*

Asset Management is responsible for delivering the Nordea Group's savings products to household customers, including private banking customers. The savings product offering consists of actively managed investment products such as investment funds, life insurance and pension products and discretionary mandates. Asset Management is also responsible for the Nordea Group's asset management offerings to large corporate and institutional customers.

#### *Life & Pensions*

Life & Pensions covers product development and packaging of life insurance and pension products to corporate and household customers. Customers are served through banking branches, Life & Pensions' own sales force or via tied agents and brokers.

#### *Nordea Group's Previous Operating Model*

Prior to June 2011, the Nordea Group divided its operations into customer areas (Nordic Banking, Corporate Merchant Banking, Private Banking, Financial Institutions, Shipping, Oil Services & International and New European Markets) and product areas (Banking Products, Markets FICC and Saving Products), in addition to which the Nordea Group had Group Operations and Service and Staff Units:

*Customer Areas:* The Nordea Group divided its operations into six business areas that focused on customer relations: Nordic Banking, Corporate Merchant Banking, Private Banking, Financial Institutions, Shipping, Oil Services & International and New European Markets. The customer areas were responsible for advising customers and for product sales. Nordic Banking, the Nordea Group's largest customer area, served household customers and corporate customers in the Nordic markets whereas Corporate Merchant Banking served the largest corporate customers. Private Banking served the Nordea Group's Nordic and international private banking customers. Financial Institutions had global customer responsibility for financial institutions, while Shipping, Oil Services & International had the global customer responsibility for shipping, offshore and oil services companies. The New European Markets had responsibility for the Nordea Group's banking activities in Estonia, Latvia, Lithuania, Poland and Russia.

*Product Areas:* In the previous operating model, the product and service delivery chain was streamlined by organising all products and services across the Nordea Group into three product areas, Banking Products, Markets FICC and Savings Products. Within these product areas, the Nordea Group organised all products and related processing into six main product divisions: Account Products, Transaction Products and Finance Products (in the Banking Products product area), Markets FICC (in the Markets FICC product area), Life & Pension Products and Savings Products & Asset Management (in the Savings Products product area). The product areas were group-wide and responsible for ensuring common simple and transparent delivery processes and a flexible and fast product development.

*Group Operations and Service and Staff Units:* Group Operations and Service and Staff Units supported the customer areas and the product areas and were responsible for providing basic infrastructure for business, making it easier for customers to do business with Nordea.

Up to and including the second quarter of 2011, the Nordea Group's financial reporting structure was largely aligned with the customer areas under the previous operating model and the Nordea Group's operations were divided into Nordic Banking (including the operations within

Corporate Merchant Banking), New European Markets, Financial Institutions and Shipping, Oil Services & International, and Other Operating Segments and Group Functions.

## Strategy

In 2007, the Nordea Group initiated a clear organic growth strategy both in the Nordic markets as well as in Poland, Russia and the Baltic countries. The Nordea Group has maintained this strategic direction despite the challenging macroeconomic environment during the past years. The Nordea Group's current strategy is based on focused relationship strategy banking where financial solutions are provided in an efficient and diversified manner and where the main focus areas are:

- ***balanced customer focus***, building on a customer-centric organizational design, in which the right products are delivered in the right way at a fair price based on the true cost of providing the products;
- ***people focus***, clear values and principles are reflected in the objectives and incentives that are set within the Group, with the economic profit framework remaining at the heart of how management and support are pursued; and
- ***optimised value chain integration***, adoption and development of best practices where loyalty to simplicity, transparency and reduction of complexity is promoted while keeping the Nordea Group's clients and their objectives in focus;

Nordea believes that having one operating model and business area ownership of the end-to-end value chain ensures overview, accountability and congruence. This focused relationship strategy provides the basis for the Nordea Group's financial target, as further discussed below.

Nordea believes that profitability will be key to maintaining a high credit rating, low funding costs and flexibility within the Nordea Group's capital position, and further believes that sound profitability is a prerequisite for providing customers with excellent customer experiences in a sustainable manner. For the Nordea Group to stay in what it sees as the top league in performance for its peer group of European banks, Nordea believes it needs to increase the Group's return on equity by taking actions on both cost and capital efficiency, and at the same time continue to grow the Group's income. In line with this strategy, Nordea has set a single financial target for the Group, which is to reach a return on equity of 15% in a normalised macroeconomic environment with a capital requirement of 11% (core Tier 1 capital) and higher interest rates. Subsequent to the setting of this financial target, Swedish authorities have announced a proposal that sets forth higher capital requirements for Swedish D-SIBs (domestic systemically important banks), which group includes the Nordea Group. Before the final framework for the capital adequacy standards that will be ultimately implemented in Sweden and elsewhere in Europe are known, and the related funding and liquidity regulations are finalised, it is difficult to predict whether these standards will affect the Nordea Group's financial target.

### *Efficiency Initiatives*

Nordea has introduced efficiency initiatives aimed at both cost efficiency and asset and capital efficiency in order to mitigate the anticipated higher costs for banking in the changed business environment that is often referred to as the "New Normal." In June 2011, the Nordea Group implemented a new organizational structure, which Nordea believes will enable a continued focus on efficiency across value chains and on assisting customers in finding efficient solutions in the "New Normal." The new organizational structure aims to ensure improved accountability and a focused implementation of identified cost efficiency measures. In the second half of 2011, Nordea undertook a range of additional cost efficiency measures, including the reduction in the number of employees of the Group by approximately 2,000 in 2011 and 2012, and expects to initiate further efficiency measures. Nordea has also taken initiatives for cost efficiency in, among other areas, IT development. Nordea strives for further capital efficiency by focusing the

business on capital-light products on the advisory and relationship business as well as ancillary income in customer relations. The Nordea Group's asset and capital efficiency initiatives further aim at taking actions to achieve only moderate growth in RWA despite income growth. These initiatives include reviews of credit risk processes for further improving RWA efficiency as well as further roll-out of IRB models.

#### *Household and Corporate Relationships*

The Nordea Group's relationship strategies are divided into a household relationship strategy and a corporate relationship strategy.

#### *Household Relationship Strategy*

Household customers are divided into four segments based on their business with Nordea. The core philosophy of this strategy is to provide the best service, advice and product solutions to the customers and thereby to ensure loyalty, brand value and increase business and income. The household relationship strategy aims at moving existing customers to higher relationship segments, attracting new customers to enter relationship segments, freeing up more advisor time and reducing costs by multichannel distribution.

Nordea believes that the successful implementation of the household relationship strategy will provide better income and growth potential, higher customer loyalty, more efficient services and lower risk, while also creating the customer benefits of a relationship-based and prioritised access to a named advisor, a long-term holistic view on the customer relationship and transparent and generally non-negotiable prices.

#### *Corporate Relationship Strategy*

Corporate customers comprise four segments based upon their business potential and complexity of banking needs. The corporate relationship strategy aims to increase the Nordea Group's market share with its largest customers and to become the leading bank among the largest corporate customers in all Nordic markets. For customers in the large and medium segments, Nordea's aim is to make risk management products and capital markets transactions an integrated part of the basic product offering.

Nordea believes that the successful implementation of the corporate relationship strategy will provide better income and growth potential, a balanced and diversified product mix and close partnership-based relationships and allow prudent risk taking, while also creating the customer benefits of relationship-based advice, access to Nordea's products and balance sheet capacity, competitive prices and a partnership relation.

### **Recent Developments**

#### *Dividend Policy*

The Annual General Meeting for 2012 (the "2012 AGM") has approved a dividend payout for 2011 of EUR 0.26 per share. The total dividend payment for 2011 will therefore be EUR 1,047 million, corresponding to a payout ratio for 2011 of 40 per cent of the net profit, in line with NBAB's dividend policy.

#### *Acquisition of own shares within securities operations*

The 2012 annual general meeting of Nordea's shareholders resolved that Nordea, in order to facilitate its securities business, may purchase its own ordinary shares according to chapter 7 section 6 of the Swedish Securities Market Act (*Sw: lagen (2007:528) om*

*värdepappersmarknaden*). The purchase by Nordea of its own shares is subject to the limitation that Nordea's holding of such shares in its trading book must never exceed 1% of the total number of shares in Nordea. The price for the ordinary shares shall equal the market price prevailing at the time of the purchase.

