

Interim Report 1st quarter 2011

Nordea Bank Norge Group

Nordea Bank Norge is part of the Nordea Group. Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approx. 1,400 branch offices and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Key financial figures¹

Income statement

	Q1	Q4	Change	Q1	Change
NOKm	2011	2010	%	2010	%
Net interest income	2,107	2,071	2	2,027	4
Net fee and commission income	548	579	-5	458	20
Net result from items at fair value	33	231	-86	121	-73
Equity method	13	60	-78	-45	129
Other operating income	33	44	-25	49	-33
Total operating income	2,734	2,985	-8	2,610	5
Staff costs	-774	-534	45	-727	6
Other expenses	-497	-557	-11	-499	0
Depreciation of tangible and intangible assets	-38	-45	-16	-36	6
Total operating expenses	-1,309	-1,136	15	-1,262	4
Profit before loan losses	1,425	1,849	-23	1,348	6
Net loan losses	-530	-235	126	-323	64
Operating profit	895	1,614	-45	1,025	-13
Income tax expense	-255	-488	-48	-264	-3
Net profit for the period	640	1,126	-43	761	-16

Business volumes, key items

	31 Mar	31 Dec	Change	31 Mar	Change
NOKbn	2011	2010	%	2010	%
Loans to the public	442.5	439.2	1	427.7	3
Deposits and borrowings from the public	235.1	234.1	0	216.6	9
of which savings deposits	82.1	79.1	4	73.1	12
Equity	27.7	29.6	-6	26.0	7
Total assets	511.5	497.3	3	505.9	1

Ratios and key figures

	Q1	Q4	Q1
	2011	2010	2010
Earnings per share (EPS), NOK	1.16	2.04	1.38
EPS, rolling 12 months up to period end	7.58	7.80	4.00
Equity per share ² , NOK	50.23	53.62	47.18
Shares outstanding ² , million	551	551	551
Return on equity, %	8.9	15.5	11.5
Cost/income ratio, %	48	38	48
Core Tier 1 capital ratio, excl transition rules ^{2,3} , %	9.6	9.4	9.1
Tier 1 capital ratio, before transition rules ^{2,3} , %	10.2	10.0	9.8
Total capital ratio, before transition rules ^{2,3} , %	12.9	12.8	12.6
Core Tier 1 capital ratio ^{2,3} , %	8.2	7.9	7.9
Tier 1 capital ratio ^{2,3} , %	8.7	8.5	8.4
Total capital ratio ^{2,3} , %	11.0	10.8	10.9
Tier 1 capital ^{2,3} , NOKm	26,265	26,223	26,255
Risk-weighted assets incl transition rules ² , NOKbn	309	310	311
Loan loss ratio, basis points	47	22	31
Number of employees (full-time equivalents) ²	3,238	3,229	3,277

¹ For exchange rates used in the consolidation of NBN see Note 1

² End of period

³ Including the result for the three first months. According to Norwegian FSA rules (excluding the unaudited result for Q1): Tier 1 capital NOK 26,265m (31 Mar 2010: NOK 25,494m), capital base NOK 33,433m (31 Mar 2010: NOK 32,963m), Tier 1 capital ratio 8.5% (31 Mar 2010: 8.2%), total capital ratio 10.8% (31 Mar 2010: 10.6%).

Throughout this report, "Nordea Bank Norge" and "NBN" refer to the parent company Nordea Bank Norge ASA, business identity code 911 044 110, with its subsidiaries. The registered office of the company is in Oslo. Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. The business operations of the Nordea Group have been organised in the following business areas, all of which operate across national boundaries: Nordic Banking, Shipping, Private Banking & Savings Products and Corporate Merchant Banking & Capital Markets. In addition the Nordea Group has the following group functions: Group Human Resources, New European Markets, Banking Products & Group Operations, Group Corporate Center and Group Risk Management.

The consolidated interim report of Nordea Bank AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view. This statutory interim report covers the operations of the legal entity Nordea Bank Norge ASA with its subsidiaries.

Nordea Bank Norge Group

Result summary, first quarter 2011

Total income decreased 8% from the previous quarter and increased 5% compared to the first quarter last year.

The development in the household customer business remained strong. Household lending volumes continued to increase with growing market shares in line with NBN's focus and higher credit demand, with an 11% increase from first quarter last year. Net interest income and net commission income were maintained at high levels.

Total expenses, excluding the effect of the positive adjustment for pension plans in the previous quarter, decreased 8%. Total expenses went up 4% compared to one year ago.

Net loan losses in the first quarter amounted to NOK 530m. The loan loss ratio was 47 basis points annualised, compared to 22 basis points annualised in last quarter, and 31 basis points annualised in first quarter last year.

Operating profit decreased 45% from the previous quarter, mainly due to the one time positive pension adjustment last quarter, and higher loan losses and reduced result on items at fair value this quarter.

The inflow of new Gold customers remained strong with an increase of 8,192, a 14% annualised growth rate. Acquisition of new customers made a significant contribution.

The core tier 1 capital ratio, i.e. excluding hybrid loans, was 9.6% excluding transition rules according to Basel II (9.4% in the fourth quarter). Including transition rules, the core tier 1 capital ratio was 8.2% (7.9% in the fourth quarter).

Income

Total income decreased 8% from the previous quarter, to NOK 2,734m.

Net interest income

Net interest income increased 2% compared to the previous quarter to NOK 2,107m, despite two fewer banking days than previous quarter. This is mainly driven by higher lending volumes, increased deposit margins and reduced funding costs.

Lending to the public went up 1% in the first quarter to NOK 443bn, and by 3% compared to one year ago.

Corporate lending

Corporate lending volumes have been consistent the last three months, with a slight reduction of 2% compared to the same period last year. The main reason for the reduction is a stronger NOK versus USD. Nordea remains focused on stable customers while fierce competition in the market continues to pressure corporate margins downward.

Household lending

Household lending increased to NOK 196bn, up 2% the last three months and up 11% compared to one year ago, mainly mortgage lending. Household mortgage lending margins rose 15 basis points in the last three months and decreased 21 basis points compared to same quarter last year.

Corporate and household deposits

Total deposits from the public were stable at NOK 235bn compared to the previous quarter and up 9% against the same period last year. Shipping deposits have been stable, while deposits in Nordic Banking have increased. Fierce competition for savings deposits continued, while deposit margins were reduced the last three months. However, there was an 11 basis points increase from same period last year on deposits from households.

Net fee and commission income

Net fee and commission income remained strong, but decreased 5% compared to the very high level in the previous quarter, ending at NOK 548m. Decreased payment and savings related commissions, which historically increases at the end of the year, as well as reduced activity in corporate finance this quarter, was partly offset by a decrease in total commission expenses mainly related to payment fees.

Net result from items at fair value

Net result on items at fair value decreased both compared to prior quarter, and to the first quarter last year. This is explained by lower performance on the bond portfolio in Markets and Treasury between the periods, as well as decreased equity finance income in Markets over the last three months. The contribution from FX swaps in Treasury was high this quarter, with an increase of NOK 37m compared to the same quarter last year.

Equity method

Net result from companies accounted for using the equity method was NOK 13m, which mainly relates to the 23.21% holding in Eksportfinans ASA.

Other operating income

Other income amounted to NOK 33m, compared to NOK 44m in the previous quarter.

Expenses

Total expenses increased 15%, compared to the previous quarter, to NOK 1,309m. Staff costs ended at NOK 774m. Staff costs adjusted for positive one-time pension effects of NOK 291m in last quarter decreased by 6%. Other expenses went down 11% to NOK 497m, showing that cost management remains firm. Excluding the positive one-time effects on pension as described in the NBN Annual Report 2010, expenses went down 8% compared to the previous quarter.

Compared to the same quarter last year, total expenses increased by 4% due to increased staff costs by 6%. Pension expenses ended at NOK 77m, down 26% from the same period last year. Provisions for performance-related salaries in the first quarter were NOK 72m, up 38% compared to the fourth quarter and 41% compared to the first quarter last year. The main reason is increased bonuses in Markets.

The number of full time employees was stable compared to the beginning of the year and reduced by 1% to 3,238, compared to the same period last year.

The cost/income ratio was stable at 48%, compared to 38% in the previous quarter (48% adjusted for the one-time pension effects), and to 48% one year ago.

Net loan losses

Net loan losses for the first quarter this year were NOK 530m. New collective provisions net were NOK 3m, while the main losses relates to individually assessed loans. The loan loss ratio was 47 basis points annualised in the first quarter, compared to 31 basis points annualised in the same quarter last year. Individual net loan losses amounted to 47 basis points, and collective provisions net amounted to 0 basis points this quarter.

Taxes

The effective tax rate for the first quarter was 28.5% compared to 30.2% in the previous quarter and 25.8% in the first quarter last year.

Net profit

Net profit decreased 43% compared to the previous quarter, to NOK 640m, corresponding to a return on equity of 8.9%.

Other information

Credit portfolio

Total lending to the public increased 1% to NOK 443bn compared to the previous quarter and 3% compared to one year ago.

Impaired loans gross have decreased 3% in the last three months and ended at NOK 5,456m, with an allowance corresponding to 59% of total impaired loans. 25% of impaired loans gross are performing loans and 75% are non-performing loans. Impaired loans net, after allowances for individually assessed impaired loans amounted to NOK 2,812m, corresponding to 48 % in relation to impaired loans at the end of the quarter.

The total allowance ratio increased to 71 basis points, compared to 63 basis points at the end of the fourth quarter. The sectors with the largest provision were telecommunication operators, shipping and offshore, real estate and retail trade.