#### *Guidelines for remuneration to the executive officers*

The 2012 AGM resolved on guidelines for remuneration to executive officers (the President and Group CEO and other members of Group Executive Management). NBAB shall maintain remuneration levels and other employment conditions needed to recruit and retain executive officers with competence and capacity to deliver according to NBAB's short- and long-term targets. Annual remuneration consists of a fixed salary part and a variable salary part. The fixed salary is paid for satisfactory performance. The variable salary part is offered to reward performance meeting agreed predetermined targets on group, business unit and individual level. The effect on long-term results is to be considered when determining the targets. The variable salary part shall as a general rule not exceed 35 per cent of the fixed salary. The variable salary part shall be paid in the form of cash and shares/share price-related payment and be subject to retention, deferral and forfeiture clauses.

Remuneration of Executive officers will be decided by the Board of Directors in accordance with NBAB's internal policies and procedures, which are based on the Swedish Financial Supervisory Authority's regulations on remuneration systems, EU's directive on capital requirements for banks as well as international sound compensation practices.

#### *Long Term Incentive Programme for managers and key employees*

The 2012 AGM resolved to introduce a long-term incentive programme (LTIP 2012). The Board of Directors' main objective with the adoption of the long-term incentive programme 2012 was, as was the case with the five corresponding programmes implemented in 2007, 2008, 2009, 2010 and 2011, to strengthen the Nordea Group's capability to retain and recruit the best talent for key leadership positions. The aim of Nordea's long-term incentive programme is further to stimulate managers and key employees, whose efforts have direct impact on the Nordea Group's results, profitability and long-term value growth, to increased efforts by aligning their interests and perspectives with those of the shareholders. Each of the long-term incentive programmes target up to 400 managers and other key employees of the Nordea Group, who are deemed to be of considerable significance to the Group's future development.

#### *Repurchase of C-shares for the Long Term Incentive Programme 2012*

Nordea's Annual General Meeting decided on a combination of a redistribution of 6,680,832 shares from LTIP2007 - LTIP 2009 to LTIP 2012 and a directed issue of 2,679,168 C-shares, an authorisation to the Board of Directors to repurchase the C-shares and after the conversion of the C-shares to ordinary shares, transfer the ordinary shares to the members of LTIP 2012.

#### *First quarter results 2012*

The interim report for the first quarter 2012 shows an operating profit for the first three months of 2012 of EUR 1,037 million, as compared to EUR 1,003 million for the corresponding period in 2011. The earnings of the period amounted to EUR 775 million which equals EUR 0.19 per share and the return on equity for the first three months amounted to 11,7 per cent. The net interest income amounted to EUR 1,420 million for the first three months compared to EUR 1,324 million for the same period in 2011. The total operating expenses amounted to EUR 1,276 million, which was an increase compared with the same period the preceding year when the total operating expenses amounted to EUR 1,265 million. The loan losses amounted to a net of EUR 218 million (to be compared with net loan losses of EUR 242 million during the first quarter 2011).

## **Capital Adequacy**

The Nordea Group received approval from the relevant financial supervisory authorities in June 2007, permitting it to use the internal ratings based approach of Basel II for its corporate and institutional credit portfolios in Denmark, Finland, Norway and Sweden (with exceptions for foreign branches and subsidiaries). In December 2008, the Nordea Group also received approval to use internal ratings based models for its retail credit portfolio. The Nordea Group had 75% of the exposure covered by Internal Rating Based ("**IRB**") approaches as of December 31, 2011. Nordea aims to continue the roll-out of the IRB approaches. The main focus is the development of advanced IRB for corporate customers in the Nordic area, including internal estimates of LGD and CCF. The Nordea Group is also approved to use its internal Value-at-Risk ("**VaR**") models to calculate capital requirements for the major parts of the market risk in the trading books. For operational risk, the standardized approach is applied. Nordea Group's consolidated risk-weighted assets ("**RWA**") are calculated based on pillar 1 requirements under Basel II, however regulatory transitional rules still applies which is based on the Basel I calculation of RWA.

The Internal Capital Adequacy Assessment Process ("**ICAAP**") describes the Nordea Group's management, mitigation and measurement of material risks and assesses the adequacy of internal capital by defining the internal capital requirement which aims to ensure that the Group keeps sufficient available capital to cover all the risks taken over a foreseeable future.

The Nordea Group bases the internal capital requirements under the ICAAP on a "pillar 1 plus pillar 2" approach, which in practice means a combination of Capital Requirements Directive ("**CRD**") risk definitions, the Nordea Group's Economic Capital ("**EC**") framework and buffers for periods of economic stress.

The "pillar 1 plus pillar 2" approach uses the pillar 1 capital requirement for credit risk, market risk and operational risk as outlined in the CRD as the starting point for its risk assessment. In the next step, pillar 2 risks, i.e. risks not included in pillar 1, are considered such as interest rate risk in the banking book, risk in the Nordea Group's internal defined benefit plans, real estate risk, concentration risk and business risk.

Nordea uses its EC framework to identify and assess pillar II risks, and as its primary tool for internal capital allocation considering all risk types. Another important component of assessing capital adequacy is stress testing. Nordea stress tests both pillar 1 and pillar 2 risks and the stress tests are considered when determining Nordea Group's internal capital requirement.

As a consequence of the financial turmoil and the upcoming regulations, the focus has shifted towards building capital analyses on regulatory capital requirement rather than the result of internal economic capital models. Due to the shift in focus as well as to ensure that each business area within Nordea is correctly charged for the actual capital consumption, the Nordea Group decided in 2010 to align the economic capital framework towards the regulatory capital framework, i.e. the pillar 1 risk measurement methods are used in the economic capital framework for credit, market and operational risk. However, the pillar 2 risks are still included in the economic capital framework.

## **Government Stabilisation Plans**

### ***Government guarantee schemes***

In response to the financial markets turmoil, the governments in each of the Nordic countries launched state funding schemes, guarantee schemes or capitalisation programmes. To date, other than to facilitate the Swedish State's subscription of its pro rata number of new ordinary shares in the rights offering carried out in the spring of 2009 through the National Debt Office, the Nordea Group has not joined the Finnish or Swedish state funding or capitalisation schemes or the Danish or Norwegian capitalisation schemes. The Swedish State's subscription in Nordea's rights offering was financed through the State's stabilisation fund. The stabilisation fund is financed with fees paid by

banks and other credit institutions. The total stabilisation fee paid by the Nordea Group in Sweden was EUR 55 million in 2011.

In the first half of 2011, central banks and governments began to unwind the support measures introduced in 2008 and 2009. However, during the summer months investors became increasingly concerned about sovereign debt crisis together with political uncertainties and weakening growth prospects. The room for fiscal stimulus has been reduced by debt worries and consequently the central banks have been forced to continue to provide liquidity to the markets. There has been a clear tightening of liquidity conditions which has also been reflected in the interbank markets.

In Denmark, the Nordea Group has incurred provisions in 2011 in relation to the Danish Deposit Guarantee Fund in connection to bank collapses. These provisions have been accounted for as net loan losses and amounted net to EUR 58 million. In 2010, the Nordea Group reported net loan loss provisions in relation to the previous Danish guarantee scheme of EUR 101million, in addition to the annual commission expenses.



## NORDEA BANK AB (publ)

### Operational Overview

Nordea Bank AB (publ) or, as the case may be, a predecessor to NBAB, has operated as a part of the Nordea Group since 1998, which was formed as a result of the merger between Merita and Nordbanken. The merger between Merita and Nordbanken has been addressed in detail above; see “**The Nordea Group – Formation of the Nordea Group.**”

NBAB conducts banking operations in Sweden within the scope of the Nordea Group’s business organization. NBAB develops and markets financial products and services to personal customers, corporate customers and the public sector.

### Legal Structure and Subsidiaries

Nordea Bank Sverige AB (publ) was a wholly owned subsidiary of NBAB (formerly Nordea AB (publ)) until 1 March 2004, when Nordea Bank Sverige merged with NBAB (see above “**The Nordea Group – Legal structure**” for further information). NBAB was incorporated on 8 October 1997 in accordance with Swedish law. NBAB’s registered office is located in Stockholm, Sweden. NBAB is subject to the Swedish Companies Act (2005:551) and is licensed to conduct banking operations in accordance with the Banking and Finance Business Act (2004:297), and further to pursue financing operations and operations related thereto, including *inter alia*, carrying out securities business. Nordea is subject to substantial regulation in all markets in which it operates. NBAB is registered at the Swedish Companies Registration Office under the name Nordea Bank AB. NBAB is a public (publ) limited liability company with registration no. 516406-0120. The head office is located in Stockholm at the following address: Smålandsgatan 17, 105 71 Stockholm (telephone no. +46 8- 614 70 00). NBAB has a number of directly and indirectly owned subsidiaries. NBAB shares are listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

### The Main Subsidiaries

The three main subsidiaries of NBAB are Nordea Bank Danmark A/S (“**Nordea Danmark**”), Nordea Bank Finland Plc (“**Nordea Finland**”) and Nordea Bank Norge ASA (“**Nordea Norway**”).