Capital position and risk-weighted assets

At the end of the first quarter, NBN's risk-weighted assets (RWA) were NOK 264bn excluding transition rules, up 0.9% compared to the previous quarter and down 1.4% compared to one year ago, when RWA were NOK 268bn. During the first quarter, the changes in RWA were mainly due to increased reduced risk weighted amount in the corporate segment compared to previous quarter. RWA including transition rules amounted to NOK 309bn at the end of the first quarter.

The core tier 1 ratio, ie excluding transition rules under Basel II, was 9.6%. The tier 1 capital ratio and the total capital ratio are well above the targets in Nordea's capital policy. The capital base of NOK 33.4bn exceeds the Pillar 1 capital requirements of NOK 21.1bn excluding transition rules by NOK 12.3bn. The tier 1 capital of NOK 26.3bn exceeds the Pillar 1 capital requirements (excluding transitions rules) by NOK 5.2bn.

The hybrid capital constituted 6.0% of the tier 1 capital, a decrease from 6.5% in the fourth quarter due to a strengthening of NOK; the underlying hybrid capital has not changed. The portion of hybrid capital is low compared to the statutory limit of 30%.

Outlook 2011

NBN expects the Norwegian macroeconomic recovery to continue in 2011. The level of activity in NBN will follow the development in 2010 through a strategy balancing opportunities, risks and costs.

Quarterly development

NOKm	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	2,107	2,071	2,087	2,093	2,027
Net fee and commission income	548	579	552	584	458
Net result from items at fair value	33	231	91	445	121
Equity method	13	60	-5	93	-45
Other operating income	33	44	70	45	49
Total operating income	2,734	2,985	2,795	3,260	2,610
General administrative expenses:					
Staff costs	-774	-534	-774	-772	-727
Other expenses	-497	-557	-570	-489	-499
Depreciation of tangible and intangible assets	-38	-45	-37	-36	-36
Total operating expenses	-1,309	-1,136	-1,381	-1,297	-1,262
Profit before loan losses	1,425	1,849	1,414	1,963	1,348
Net loan losses	-530	-235	-9	-158	-323
Operating profit	895	1,614	1,405	1,805	1,025
Income tax expense	-255	-488	-387	-410	-264
Net profit for the period	640	1,126	1,018	1,395	761
Earnings per share (EPS), NOK	1.16	2.04	1.85	2.53	1.38
EPS, rolling 12 months up to period end, NOK	7.58	7.80	6.63	5.87	4.00

Income statement

NOKm	Note	Q1 2011	Q1 2010	Full year 2010
Operating income				
<i>Interest income</i>		4,140	3,822	16,482
<i>Interest expense</i>		-2,033	-1,795	-8,204
Net interest income		2,107	2,027	8,278
<i>Fee and commission income</i>		732	645	2,962
<i>Fee and commission expense</i>		-184	-187	-789
Net fee and commission income	3	548	458	2,173
Net result from items at fair value	4	33	121	888
Equity method		13	-45	103
Other operating income		33	49	208
Total operating income		2,734	2,610	11,650
Operating expenses				
General administrative expenses:	5			
Staff costs		-774	-727	-2,807
Other expenses		-497	-499	-2,115
Depreciation of tangible and intangible assets		-38	-36	-154
Total operating expenses		-1,309	-1,262	-5,076
Profit before loan losses		1,425	1,348	6,574
Net loan losses	6	-530	-323	-725
Operating profit		895	1,025	5,849
Income tax expense		-255	-264	-1,549
Profit or loss		640	761	4,300
Attributable to:				
Shareholders of Nordea Bank Norge ASA		639	761	4,297
Non-controlling interests		1	0	3
Total		640	761	4,300
Earnings per share, NOK		1.16	1.38	7.80

Statement of comprehensive income

NOKm	Q1 2011	Q1 2010	Full year 2010
Net profit for the period	640	761	4,300
Currency translation differences during the period	-2	7	-1
Other comprehensive income, net of tax	-2	7	-1
Total comprehensive income	638	768	4,299
Attributable to:			
Shareholder of Nordea Bank Norge ASA	637	768	4,296
Non-controlling interests	1	0	3
Total	638	768	4,299