Nordea Finland is a public limited liability company and has been granted a license from the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) to conduct banking business in Finland. Banking and financing business in Finland is regulated by the Finnish Act on Credit Institutions (9.2.2007/121) (Sw. *Kreditinstitutslag*) (the “**FACT**”) and by the Finnish Act on Commercial Banks and Other Credit Institutions in the form of a Limited Company (28.12.2001/1501) (Sw. *lag om affärsbanker och andra kreditinstitut i aktiebolagsform*).

Nordea Danmark is a public limited liability company (Da. *Aktieselskab*) and has been granted a license from the Danish Financial Supervisory Authority (Da. *Finanstilsynet*) (the “**DFSA**”) to conduct banking business in Denmark. Banking business in Denmark is regulated by the Danish Financial Business Act (Da. *Lov om finansiel virksomhed*) (the “**FIL**”).

Nordea Norway is regulated under the Norwegian Act on Commercial Banks (Nw. *lov 25. mai 1961 om forretningsbanker*) and the Act on Financial Institutions (Nw. *lov 10. juni 1988 nr. 40 om finansieringsvirksomhet og finansinstitusjoner*). In addition, Nordea Norway holds a license as an investment firm and is therefore also regulated by the Norwegian Securities Trading Act (Nw. *lov 29. juni 2007 nr. 75 om verdipapirhandel*).

## Share Capital and Shareholders

As of the date of this Base Prospectus, NBAB's share capital is EUR 4,047,272,751, consisting of 4,047,272,751 ordinary shares with a nominal value of EUR 1.00. Each share entitles the holder to one vote. Nordea is not entitled to vote any Nordea shares it holds. The following table sets forth information relating to NBAB's five largest shareholders as of February 29, 2012.

| <u>Shareholder</u>      | <u>Number of shares<br/>(million)</u> | <u>Percent of<br/>share capital<br/>and votes</u> |
|-------------------------|---------------------------------------|---|
| Sampo Oyj               | 860.4                                 | 21.3  |
| Swedish State           | 544.2                                 | 13.5  |
| Nordea-fonden           | 158.2                                 | 3.9   |
| Swedbank Robur Funds    | 131.0                                 | 3.2   |
| AMF Insurance and Funds | 81.2                                  | 2.0   |

To the best of NBAB's knowledge, there are no shareholder agreements which give individual shareholders or any group of shareholders control over NBAB.

## Board of Directors

According to the Articles of Association, the Board of Directors shall consist of at least six and no more than fifteen members elected by the shareholders at the shareholders' meeting. The Board of Directors currently consists of nine members elected by the shareholders at the shareholders' meeting for the period until and including the annual general meeting in 2012. In addition, three members and one deputy member are appointed by the employees. Employees have a right, according to Swedish legislation, to be represented in the board. The CEO of Nordea is not a member of the Board of Directors.

The following table sets forth, for each member of the Board of Directors, his or her year of birth, the year of his or her initial appointment to the Board of Directors.

| <u>Name</u>         | <u>Year of birth</u> | <u>Board member<br/>since</u> | <u>Position</u> |
|---------------------|----------------------|-------------------------------|-----------------|
| Björn Wahlroos      | 1952                 | 2008                          | Chairman        |
| Marie Ehrling       | 1955                 | 2007                          | Vice Chairman   |
| Stine Bosse         | 1960                 | 2008                          | Member          |
| Peter F Braunwalder | 1950                 | 2012                          | Member          |
| Svein Jacobsen      | 1951                 | 2008                          | Member          |
| Tom Knutzen         | 1962                 | 2007                          | Member          |
| Lars G Nordström    | 1943                 | 2003                          | Member          |
| Sarah Russell       | 1962                 | 2010                          | Member          |
| Kari Stadigh        | 1955                 | 2010                          | Member          |

In addition, the Board of Directors includes the following employee representatives (one of whom at any time is a deputy member) appointed by the trade unions.

| <u>Name</u>     | <u>Year of birth</u> | <u>Board<br/>member since</u> | <u>Position</u>            |
|-----------------|----------------------|-------------------------------|----------------------------|
| Kari Ahola      | 1960                 | 2006                          | Employee<br>Representative |
| Ole Lund Jensen | 1960                 | 2009                          | Employee<br>Representative |
| Lars Oddestad   | 1950                 | 2009                          | Deputy Employee            |

|                   |      |      |   |
|-------------------|------|------|---|
| Steinar Nickelsen | 1962 | 2007 | Representative <sup>1</sup><br>Employee<br>Representative |
|-------------------|------|------|---|

The members of the Board of Directors and Group Executive Management have the following office address: c/o Nordea Bank AB (publ), Smålandsgatan 17, SE-105 71 Stockholm, Sweden.

With the exception of the employee representatives, all members of the Board of Directors work outside the Nordea Group.

According to NBAB's articles of association, when electing the board of directors, the aim is to ensure that the board of directors as a whole for the purpose of its work possesses the requisite knowledge of and experience in the social, business and cultural conditions of the regions and markets in which the main activities of the Group are carried out.

*Björn Wahlroos* has been a member of the Board of Directors since 2008 and has served as its Chairman since 2011. As of the date of this Base Prospectus, Mr. Wahlroos also serves as the Chairman of the Board of Directors of Sampo Oyj, UPM-Kymmene Corporation and Hanken School of Economics in Helsinki. He is also a member of the Board of Directors of several organizations and charities, including the Finnish Business and Policy Forum EVA/ETLA and the Mannerheim Foundation.

*Marie Ehrling* has been a member of the Board of Directors since 2007 and has served as its Deputy Chairman since 2011. As of the date of this Base Prospectus, Ms. Ehrling is a member of the Board of Directors of Securitas AB, Loomis AB, Oriflame Cosmetics SA, Schibsted ASA, Safe Gate AB, Centre for Advanced Studies of Leadership at the Stockholm School of Economics and the World Childhood Foundation and Axel Johnson AB. She is also a member of the Business Executives Council of Invest Sweden and the Royal Swedish Academy of Engineering Sciences (IVA).

*Stine Bosse* has been a member of the Board of Directors since 2008. As of the date of this Base Prospectus, she serves as the Chairman of the Board of Directors of Børnefonden (the Danish Children's Heart Disease Foundation) Flügger A/S and The Royal Danish Theatre and is a member of the Board of Directors of TDC A/S, Aker ASA and Icopal a/s. Ms. Bosse is also a non-executive director of Amlin plc and a member of INSEAD, the Danish Council and an advocate for the United Nation's MDG Goals for UN.

*Peter F Braunwalder* was elected as member of the Board of Directors by the 2012 AGM. As of the date of this Base Prospectus Mr Braunwalder is the Board Chariman of Thommen Medical AG. He also serves as a Board Member of Banque Heritage and the Menuhin Festival Gstaad.

*Svein Jacobsen* has been a member of the Board of Directors since 2008. As of the date of this Base Prospectus, Mr. Jacobsen is the Chairman of the Board of Directors of Vensafe AS, PSI Group ASA and Falkenberg AS. He is also a member of the Board of Directors of Heidenreich Holding AS and Commax AS and a member of the Advisory Board of CVC Capital Partners.

*Tom Knutzen* has been a member of the Board of Directors since 2007. Mr. Knutzen is the CEO of Jungbunzlauer Suisse AG. He is also the Chairman of the GUDP (Green Development and Demonstration Program) under the Danish Ministry for Food, Agriculture and Fisheries and a member of the Board of Directors of the Confederation of Danish Industries (DI) and a member of Denmark's Growth Council.

*Lars G Nordström* has been a member of the Board of Directors since 2003. As of the date of this Base Prospectus, Mr. Nordström is the Chairman of Vattenfall AB and the Finnish-

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<sup>1</sup> Until April 30, 2012

Swedish Chamber of Commerce and a member of the Board of Directors of Viking Line Abp and the Swedish-American Chamber of Commerce and a member of the Royal Swedish Academy of Engineering Sciences (IVA). Mr. Nordström is also an honorary consul of Finland in Sweden.

*Sarah Russell* has been a member of the Board of Directors since 2010. As of the date of this Base Prospectus, Ms. Russell is the CEO of AEGON Asset Management.

*Kari Stadigh* has been a member of the Board of Directors since 2010. As of the date of this Base Prospectus, Mr. Stadigh is the Group CEO and President of Sampo Oyj. Mr. Stadigh also serves as the Chairman of the Board of Directors of If P&C Insurance Holding AB (publ), Kaleva Mutual Insurance Company and Mandatum Life Insurance Company Limited.

## Group Executive Management

Group Executive Management currently consists of eight members, including the CEO. The President and CEO is appointed by the Board of Directors and is charged with the day-to-day management of NBAB and the Nordea Group's group-wide affairs in accordance with applicable laws and regulations including the Swedish Code of Corporate Governance (Sw: Svensk kod för bolagsstyrning) (the "Swedish Corporate Governance Code"), as well as the instructions provided by the Board of Directors. The instructions regulate the division of responsibilities and the interaction between the CEO and the Board of Directors. The CEO works closely with the Chairman of the Board of Directors, for example, in planning the meetings of the Board of Directors.

The following table sets forth each member of Group Executive Management, his or her year of birth, the year of his or her initial employment as a member of Group Executive Management and his or her current position.

| Name                       | Year of birth | Group Executive Management member since | Position   |
|----------------------------|---------------|---|--|
| Christian Clausen          | 1955          | 2001                                    | President and Group CEO  |
| Torsten Hagen<br>Jørgensen | 1965          | 2011                                    | Executive Vice President, Head of Group Operations and Other Lines of Business                       |
| Ari Kaperi                 | 1960          | 2008                                    | Executive Vice President, CRO, Head of Group Risk Management and Country Senior Executive in Finland |
| Casper von Koskull         | 1960          | 2010                                    | Executive Vice President, Head of Wholesale Banking  |
| Peter Nyegaard             | 1963          | 2011                                    | Executive Vice President, Chief Operating Officer of Wholesale Banking                               |
| Michael Rasmussen          | 1964          | 2008                                    | Executive Vice President, Head of Retail Banking and Country Senior Executive in Denmark             |
| Fredrik Rystedt            | 1963          | 2008                                    | Executive Vice President, CFO, Head of Group Corporate Centre and Country Senior Executive in Sweden |
| Gunn Wærsted               | 1955          | 2007                                    | Executive Vice President, Head of Wealth Management and Country Senior Executive in Norway           |

*Christian Clausen* has been the President and Group CEO of Nordea since 2007, and a member of Group Executive Management since 2001. Mr. Clausen joined the Nordea Group in 2000 as Executive Vice President, Head of Asset Management & Life and became a member of Group Executive Management in 2001. Mr. Clausen participates in meetings of the Board of Directors of Nordea in his capacity as the CEO. As of the date of this Base Prospectus, Mr. Clausen is the President of the European Banking Federation and the Chairman of the Swedish Bankers' Association.

*Torsten Hagen Jørgensen* has been Executive Vice President, Head of Group Operations and Other Lines of Business and a member of Group Executive Management since 2011. Mr. Jørgensen joined the Nordea Group in 2005 and has held several executive positions within the Nordea Group. As of the date of this Base Prospectus, Mr. Hagen Jørgensen is the Chairman of the Board of Directors of Nordea Finans Sverige AB (publ), Nordea Finance Finland Ltd, Nordea Finans Danmark A/S and OJSC Nordea Bank Russia, and member of the Board of Directors of Nordea Life Holding AB.

*Ari Kaperi* has been the Executive Vice President and a member of Group Executive Management since 2008. He became CRO and Head of Group Risk Management as well as Country Senior Executive in Finland 2010. Mr. Kaperi joined the Nordea Group in 2001 and has held several executive positions within the Nordea Group. As of the date of this Base Prospectus, Mr. Kaperi is the Vice Chairman of the Board of Directors the Federation of Finnish Financial Services and a member of the board of Varma Mutual Pension Insurance Company, a member of the Supervisory Board of Directors of Luottokunta Oy, and a member of the Advisory Boards of Central Chamber of Commerce, Finnish Business and Policy Forum Eva/ETLA and University of Turku Foundation.

*Casper von Koskull* has been Executive Vice President and a member of Group Executive Management since 2010 and Head of Wholesale Banking since 2011. Mr. von Koskull joined the Nordea Group in 2010 and was Head of Corporate Merchant Banking & Capital Markets from 2010 to 2011. As of the date of this Base Prospectus, Mr. von Koskull is a member of the International Chamber of Commerce ICC Finland.

*Peter Nyegaard* has been Executive Vice President, Chief Operating Officer of Wholesale Banking and a member of Group Executive Management since 2011. Mr. Nyegaard joined the Nordea Group in 2000 and has held several executive positions within the Nordea Group. As of the date of this Base Prospectus, Mr. Nyegaard is member of the Board of Directors of Structured Finance Servicer A/S and OJSC Nordea Bank Russia.

*Michael Rasmussen* has been Executive Vice President, Country Senior Executive in Denmark and a member of Group Executive Management since 2008 and Head of Retail Banking since 2011. Mr. Rasmussen has held various positions with the Nordea Group since joining the bank in 2000. As of the date of this Base Prospectus, Mr. Rasmussen is the Chairman of the Board of Directors of the Danish Bankers' Association and The Industrialization Fund for Developing Countries (IFU), a member of the Board of Directors of MultiData A/S and Danmarks Skibskredit A/S and a member of the European Banking Federation.

*Fredrik Rystedt* has been Executive Vice President, CFO and Head of Group Corporate Centre since 2008 and Country Senior Executive in Sweden since 2009. Mr. Rystedt has also been a member of Group Executive Management since 2008. As of the date of this Base Prospectus, Mr. Rystedt is the Chairman of the Board of Directors of Nordea Bank Finland Plc and a member of the Board of Directors of Nordea Bank Danmark A/S and Nordea Bank Norge ASA. Mr. Rystedt is also a substitute member of the Swedish Banking Association.

*Gunn Wærsted* has been Executive Vice President, Country Senior Executive in Norway and a member of Group Executive Management since 2007, and Head of Wealth Management since 2011. Ms. Wærsted was Head of Shipping, Private Banking & Savings Products from 2010 to 2011. As of the date of this Base Prospectus, Ms. Wærsted is a member of the Board of Directors of the Norwegian Depository Guaranty Fund and Finance Norway (FNO), a member of the Nomination Committee of Schibsted ASA, the Corporate Assembly of Orkla ASA and a member of the Nomination Committee and the Council of Det Norske Veritas (DnV).

The business address of the Board of Directors and Group Executive Management is c/o Nordea Bank AB (publ), Smålandsgatan 17, SE-105 71 Stockholm.

To the best knowledge of NBAB, no potential conflicts of interest exist between any duties to NBAB of a member of the Board of Directors or the Group Executive Management and the private interests or other duties of such persons.

## **Independence**

Nordea complies with applicable rules regarding the independence of the Board of Directors. The Nomination Committee considers all member of the Board of Directors elected by the shareholders, apart from Björn Wahlroos and Kari Stadigh, independent of the Company's major shareholders. Björn Wahlroos is currently Chairman of the Board of Directors and Kari Stadigh is currently the Group CEO and President of Sampo Oyj which own more than 10 per cent. of all shares and votes in NBAB.

All of the members elected by the shareholders are independent of the Company and its executive management, with the exception of Lars G Nordström who was employed as President and CEO of the Group until 13 April 2007.

No Board member elected by the annual general meeting is employed by or working in an operative capacity in the Nordea Group. The members and the deputy members of the Board of Directors appointed by the employees are employed by the Group and therefore not independent of the Nordea Group.

The number of members of the Board of Directors who are independent in relation to the Nordea Group and its executive management as well as independent in relation to the Company's major shareholders exceeds the minimum requirement set forth in the Swedish Corporate Governance Code, which states that at least two of the Board members elected by the general meeting of shareholders who are independent of the company and the company's executive management shall also be independent of the company's major shareholders.

## **External Auditors**

Nordea's auditors are appointed by the general meeting. The auditors appointed by the 2007 AGM for the financial years 2009 and 2010, by the 2011 AGM for the period up until the end of the AGM 2012 and by the 2012 AGM for the period up until the end of the AGM 2013.

KPMG AB with Carl Lindgren as auditor in charge, Box 16106, SE 103 23 Stockholm. The auditor is authorised by, and a member of, FAR SRS.

## **Legal Proceedings and arbitration**

Within the framework of the normal business operations, the Nordea Group faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. NBAB has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened that NBAB is aware of) during the last 12 months that may have, or have had, recent significant effects on NBAB's or the Nordea Group's financial position or profitability.