Balance sheet

NOKm	Note	31 Mar 2011	31 Dec 2010	31 Mar 2010
Assets				
Cash and balances with central banks		6,166	11,608	645
Loans to credit institutions	7	6,432	9,900	11,793
Loans to the public	7	442,546	439,213	427,728
Interest-bearing securities		38,696	22,195	47,066
Financial instruments pledged as collateral		1,225	245	212
Shares		3,297	3,532	2,788
Derivatives	10	499	324	1,484
Fair value changes of the hedged items in portfolio hedge of interest rate risk		820	485	243
Investments in associated undertakings		1,212	1,199	1,214
Intangible assets		444	423	400
Property and equipment		300	292	319
Deferred tax assets		1,175	1,173	116
Other assets		6,275	4,561	9,850
Prepaid expenses and accrued income		2,448	2,133	2,000
Total assets		511,535	497,283	505,858
Liabilities				
Deposits by credit institutions		201,695	196,870	233,544
Deposits and borrowings from the public		235,141	234,062	216,576
Debt securities in issue		20,147	11,367	3,386
Derivatives	10	4,902	3,707	1,118
Fair value changes of the hedged items in portfolio hedge of interest rate risk		8	17	49
Current tax liabilities		1,419	2,396	2,456
Other liabilities		6,985	6,276	8,853
Accrued expenses and prepaid income		2,915	1,873	2,401
Provisions		590	411	23
Retirement benefit obligations		933	1,199	1,722
Subordinated liabilities		9,106	9,542	9,718
Total liabilities		483,841	467,720	479,846
Equity				
Non-controlling interests		5	8	3
Share capital		3,860	3,860	3,860
Share premium account		953	953	953
Retained earnings		22,876	24,742	21,196
Total equity		27,694	29,563	26,012
Total liabilities and equity		511,535	497,283	505,858
Assets pledged as security for own liabilities		112,850	114,009	124,730
Contingent liabilities		1,728	1,304	467
Commitments		415,310	321,552	250,506

Statement of changes in equity

NOKm	Share capital ¹	Share premium account	Retained earnings	Non-controlling interests	Total equity
Opening balance at 1 Jan 2011	3,860	953	24,742	8	29,563
Total comprehensive income			637	1	638
Non-controlling interests				-4	-4
Share-based payments ²			3		3
Dividend for 2010			-2,500		-2,500
Other changes			-6		-6
Closing balance at 31 Mar 2011	3,860	953	22,876	5	27,694

NOKm	Share capital ¹	Share premium account	Retained earnings	Non-controlling interests	Total equity
Opening balance at 1 Jan 2010	3,860	953	21,927	5	26,745
Total comprehensive income			4,296		4,296
Non-controlling interests				3	3
Share-based payments ²			18		18
Dividend for 2009			-1,500		-1,500
Other changes			1		1
Closing balance at 31 Dec 2010	3,860	953	24,742	8	29,563

NOKm	Share capital ¹	Share premium account	Retained earnings	Non-controlling interests	Total equity
Opening balance at 1 Jan 2010	3,860	953	21,927	5	26,745
Total comprehensive income			768		768
Non-controlling interests				-2	-2
Share-based payments ²			6		6
Dividend for 2009			-1,500		-1,500
Other changes			-5		-5
Closing balance at 31 Mar 2010	3,860	953	21,196	3	26,012

¹Total shares registered were 551m (31 Dec 2010: 551m, 31 Mar 2010: 551m).

² Refers to the Long Term Incentive Programme (LTIP).

Cash flow statement

NOKm	Jan-Mar 2011	Jan-Mar 2010	Full year 2010
<i>Operating activities</i>			
Operating profit	895	1,025	5,849
Adjustments for items not included in cash flow	2,144	838	446
Income taxes paid	-1,232	-4	-2,399
Cash flow from operating activities before changes in operating assets and liabilities	1,807	1,859	3,896
Changes in operating assets and liabilities	-10,392	-17,146	-4,226
Cash flow from operating activities	-8,585	-15,287	-330
<i>Investing activities</i>			
Acquisition of property and equipment	-28	-25	-68
Dividend from associated undertakings	0	0	162
Sale of property and equipment	0	0	3
Acquisition of intangible assets	-38	-39	-116
Sale of other financial fixed assets	832	0	1
Cash flow from investing activities	766	-64	-18
<i>Financing activities</i>			
Other changes in equity	-4	4	19
Dividend paid	-2,500	-1,500	-1,500
Cash flow from financing activities	-2,504	-1,496	-1,481
Cash flow for the period	-10,323	-16,847	-1,829
Cash and cash equivalents at beginning of period	20,011	21,839	21,839
Translation difference	-2	-2	1
Cash and cash equivalents at end of period	9,686	4,990	20,011
Change	-10,323	-16,847	-1,829
Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (NOKm):	2011	2010	2010
Cash and balances with central banks	6,166	645	11,608
Loans to credit institutions, payable on demand	3,520	4,345	8,403

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled:

- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available at any time.

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

Notes to the financial statement

Note 1 - Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission.

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2010 Annual Report, except for the categorisation of lending related commissions within Net fee and commission income. This change is further described below.

Categorisation of lending related commissions

The categorisation of lending related commissions within Net fee and commission income (Note 3) has been changed in order to be better aligned with the purpose for which the fees are received. The change mainly relates to syndicated transactions. The comparable figures have been restated accordingly and the impact is, together with the impact on the first quarter 2011, disclosed in the below table.