## **Material Agreements**

NBAB is not a party to any material agreement outside of its normal course of business which may result in another Nordea Group company obtaining a right or incurring an obligation which may materially affect the NBAB's ability to perform its obligations under issued Notes.

## **Corporate Governance**

Corporate governance in Nordea follows generally adopted principles of corporate governance. The external framework which regulates the corporate governance work includes the Swedish Companies Act, Banking and Financing Business Act, Annual Accounts Act, the NASDAQ OMX rules and the rules and principles of the Swedish Code of Corporate Governance.

### **NBAB's Recent Development**

For further information regarding the reorganization of the Nordea Group and recent developments, see "The Nordea Group" above, the sections entitled "Legal Structure" and "Recent Developments".

**No material adverse changes to NBAB's prospects have occurred since the date of its last published audited financial statements.**

**No significant changes to NBAB's financial position or market position have occurred since 31 March 2012.**

## FINANCIAL INFORMATION, NORDEA BANK AB (publ)

The tables below show certain selected summarised financial information which, without material changes, is derived from the Nordea Group's audited consolidated financial statements for the year ending 31 December 2011.

The Nordea Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") and interpretations of such standards by the International Financial Reporting Interpretations Committee, as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Act on Annual Reports in Credit Institutions and Securities Companies (1995:1559) and 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 ("SFSA") (FFFS 2008:25), have also been applied.

The tables below shall be read together with the annual report, the auditor's report and the notes thereto. The consolidated financial statements of the Nordea Group for the accounting periods ending on 31 December 2010 and 31 December 2011, respectively have been audited by KPMG AB. The interim report for the first quarter 2012 has not been subject to review by the auditors.

### Income Statement

| EURm  | Group         |               |
|---|---------------|---------------|
|   | 2011          | 2010          |
| Interest income   | 11,955        | 9,687         |
| Interest expense  | -6,499        | -4,528        |
| <b>Net interest income</b>  | <b>5,456</b>  | <b>5,159</b>  |
| Fee and commission income   | 3,122         | 2,955         |
| Fee and commission expense  | -727          | -799          |
| <b>Net fee and commission income</b>  | <b>2,395</b>  | <b>2,156</b>  |
| Net result from items at fair value   | 1,517         | 1,837         |
| Profit from companies accounted for under the equity method                         | 42            | 66            |
| Other operating income  | 91            | 116           |
| <b>Total operating income</b>   | <b>9,501</b>  | <b>9,334</b>  |
| <b>Operating expenses</b>   |               |               |
| General administrative expenses:  |               |               |
| Staff costs   | -3,113        | -2,784        |
| Other expenses  | -1,914        | -1,862        |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -192          | -170          |
| <b>Total operating expenses</b>   | <b>-5,219</b> | <b>-4,816</b> |
| <b>Profit before loan losses</b>  | <b>4,282</b>  | <b>4,518</b>  |
| Net loan losses   | -735          | -879          |
| <b>Operating profit</b>   | <b>3,547</b>  | <b>3,639</b>  |
| Income tax expense  | -913          | -976          |
| <b>Net profit for the year</b>  | <b>2,634</b>  | <b>2,663</b>  |
| <b>Attributable to:</b>   |               |               |
| Shareholders of Nordea Bank AB (publ)   | 2,627         | 2,657         |
| Non-controlling interests   | 7             | 6             |
| <b>Total</b>  | <b>2,634</b>  | <b>2,663</b>  |



## Balance sheet

| EURm  | Group          |                |
|---|----------------|----------------|
|   | 31 Dec 2011    | 31 Dec 2010    |
| <b>Assets</b>   |                |                |
| Cash and balances with central banks  | 3,765          | 10,023         |
| Treasury bills  | 11,105         | 13,112         |
| Loans to credit institutions  | 51,865         | 15,788         |
| Loans to the public   | 337,203        | 314,211        |
| Interest-bearing securities   | 81,268         | 69,137         |
| Financial instruments pledged as collateral                                     | 8,373          | 9,494          |
| Shares  | 20,167         | 17,293         |
| Derivatives   | 171,943        | 96,825         |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | -215           | 1,127          |
| Investments in associated undertakings  | 591            | 554            |
| Intangible assets   | 3,321          | 3,219          |
| Property and equipment  | 469            | 454            |
| Investment property   | 3,644          | 3,568          |
| Deferred tax assets   | 169            | 278            |
| Current tax assets  | 185            | 262            |
| Retirement benefit assets   | 223            | 187            |
| Other assets  | 19,425         | 22,857         |
| Prepaid expenses and accrued income   | 2,703          | 2,450          |
| <b>Total assets</b>   | <b>716,204</b> | <b>580,839</b> |
| <b>Liabilities</b>  |                |                |
| Deposits by credit institutions   | 55,316         | 40,736         |
| Deposits and borrowings from the public   | 190,092        | 176,390        |
| Liabilities to policyholders  | 40,715         | 38,766         |
| Debt securities in issue  | 179,950        | 151,578        |
| Derivatives   | 167,390        | 95,887         |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 1,274          | 898            |
| Current tax liabilities   | 154            | 502            |
| Other liabilities   | 43,368         | 38,590         |
| Accrued expenses and prepaid income   | 3,496          | 3,390          |
| Deferred tax liabilities  | 1,018          | 885            |
| Provisions  | 483            | 581            |
| Retirement benefit obligations  | 325            | 337            |
| Subordinated liabilities  | 6,503          | 7,761          |
| <b>Total liabilities</b>  | <b>690,084</b> | <b>556,301</b> |
| <b>Equity</b>   |                |                |
| Non-controlling interests   | 86             | 84             |
| Share capital   | 4,047          | 4,043          |
| Share premium reserve   | 1,080          | 1,065          |
| Other reserves  | -47            | -146           |
| Retained earnings   | 20,954         | 19,492         |
| <b>Total equity</b>   | <b>26,120</b>  | <b>24,538</b>  |
| <b>Total liabilities and equity</b>   | <b>716,204</b> | <b>580,839</b> |
| Assets pledged as security for own liabilities                                  | 146,894        | 149,117        |
| Other assets pledged  | 6,090          | 5,972          |
| Contingent liabilities  | 24,468         | 23,963         |
| Commitments   | 86,970         | 91,426         |

## Cash flow statement

| EURm  | Group         |               |
|---|---------------|---------------|
|   | 2011          | 2010          |
| <b>Operating activities</b>   |               |               |
| Operating profit  | 3,547         | 3,639         |
| Adjustment for items not included in cash flow  | 537           | 1,619         |
| Income taxes paid   | -981          | -1,045        |
| <b>Cash flow from operating activities before changes in operating assets and liabilities</b> | <b>3,103</b>  | <b>4,213</b>  |
| <b>Changes in operating assets</b>  |               |               |
| Change in treasury bills  | 3,400         | 1,156         |
| Change in loans to credit institutions  | -20,784       | 4,476         |
| Change in loans to the public   | -23,749       | -18,960       |
| Change in interest-bearing securities   | -19,900       | -15,672       |
| Change in financial assets pledged as collateral  | 1,100         | 2,118         |
| Change in shares  | -2,776        | -3,563        |
| Change in derivatives, net  | -2,151        | 1,610         |
| Change in investment properties   | -77           | -63           |
| Change in other assets  | 3,438         | -8,563        |
| <b>Changes in operating liabilities</b>   |               |               |
| Change in deposits by credit institutions   | 14,307        | -12,863       |
| Change in deposits and borrowings from the public   | 13,341        | 16,076        |
| Change in liabilities to policyholders  | 1,587         | 2,353         |
| Change in debt securities in issue  | 27,205        | 12,472        |
| Change in other liabilities   | 5,686         | 13,012        |
| <b>Cash flow from operating activities</b>  | <b>3,730</b>  | <b>-2,198</b> |
| <b>Investing activities</b>   |               |               |
| Acquisition of business operations  | 0             | -38           |
| Sale of business operations   | 0             | 0             |
| Acquisition of investments in associated undertakings   | -16           | -18           |
| Sale of investments in associated undertakings  | 4             | 10            |
| Acquisition of property and equipment   | -157          | -146          |
| Sale of property and equipment  | 35            | 48            |
| Acquisition of intangible assets  | -192          | -181          |
| Sale of intangible assets   | 0             | 0             |
| Net investments in debt securities, held to maturity  | 7,876         | 1,991         |
| Purchase/sale of other financial fixed assets   | 15            | 1             |
| <b>Cash flow from investing activities</b>  | <b>7,565</b>  | <b>1,667</b>  |
| <b>Financing activities</b>   |               |               |
| Issued subordinated liabilities   | 891           | 1,750         |
| Amortised subordinated liabilities  | -2,232        | -1,556        |
| New share issue   | 4             | 6             |
| Divestment of own shares incl change in trading portfolio                                     | -             | 74            |
| Repurchase of own shares incl change in trading portfolio                                     | -4            | -             |
| Dividend paid   | -1,168        | -1,006        |
| <b>Cash flow from financing activities</b>  | <b>-2,509</b> | <b>-732</b>   |
| <b>Cash flow for the year</b>   | <b>8,786</b>  | <b>-1,263</b> |
| Cash and cash equivalents at the beginning of year  | 13,706        | 13,962        |
| Translation difference  | 114           | 1,007         |
| Cash and cash equivalents at the end of year  | 22,606        | 13,706        |
| <b>Change</b>   | <b>8,786</b>  | <b>-1,263</b> |