NOKm	Q1 2011		Q1 2010		Full year 2010	
	Restated	Pre policy change	Restated	Reported	Restated	Reported
Lending commissions	215	166	140	138	771	610
Other commission income	49	98	40	42	289	450

Exchange rates

	Jan-Mar 2011	Full year 2010	Jan-Mar 2010
EUR 1 = NOK			
Income statement (average)	7.8261	8.0080	8.1063
Balance sheet (at end of period)	7.8330	7.8000	8.0135
USD 1 = NOK			
Income statement (average)	5.7248	6.0370	5.8568
Balance sheet (at end of period)	5.5135	5.8375	5.9452
SEK 1 = NOK			
Income statement (average)	0.8825	0.8389	0.8144
Balance sheet (at end of period)	0.8769	0.8700	0.8250
DKK 1 = NOK			
Income statement (average)	1.0498	1.0753	1.0890
Balance sheet (at end of period)	1.0505	1.0465	1.0764

Note 2 - Segment reporting¹

Operating segments								
	Nordic Banking		Financial Institutions		Shipping, Oil Services & International		Group Corporate Center	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	2011	2010	2011	2010	2011	2010	2011	2010
Total operating income, NOKm	2,117	2,010	125	145	459	411	244	302
Operating profit, NOKm	496	729	79	89	391	214	195	273
Loans to the public, NOKbn	379	357	5	4	57	65	0	0
Deposits and borrowings from the public, NOKbn	188	170	21	20	26	27	0	0

Operating segments								
	Other Operating segments		Total Operating segments		Reconciliation		Total Group	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	2011	2010	2011	2010	2011	2010	2011	2010
Total operating income, NOKm	76	-30	3,021	2,838	-287	-228	2,734	2,610
Operating profit, NOKm	-27	-122	1,134	1,183	-239	-158	895	1,025
Loans to the public, NOKbn	2	0	443	426	0	2	443	428
Deposits and borrowings from the public, NOKbn	0	0	235	217	0	0	235	217

Reconciliation between total operating segments and financial statements

	Total operating income, NOKm		Operating profit, NOKm		Loans to the public, NOKbn		Deposits and borrowings from the public, NOKbn	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	2011	2010	2011	2010	2011	2010	2011	2010
Total Operating segments	3,021	2,838	1,134	1,183	443	426	235	217
Group functions ²	46	73	-78	-3	0	2	0	0
Eliminations	-25	-12	0	0	0	0	0	0
Differences in accounting policies ³	0	0	7	3	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets ⁴	-308	-289	-168	-158	0	0	0	0
Total	2,734	2,610	895	1,025	443	428	235	217

¹All figures have been allocated and restated amongst the segments based on internal reporting to the chief operating decision maker. The change was made to better reflect the higher funding costs for the banking sector, Nordea has changed the internal funds transfer pricing model for loans and deposits, resulting in a 20 basis points higher transfer price for both. This adjustment is applied to all loan and deposit margins with the exceptions of professional deposits from customers as well as loans with corresponding outstanding covered bond funding. The new transfer pricing affects net interest income and margins in business areas and Group Corporate Centre for the first quarter 2011. The effect has been retroactively adjusted for comparative purposes.

² Consists of Group Executive Management, Group Internal Audit, Group Risk Management, Group Human Resources, Group Identity and Communications, Sundry Units and allocations related to Markets as per footnote 4 below.

³ Internally developed and bought software is expensed as incurred in the operating segments, but capitalised as required by IAS 38 in the entity's balance sheet.

⁴ In the segment reporting the results from Markets' and Savings and Assets Management's operations are allocated to the operating segments as if they were the counterparties in the customer transactions. In the financial statements the results are recognised where the legal agreement with the customers have been established.

Reportable Operating segments

Nordea's operating model defines four areas in the organisation reflecting different responsibilities; Customer areas, Product areas, Group operations and Support areas. The Operating segments have been identified based on the Customer areas in the operating model and on the internal reporting structure. The Customer areas are responsible for the overall business relation with a customer or customer group.

Nordic Banking conducts a full service banking operation. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets. Customers within Nordic Banking are offered a complete range of banking products and services including account products, transaction products, market products and insurance products. The Financial Institutions segment is responsible for Nordea's customers within the financial institution industry. Nordea's financial institution services include single products such as funds, equity products etcetera as well as consulting services within asset allocation and fund sales. The segment Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries. Nordea provides tailor-made solutions and syndicated loan transactions within this area.

Note 3 - Net fee and commission income

NOKm	Q1 2011	Q1 2010	Full year 2010
Asset Management commissions	18	12	63
Life insurance	15	14	56
Brokerage	111	119	410
Custody	34	36	144
Deposits	8	11	48
Total savings related commissions	186	192	721
Payments	84	90	356
Cards	175	160	732
Total payment commissions	259	250	1,088
Lending ¹	215	140	771
Guarantees and documentary payments	22	23	93
Total lending related commissions	237	163	864
Other commission income ¹	49	40	289
Fee and commission income	731	645	2,962
Payment expenses	-128	-142	-615
Other commission expenses	-55	-45	-174
Fee and commission expenses	-183	-187	-789
Net fee and commission income	548	458	2,173

¹Restated, see note 1 for further details. The categorisation of lending related commission has been changed in order to better align with the purpose for which the fees are received. The change mainly relates to syndicated transactions. The comparable figures have been restated accordingly between Other commission income and Lending.