## Credit rating

The independent credit rating agencies Moody's, S&P, Fitch and DBRS have assigned NBAB fairly high credit ratings. A credit rating means that the independent credit rating agencies have rated/graded NBAB's ability to fulfil its financial obligations. NBAB has received the following credit ratings for its long-term debt obligations:

|   | Moody's<br>Investor<br>Services Ltd | Standard &<br>Poor's Ratings<br>Services | Fitch Ratings | DBRS |
|---|-------------------------------------|--|---------------|------|
| <b>NBAB</b>   |                                     |  |               |      |
| Senior,<br>unsubordinated<br>and unsecured<br>Notes | Aa2                                 | AA -                                     | AA -          | AA   |

Below are the reference scales stated for credit rating from Moody's, S&P, Fitch and DBRS:

| Risk classification*               | Moody's | S&P | Fitch | DBRS |
|------------------------------------|---------|-----|-------|------|
| Highest Credit Quality             | Aaa     | AAA | AAA   | AAA  |
| Very High Credit Quality           | Aa      | AA  | AA    | AA   |
| High Credit Quality                | A       | A   | A     | AA   |
| Good Credit Quality                | Baa     | BBB | BBB   | BBB  |
| Speculative (non-investment grade) | Ba      | BB  | BB    | BB   |
| Highly Speculative                 | B       | B   | B     | B    |
| Substantial Credit Risk            | Caa     | CCC | CCC   | CCC  |
| Very High levels of Credit Risk    | Ca      | CC  | CC    | CC   |

\*Terms with respect to risk classification, varies between the credit rating agencies, in the table above Fitch risk classification is reproduced which are substantially representative for the other credit rating agencies risk classifications terms. Within the risk classification categories the relevant rating agency may apply a modifier, for example (+) or (-) (S&P and Fitch), (1), (2) or (3) (Moody's) alternatively (high) (middle) or (low) (DBRS) to denote relative status within major rating categories.

The above rating agencies are established in the European Union and have been registered under Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies ("CRA Regulation").

In general, European financial institutions investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Neither the MTN Programme nor Notes issued under the MTN Programme have or will receive a credit rating.

**NBAB's credit rating does not always reflect the risks associated with individual Notes under the MTN Programme. A credit rating does not constitute a recommendation to buy or sell or a recommendation to hold the investment. A credit rating may be subject to change, reduction or withdrawal at any time by the relevant rating agency.**

Credit ratings are a way of evaluating credit risk. For more information regarding the import of the credit rating, visit [www.standardpoors.com](http://www.standardpoors.com), [www.moodys.com](http://www.moodys.com), [www.fitchratings.com](http://www.fitchratings.com) or [www.dbrs.com](http://www.dbrs.com).

## NORDEA BANK FINLAND Plc

### Operational overview

Nordea Bank Finland Plc ("NBF") has, since 1998, been a part of the Nordea Group which was formed following the merger between Merita and Nordbanken. The merger between Merita and Nordbanken is addressed in detail above, see "The Nordea Group – Formation of the Nordea Group".

NBF conducts banking operations in Finland as a part of the Nordea Group and its operations are fully integrated into the Nordea Group's operations.

### Legal structure and subsidiaries

NBF is a wholly-owned subsidiary of NBAB. NBF was incorporated on 2 January 2002 in accordance with Finnish law. NBF has its registered office in Helsinki, Finland and is a company with limited liability pursuant to the Finnish Companies Act and holds a licence (oktroj) to conduct banking operations in accordance with the Credit Institutions Act, and further to pursue financing operations and operations related thereto, including *inter alia*, carrying out securities business. NBF is subject to substantial regulation in all markets in which it operates. NBF is registered in the trade register with business identity code 1680235-8. NBF has its head office in Helsinki at the following address: Aleksanterinkatu 36 B, 00100 Helsinki, Finland.

NBF has subsidiaries in Finland and abroad. The most significant subsidiary is Nordea Finances Finland Ltd.

### Board of directors

According to the articles of association, NBF's board of directors shall consist of not less than four and not more than seven members. A chairman and a deputy chairman are appointed by the board of directors.

At the time of preparation of this Base Prospectus, NBF's board of directors consisted of the following members:

Fredrik Rystedt, Chairman  
Ari Kaperi, Deputy Chairman and President of NBF  
Gunn Wærsted  
Casper von Koskull

All board members are employed in the Nordea Group.

| <b>Name</b>        | <b>Year of birth</b> | <b>Position</b>  |
|--------------------|----------------------|--|
| Fredrik Rystedt    | 1963                 | Executive Vice President, CFO, Head of Group Corporate Centre and Country Senior Executive in Sweden                                       |
| Ari Kaperi         | 1960                 | Executive Vice President, President of Nordea Bank Finland Plc, CRO, Head of Group Risk Management and Country Senior Executive in Finland |
| Gunn Wærsted       | 1955                 | Executive Vice President, Managing Director of Nordea Bank Norway ASA, Head of Wealth Management and Country Senior Executive in Norway    |
| Casper von Koskull | 1960                 | Executive Vice President, and Head of Wholesale Banking  |

*Fredrik Rystedt* has been the Executive Vice President, CFO (member of Group Executive Management) and Head of Group Corporate Centre since September 2008 and Country Senior Executive in Sweden since 2009. As from 1 July 2010 Mr. Rystedt is the Chairman of the board of directors.

*Ari Kaperi* has been the Executive Vice President and a member of Group Executive Management since 2008. He is the President of Nordea Bank Finland Plc and he became CRO, Head of Group Risk Management and Country Senior Executive in Finland in 2010. Mr. Kaperi joined the Nordea Group in 2001 and has held several executive positions within the Nordea Group. As of the date of this Base Prospectus, Mr. Kaperi is the Vice Chairman of the Board of Directors the Federation of Finnish Financial Services and a member of the board of Pensions Insurance Company Varma Mutual Pension, member of the Supervisory Board of Directors of Luottokunta Oy, member of the Advisory Boards of Central Chamber of Commerce, Finnish Business and Policy Forum Eva/ETLA and University of Turku. As from 1 July 2010 Mr. Kaperi is the Deputy Chairman of the board of directors.

*Gunn Wærsted* has been the Executive Vice President, Managing Director of Nordea Bank Norway ASA, a member of Group Executive Management and Country Senior Executive in Norway since 2007 and Head of Wealth Management since 2011. Ms. Wærsted was Head of Shipping, Private Banking & Savings Products during 2010 to 2011. As of the date of this Base Prospectus, Ms. Wærsted is a member of the Board of Directors of the Norwegian Depository Guaranty Fund and Finance Norway (FNO) and a member of the Nomination Committee of Schibsted ASA, the Corporate Assembly of Orkla ASA and a member of the Nomination Committee and the Council of Det Norske Veritas. Ms. Wærsted has been a member of the board of directors since 1 July 2010.

*Casper von Koskull* has been the Executive Vice President and a member of Group Executive Management since 2010. Mr von Koskull has been Head of Wholesale Banking since 2011. Mr. von Koskull joined Nordea in 2010 and was Head of Corporate Merchant Banking & Capital Markets between 2010 and 2011. As of the date of this Base Prospectus Mr von Koskull is a member of the International Chamber of Commerce ICC Finland.

The address of the board members is c/o Nordea Bank Finland Plc, Aleksanterinkatu 36 B, 00100, Helsinki, Finland.

All of the Board members are employed by the Nordea Group. To the best knowledge of NBF, no potential conflicts of interest exist between any duties to NBF of a member of the Board of Directors or the Group Executive Management and the private interests or other duties of such persons.