Note 4 - Net result from items at fair value

NOKm	Q1 2011	Q1 2010	Full year 2010
Shares/participations and other share-related instruments	0	3	587
Interest-bearing securities and other interest-related instruments	-20	105	157
Other financial instruments	0	-3	-3
Foreign exchange gains/losses	53	16	147
Total	33	121	888

Note 5 - General administrative expenses

NOKm	Q1 2011	Q1 2010	Full year 2010
Staff	774	727	2,807
Information technology ¹	170	175	745
Marketing and entertainment	32	37	169
Postage, transportation, telephone and office expenses	51	54	198
Rents, premises and real estate	109	110	417
Other	135	123	586
Total	1,271	1,226	4,922

¹ Refers to IT operations, service expenses and consultant fees. Total IT-related costs including staff etc, were NOK 210m in Q1 2011 (Q1 2010: NOK 211m, Jan-Dec 2010: NOK 892m).

Note 6 - Net loan losses

NOKm	Q1 2011	Q1 2010	Full year 2010
Loan losses divided by class			
Loans to credit institutions	0	2	2
- of which write-offs	-22	0	0
- of which allowances used for covering write-offs	22	0	0
- of which reversals	0	2	2
Loans to the public	-522	-326	-735
- of which provisions	-567	-499	-1,695
- of which write-offs	-188	-127	-630
- of which allowances used for covering write-offs	130	123	412
- of which reversals	93	160	1,125
- of which recoveries	10	17	53
Off-balance sheet items ¹	-8	1	8
- of which provisions	-9	-1	-7
- of which reversals	1	2	15
Total	-530	-323	-725

Key ratios

	Q1 2011	Q1 2010	Full year 2010
Loan loss ratio, basis points ¹	47	31	17
- of which individual	47	26	31
- of which collective	0	5	-14

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

Note 7 - Loans and their impairment

NOKm	Total		
	31 Mar 2011	31 Dec 2010	31 Mar 2010
Loans, not impaired	446,715	446,375	437,309
Impaired loans	5,456	5,601	5,173
– Performing	1,360	1,803	1,525
– Non-performing	4,096	3,798	3,648
Loans before allowances	452,171	451,976	442,482
Allowances for individually assessed impaired loans	-2,644	-2,318	-1,783
– Performing	-408	-597	-482
– Non-performing	-2,236	-1,721	-1,301
Allowances for collectively assessed impaired loans	-549	-545	-1,178
Allowances	-3,193	-2,863	-2,961
Loans, carrying amount	448,978	449,113	439,521

NOKm	Credit institutions			The public		
	31 Mar 2011	31 Dec 2010	31 Mar 2010	31 Mar 2011	31 Dec 2010	31 Mar 2010
Loans, not impaired	6,432	9,900	11,793	440,283	436,475	425,516
Impaired loans	0	22	22	5,456	5,579	5,151
– Performing	0	0	0	1,360	1,803	1,525
– Non-performing	0	22	22	4,096	3,776	3,626
Loans before allowances	6,432	9,922	11,815	445,739	442,054	430,667
Allowances for individually assessed impaired loans	0	-22	-22	-2,644	-2,296	-1,761
– Performing	0	0	0	-408	-597	-482
– Non-performing	0	-22	-22	-2,236	-1,699	-1,279
Allowances for collectively assessed impaired loans	0	0	0	-549	-545	-1,178
Allowances	0	-22	-22	-3,193	-2,841	-2,939
Loans, carrying amount	6,432	9,900	11,793	442,546	439,213	427,728

Allowances and provisions

NOKm	31 Mar 2011	31 Dec 2010	31 Mar 2010
Allowances for items in the balance sheet	-3,193	-2,863	-2,961
Provisions for off balance sheet items	-21	-13	-23
Total allowances and provisions	-3,214	-2,876	-2,984

Key ratios

	31 Mar 2011	31 Dec 2010	31 Mar 2010
Impairment rate, gross ¹ , basis points	121	124	117
Impairment rate, net ² , basis points	62	73	77
Total allowance rate ³ , basis points	71	63	67
Allowances in relation to impaired loans ⁴ , %	48	41	34
Total allowances in relation to impaired loans ⁵ , %	59	51	57
Non-performing, not impaired ⁶ , NOKm	546	581	671

¹ Individually assessed impaired loans before allowances divided by total loans before allowances.

² Individually assessed impaired loans after allowances divided by total loans before allowances.