## **Auditors**

NBF's auditors are elected at the annual general meeting of the shareholders for a period of one year. The auditors elected at the annual general meeting with respect to the years 2003, 2004, 2005, 2006 2007, 2008, 2009, 2010, 2011 and 2012 are as follows:

KPMG Oy Ab  
Mannerheimintie 20 B, 00100 Helsinki, Finland  
CGR Raija-Leena Hankonen is the auditor-in-charge.

## **Legal and Arbitration Proceedings**

Within the framework of the normal business operations, the Nordea Group faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. NBF has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which NBF is aware of) during the last 12 months that may have, or

have had, recent significant effects on NBF's or the Nordea Group's financial position or profitability.

### **Material agreements**

NBF is not a party to any material agreement outside of its normal course of business which may result in another Group company obtaining a right or incurring an obligation which may materially affect the NBF's ability to perform its obligations under the Notes issued.

### **Corporate Governance**

All the operations of Nordea Bank Finland Plc are integrated into the operations of the Nordea Group. Nordea has established the Corporate Governance framework at group level and the framework is reviewed on a continuous basis. For further information see the section above named "Corporate Governance" under Nordea Bank AB (publ).

### **NBF's recent development**

For further information regarding the reorganization of the Nordea Group and recent developments, see "The Nordea Group" above, the sections entitled "Legal Structure" and "Recent Developments".

**No material adverse changes to NBF's prospects have occurred since the date of its last published audited financial statements.**

**No significant changes to NBF's financial position or market position have occurred since 31 December 2011.**

## FINANCIAL INFORMATION, NORDEA BANK FINLAND Plc

The tables below show certain selected summarised financial information which, without material changes, is derived from the Nordea Group's audited consolidated financial statements for the year ending 31 December 2011.

The Nordea Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (“IFRS”) and interpretations of such standards by the international Financial Reporting Interpretations committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervision Authority’s Regulations and Guidelines and the decision of the Ministry of Finance on the Financial statements and consolidated statements of credit institutions, have also been applied.

The tables below shall be read together with the annual report, the auditor's report and the notes thereto. The consolidated financial statements of NBF for the accounting periods ending on 31 December 2010 and 31 December 2011, respectively have been audited by KPMG OY AB.

### Income statement

| EURm  | Group         |               |
|---|---------------|---------------|
|   | 2011          | 2010          |
| <b>Operating income</b>   |               |               |
| Interest income   | 2,647         | 1,958         |
| Interest expense  | -1,292        | -776          |
| <b>Net interest income</b>  | <b>1,355</b>  | <b>1,182</b>  |
| Fee and commission income   | 703           | 649           |
| Fee and commission expense  | -394          | -360          |
| <b>Net fee and commission income</b>  | <b>309</b>    | <b>289</b>    |
| Net result from items at fair value   | 937           | 979           |
| Profit from companies accounted for under the equity method                         | 9             | 6             |
| Other operating income  | 34            | 43            |
| <b>Total operating income</b>   | <b>2,644</b>  | <b>2,499</b>  |
| <b>Operating expenses</b>   |               |               |
| General administrative expenses:  |               |               |
| Staff costs   | -592          | -553          |
| Other expenses  | -457          | -479          |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -43           | -41           |
| <b>Total operating expenses</b>   | <b>-1,092</b> | <b>-1,073</b> |
| <b>Profit before loan losses</b>  | <b>1,552</b>  | <b>1,426</b>  |
| Net loan losses   | -70           | -272          |
| Impairment of securities held as financial non-current assets                       | -             | 2             |
| <b>Operating profit</b>   | <b>1,482</b>  | <b>1,156</b>  |
| Income tax expense  | -381          | -302          |
| <b>Net profit for the year</b>  | <b>1,101</b>  | <b>854</b>    |
| <b>Attributable to:</b>   |               |               |
| Shareholders of Nordea Bank Finland Plc   | 1,099         | 852           |
| Non-controlling interests   | 2             | 2             |
| <b>Total</b>  | <b>1,101</b>  | <b>854</b>    |



## Balance sheet

| EURm  | Group          |                |
|---|----------------|----------------|
|   | 31 Dec 2011    | 31 Dec 2010    |
| <b>Assets</b>   |                |                |
| Cash and balances with central banks  | 286            | 7,485          |
| Treasury bills  | 4,981          | 2,359          |
| Loans to credit institutions  | 79,350         | 67,751         |
| Loans to the public   | 99,331         | 73,607         |
| Interest-bearing securities   | 25,885         | 21,578         |
| Financial instruments pledged as collateral                                     | 8,346          | 5,304          |
| Shares  | 1,312          | 1,079          |
| Derivatives   | 170,228        | 97,251         |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 138            | 96             |
| Investments in associated undertakings  | 79             | 61             |
| Intangible assets   | 106            | 85             |
| Property and equipment  | 124            | 124            |
| Investment property   | 71             | 32             |
| Deferred tax assets   | 16             | 17             |
| Current tax assets  | 132            | 84             |
| Retirement benefit assets   | 120            | 104            |
| Other assets  | 8,078          | 8,562          |
| Prepaid expenses and accrued income   | 704            | 507            |
| <b>Total assets</b>   | <b>399,287</b> | <b>286,086</b> |
| <b>Liabilities</b>  |                |                |
| Deposits by credit institutions   | 76,007         | 60,549         |
| Deposits and borrowings from the public   | 68,260         | 55,459         |
| Debt securities in issue  | 49,153         | 39,846         |
| Derivatives   | 168,436        | 95,676         |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 195            | -58            |
| Current tax liabilities   | 0              | 1              |
| Other liabilities   | 24,128         | 22,105         |
| Accrued expenses and prepaid income   | 810            | 652            |
| Deferred tax liabilities  | 53             | 47             |
| Provisions  | 97             | 80             |
| Retirement benefit obligations  | 25             | 28             |
| Subordinated liabilities  | 503            | 477            |
| <b>Total liabilities</b>  | <b>387,667</b> | <b>274,862</b> |
| <b>Equity</b>   |                |                |
| Non-controlling interests   | 5              | 6              |
| Share capital   | 2,319          | 2,319          |
| Share premium reserve   | 599            | 599            |
| Other reserves  | 2,844          | 2,849          |
| Retained earnings   | 5,853          | 5,451          |
| <b>Total equity</b>   | <b>11,620</b>  | <b>11,224</b>  |
| <b>Total liabilities and equity</b>   | <b>399,287</b> | <b>286,086</b> |
| Assets pledged as security for own liabilities                                  | 35,016         | 30,957         |
| Other assets pledged  | -              | -              |
| Contingent liabilities  | 19,041         | 18,111         |
| Commitments   | 18,725         | 19,250         |

## Cash flow statement

| EURm  | Group        |               |
|---|--------------|---------------|
|   | 2011         | 2010          |
| <b>Operating activities</b>   |              |               |
| Operating profit  | 1,482        | 1,156         |
| Adjustments for items not included in cash flow   | -386         | -967          |
| Income taxes paid   | -422         | -510          |
| <b>Cash flow from operating activities before changes in operating assets and liabilities</b> | <b>674</b>   | <b>-321</b>   |
| <b>Changes in operating assets</b>  |              |               |
| Change in treasury bills  | -1,904       | -2,250        |
| Change in loans to credit institutions  | -1,402       | -17,703       |
| Change in loans to the public   | -25,736      | -8,099        |
| Change in interest-bearing securities   | -7,435       | -13,187       |
| Change in financial assets pledged as collateral  | -3,042       | -5,303        |
| Change in shares  | -237         | 81            |
| Change in derivatives, net  | -240         | 603           |
| Change in investment properties   | -40          | -25           |
| Change in other assets  | 483          | -5,533        |
| <b>Changes in operating liabilities</b>   |              |               |
| Change in deposits by credit institutions   | 15,397       | 16,044        |
| Change in deposits and borrowings from the public   | 12,625       | 11,179        |
| Change in debt securities in issue  | 9,307        | 570           |
| Change in other liabilities   | 2,019        | 14,292        |
| <b>Cash flow from operating activities</b>  | <b>469</b>   | <b>-9,652</b> |
| <b>Investing activities</b>   |              |               |
| Acquisition of group undertakings   | 0            | 0             |
| Sale of group undertakings  | -            | -             |
| Dividends from associated companies   | 2            | 2             |
| Acquisition of investments in associated companies  | -10          | -5            |
| Sale of investments in associated companies   | 0            | 6             |
| Acquisition of property and equipment   | -45          | -62           |
| Sale of property and equipment  | 21           | 24            |
| Acquisition of intangible assets  | -33          | -28           |
| Sale of intangible assets   | 0            | 0             |
| Divestments/Investments in debt securities, held to maturity                                  | 3,226        | 679           |
| Purchase/sale of other financial fixed assets   | 19           | 0             |
| <b>Cash flow from investing activities</b>  | <b>3,180</b> | <b>616</b>    |
| <b>Financing activities</b>   |              |               |
| Issued subordinated liabilities   | 19           | 28            |
| Amortised subordinated liabilities  | 0            | -             |
| Dividend paid   | -700         | -600          |
| Other changes   | -11          | -3            |
| <b>Cash flow from financing activities</b>  | <b>-692</b>  | <b>-575</b>   |
| <b>Cash flow for the year</b>   | <b>2,957</b> | <b>-9,611</b> |
| Cash and cash equivalents at the beginning of year  | 14,947       | 24,558        |
| Translation difference  | -77          | 0             |
| Cash and cash equivalents at the end of year  | 17,981       | 14,947        |
| <b>Change</b>   | <b>2,957</b> | <b>-9,611</b> |

## Credit rating

The independent credit rating agencies Moody's, S&P, Fitch and DBRS have assigned NBF fairly high credit ratings. A credit rating means that the independent credit rating agencies have rated/graded NBAB's ability to fulfil its financial obligations. NBF has received the following credit ratings for its long-term debt obligations:

|   | Moody's<br>Investor<br>Services Ltd | Standard &<br>Poor's Ratings<br>Services | Fitch Ratings | DBRS |
|---|-------------------------------------|--|---------------|------|
| <b>NBF</b>  |                                     |  |               |      |
| Senior,<br>unsubordinated<br>and unsecured<br>Notes | Aa2 <sup>2</sup>                    | AA -                                     | AA -          | AA   |

Below are the reference scales stated for credit rating from Moody's, S&P, Fitch and DBRS:

| Riskclassification*                | Moody's | S&P | Fitch | DBRS |
|------------------------------------|---------|-----|-------|------|
| Highest Credit Quality             | Aaa     | AAA | AAA   | AAA  |
| Very High Credit Quality           | Aa      | AA  | AA    | AA   |
| High Credit Quality                | A       | A   | A     | AA   |
| Good Credit Quality                | Baa     | BBB | BBB   | BBB  |
| Speculative (non-investment grade) | Ba      | BB  | BB    | BB   |
| Highly Speculative                 | B       | B   | B     | B    |
| Substantial Credit Risk            | Caa     | CCC | CCC   | CCC  |
| Very High levels of Credit Risk    | Ca      | CC  | CC    | CC   |

\*Terms with respect to risk classification, varies between the credit rating agencies, in the table above Fitch risk classification is reproduced which are substantially representative for the other credit rating agencies risk classifications terms. Within the risk classification categories the relevant rating agency may apply a modifier, for example (+) or (-) (S&P and Fitch), (1), (2) or (3) (Moody's) alternatively (high) (middle) or (low) (DBRS) to denote relative status within major rating categories.

The above rating agencies are established in the European Union and have been registered under Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies ("CRA Regulation").

In general, European financial institutions investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

<sup>2</sup>On review for possible downgrade, as of 16 February 2012.

Neither the MTN Programme nor Notes issued under the MTN Programme have or will receive a credit rating.

**NBF's credit rating does not always reflect the risks associated with individual Notes under the MTN Programme. A credit rating does not constitute a recommendation to buy or sell or a recommendation to hold the investment. A credit rating may be subject to change, reduction or withdrawal at any time by the relevant rating agency.**

Credit ratings are a way of evaluating credit risk. For more information regarding the import of the credit rating, visit [www.standardpoors.com](http://www.standardpoors.com), [www.moodys.com](http://www.moodys.com), [www.fitchratings.com](http://www.fitchratings.com) or [www.dbrs.com](http://www.dbrs.com).

## **INFORMATION INCORPORATED IN THE BASE PROSPECTUS BY REFERENCE**

The following documents relating to NBAB are incorporated in the Base Prospectus by reference. The documents have been previously published and filed with the Financial Supervisory Authority.

1. Audited annual accounts for NBAB for 2011 (set forth on pages 82-198 of NBAB's annual report for 2011).
2. Audited annual accounts for NBAB for 2010 (set forth on pages 82-174 of NBAB's annual report for 2010).
3. Interim Report for the first quarter of 2012 (set forth on pages 32-49 of NBAB's Interim Report for the first quarter of 2012).

The following documents relating to NBF are incorporated in the Base Prospectus by reference. The documents have been previously published and filed with the Financial Supervisory Authority.

1. Audited annual account for NBF for 2011 (set forth on pages 27-117 of NBF's annual report for 2011).
2. Audited annual accounts for NBF for 2010 (set forth on pages 30-116 of NBF's annual report for 2010).

It should be noted that certain information in the above-mentioned documents may not be current.

The following information relating to previous Base Prospectuses is incorporated in the Base Prospectus by reference for the purpose of facilitating issuances of further tranches of existing notes. The information have been previously published and filed with the Financial Supervisory Authority.

1. the terms and conditions set out on pages 36 to 82 of the base prospectus dated 26 May 2010 relating to the Programme under the heading "Terms and Conditions for Notes issued pursuant to Nordea Bank Finland Plc's and Nordea Bank AB's MTN programme" (the "26 May 2010 Conditions").
2. the terms and conditions set out on pages 36 to 82 of the base prospectus dated 26 May 2011 relating to the Programme under the heading "Terms and Conditions for the Notes issued pursuant to Nordea Bank Finland Plc's and Nordea Bank AB's MTN programme" (the "26 May 2011 Conditions").

### **Available documents**

Copies of the following documents will be provided/presented upon request during the period of validity of the Base Prospectus by NBAB at its head office on Smålandsgatan 17 in Stockholm or on [www.nordea.com](http://www.nordea.com).

- The Banks' certificates of registration and articles of association;
- All documents which are incorporated in the Base Prospectus by reference; and

- Annual reports and interim reports published by the Banks in 2010 and 2011 (*financial information for the two most recent financial years prior to the year covered by the Base Prospectus*).

### **Supplements to the Base Prospectus**

Each new circumstance of significance, error or oversight which may affect the assessment of MTNs issued under this MTN Programme and which occurs or is noted after the Base Prospectus has been published shall be disclosed or rectified in a supplement to the Base Prospectus prepared by the respective Bank. Any supplements to the Base Prospectus must be approved by the Swedish Financial Supervisory Authority and thereafter be published.

## Addresses

### Issuers

Nordea Bank AB (publ)  
Smålandsgatan 17  
105 71 Stockholm  
[www.nordea.com](http://www.nordea.com)  
Tel: +46 8 614 70 00

Nordea Bank Finland Plc  
Aleksanterinkatu 36 B  
FIN-00020 Nordea  
Helsinki  
[www.nordea.com](http://www.nordea.com)  
Tel: +358 9 165 1

### Dealers

Nordea Bank AB (publ)  
Nordea Markets  
Smålandsgatan 17  
105 71 Stockholm  
Tel: +46 8 614 90 56 (614 70 00)

Nordea Bank Danmark A/S  
Nordea Markets  
Christianbro  
Strandgade 3  
Tel: +45 33 33 16 04

Nordea Bank Finland Plc  
Nordea Markets  
Aleksanterinkatu 36 B  
FIN-00020 Nordea  
Helsinki  
Tel: +358 9 1651

Nordea Bank Norge ASA  
Nordea Markets  
Middelthuns gate 17  
0107 Oslo  
Tel: + 47 22 48 77 50

### Central Securities Depository

Euroclear Sweden AB  
Box 7822  
103 97 Stockholm  
Tel: +46 8 402 90 00

Euroclear Finland Ltd  
PB 1110  
00101 Helsingfors  
Tel: +358 20 770 6000

VP Securities A/S  
Weidekampsgade 14  
P.O. Box 4040  
DK-2300 Copenhagen S  
Tel: +45 4358 8888

Verdipapirsentralen ASA  
Biskop Gunnerus' gate 14A  
Postadress: Postboks 4,  
NO-0051 Oslo  
Tel: +47 22 63 53 00

### Auditors

#### NBAB

KPMG AB (auditor appointed by the general meeting)  
Carl Lindgren, Auditor-in-Charge  
Box 16106  
103 23 Stockholm

#### NBF

KPMG Oy Ab  
Raija-Leena Hankonen, Auditor-in-Charge  
Mannerheimintie 20 B, 00100  
00100 Helsinki