³ Total allowances divided by total loans before allowances.

⁴ Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

⁵ Total allowances divided by total impaired loans before allowances.

⁶ Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 8 - Classification of financial instruments

	Financial assets at fair value through profit or loss						
NOKm	Loans	Held to maturity	Held for trading	Fair value option	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	6,166						6,166
Loans to credit institutions	5,557		111	765			6,433
Loans to the public	440,600		1,263	683			442,546
Interest-bearing securities		10,121	28,574				38,695
Financial instruments pledged as collateral			1,225				1,225
Shares			2,825			472	3,297
Derivatives			403		96		499
Fair value changes of the hedged items in portfolio							
hedge of interest rate risk	820						820
Other assets	1,003			5,262			6,265
Prepaid expenses and accrued income	2,131			276			2,407
Total 31 Mar 2011	456,277	10,121	34,401	6,986	96	472	508,353
Total 31 Dec 2010	461,106	10,954	17,549	4,057	22	472	494,160
Total 31 Mar 2010	442,071	14,899	38,969	7,607	100	49	503,695

	Financial liabilities at fair value through profit or loss				
NOKm	Held for trading	Fair value option	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	213	11,286		190,196	201,695
Deposits and borrowings from the public		335		234,806	235,141
Debt securities in issue				20,147	20,147
Derivatives	3,768		1,134		4,902
Fair value changes of the hedged items in portfolio hedge of interest rate risk				8	8
Other liabilities	1,086	4,700		1,132	6,918
Accrued expenses and prepaid income		453		1,628	2,081
Subordinated liabilities				9,106	9,106
Total 31 Mar 2011	5,067	16,774	1,134	457,023	479,998
Total 31 Dec 2010	4,281	14,567	743	443,179	462,770
Total 31 Mar 2010	5,347	30,684	403	438,238	474,672

Note 9 - Financial instruments

Determination of fair value from quoted market prices or valuation techniques

NOKm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions		876		876
Loans to the public		1,946		1,946
Debt securities ¹	23,142	5,432		28,574
Shares ²	3,935	118	470	4,523
Derivatives	51	448		499
Other assets		5,262		5,262
Prepaid expenses and accrued income		276		276
Liabilities				
Deposits by credit institutions		11,499		11,499
Deposits and borrowings from the public		335		335
Derivatives	33	4,868		4,901
Other liabilities		5,786		5,786
Accrued expenses and prepaid income		453		453

¹ NOK 0m relates to the balance sheet item Financial instruments pledged as collateral.

² NOK 1,225m relates to the balance sheet item Financial instruments pledged as collateral.

Note 10 - Derivatives

Fair value NOKm	31 Mar 2011		31 Dec 2010		31 Mar 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	98	70	75	62	2	66
Equity derivatives	71	576	39	106	30	283
Foreign exchange derivatives	227	3,115	179	2,788	1,344	359
Other derivatives	7	7	9	9	8	8
Total	403	3,768	302	2,965	1,384	716

Derivatives used for hedging						
Interest rate derivatives	96	1,134	22	742	100	402
Total	96	1,134	22	742	100	402

Total fair value						
Interest rate derivatives	194	1,204	97	804	102	468
Equity derivatives	71	576	39	106	30	283
Foreign exchange derivatives	227	3,115	179	2,788	1,344	359
Other derivatives	7	7	9	9	8	8
Total	499	4,902	324	3,707	1,484	1,118

Nominal amount NOKm	31 Mar		31 Dec		31 Mar	
	2011		2010		2010	
Derivatives held for trading						
Interest rate derivatives			162,341		75,448	36,180
Equity derivatives			3,946		3,343	2,515
Foreign exchange derivatives			113,642		110,200	111,939
Other derivatives			200		200	394
Total			280,129		189,191	151,028

Derivatives used for hedging						
Interest rate derivatives			44,020		20,857	16,442
Total			44,020		20,857	16,442

Total nominal amount						
Interest rate derivatives			206,361		96,305	52,622
Equity derivatives			3,946		3,343	2,515
Foreign exchange derivatives			113,642		110,200	111,939
Other derivatives			200		200	394
Total			324,149		210,048	167,470

Note 11 - Capital adequacy

Capital Base

	31 Mar 2011	31 Dec 2010	31 Mar 2010
NOKm			
Core Tier 1 Capital	24,667	24,529	23,768
Tier 1 capital	26,265	26,223	25,494
Total capital base	33,433	33,549	32,963

	31 Mar 2011	31 Mar 2011	31 Dec 2010	31 Dec 2010	31 Mar 2010	31 Mar 2010
Capital requirement						
NOKm	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA
Credit risk	19,184	239,800	19,176	239,701	19,439	242,983
IRB	17,479	218,484	17,333	216,664	17,483	218,524
- of which corporate	13,525	169,072	13,302	166,282	13,591	169,870
- of which institutions	436	5,445	390	4,875	660	8,244
- of which retail	3,357	41,957	3,502	43,768	3,128	39,104
- of which other	161	2,010	139	1,739	104	1,306
Standardised	1,705	21,316	1,843	23,037	1,956	24,459
- of which sovereign	19	234	25	313	28	354
- of which other	1,686	21,082	1,818	22,724	1,928	24,105
Market risk	355	4,433	335	4,182	561	7,026
- of which trading book, VaR	84	1,056	90	1,121	145	1,818
- of which trading book, non-VaR	271	3,377	245	3,061	367	4,591
- of which FX, non-VaR	0	0	0	0	49	617
Operational risk	1,615	20,193	1,458	18,227	1,459	18,226
Standardised	1,615	20,193	1,458	18,227	1,459	18,226
Sub total	21,154	264,426	20,969	262,110	21,459	268,235
Adjustment for transition rules						
Additional capital requirement according to transition rules	3,579	44,731	3,832	47,901	3,401	42,517
Total	24,733	309,157	24,801	310,011	24,860	310,752

Capital ratio

	31 Mar 2011	31 Dec 2010	31 Mar 2010
Core Tier 1 ratio, %, incl profit	8.2	7.9	7.9
Tier 1 ratio, %, incl profit	8.7	8.5	8.4
Capital ratio, %, incl profit	11.0	10.8	10.9

Analysis of capital requirements

Exposure class, 31 Mar 2011	Average risk weight (%)	Capital requirement (NOKm)
Corporate	62	13,525
Institutions	25	436
Retail	19	3,357
Sovereign	1	19
Other	38	1,847
Total credit risk	40	19,184

Note 12 - Risks and uncertainties

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

Nordea's main risk exposure is credit risk. The Group also assumes risks such as market risk, liquidity risk and operational risk. For further information on risk composition, see the Annual Report 2010.

The financial crisis and the deteriorating macroeconomic situation have not had a material impact on Nordea's financial position. However, the macroeconomic development remains uncertain, as communicated in the Outlook on page 4.

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

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

Nordea Bank Norge ASA

Income statement

NOKm	Q1 2011	Q1 2010	Full year 2010
Operating income			
<i>Interest income</i>	3,726	3,494	14,511
<i>Interest expense</i>	-1,921	-1,752	-7,478
Net interest income	1,805	1,742	7,033
<i>Fee and commission income</i>	692	652	2,934
<i>Fee and commission expense</i>	-172	-187	-788
Net fee and commission income	520	465	2,146
Net result from items at fair value	-234	129	894
Dividends	0	3	392
Other operating income	50	41	258
Total operating income	2,141	2,380	10,723
Operating expenses			
General administrative expenses:			
Staff costs	-740	-692	-2,680
Other expenses	-476	-471	-2,024
Depreciation of tangible and intangible assets	-36	-34	-145
Total operating expenses	-1,252	-1,197	-4,849
Profit before loan losses	889	1,183	5,874
Net loan losses	-507	-297	-611
Operating profit	382	886	5,263
Income tax expense	-104	-216	-1,302
Net profit for the period	278	670	3,961

Nordea Bank Norge ASA

Balance sheet

NOKm	31 Mar 2011	31 Dec 2010	31 Mar 2010
Assets			
Cash and balances with central banks	6,166	11,608	645
Loans to credit institutions	44,925	40,009	31,848
Loans to the public	345,007	344,233	337,343
Interest-bearing securities	73,550	72,195	112,066
Financial instruments pledged as collateral	1,225	245	212
Shares	3,297	3,532	2,788
Derivatives	1,139	804	1,572
Fair value changes of the hedged items in portfolio hedge of interest rate risk	37	127	169
Investments in group undertakings	2,834	2,834	3,089
Investments in associated undertakings	417	417	417
Intangible assets	393	374	352
Property and equipment	297	288	310
Deferred tax assets	1,394	1,394	344
Other assets	6,216	4,563	9,887
Prepaid expenses and accrued income	1,802	1,494	1,459
Total assets	488,699	484,117	502,501
Liabilities			
Deposits by credit institutions	201,750	196,905	233,590
Deposits and borrowings from the public	235,129	234,034	216,570
Debt securities in issue	2,094	2,096	3,386
Derivatives	4,590	3,707	1,115
Fair value changes of the hedged items in portfolio hedge of interest rate risk	8	17	47
Current tax liabilities	1,183	2,121	2,321
Other liabilities	7,007	6,291	8,803
Accrued expenses and prepaid income	2,066	1,216	1,928
Provisions	458	395	23
Retirement benefit obligations	900	1,164	1,673
Subordinated liabilities	9,106	9,542	9,718
Total liabilities	464,291	457,488	479,174
Equity			
Share capital	3,860	3,860	3,860
Share premium account	953	953	953
Retained earnings	19,595	21,816	18,514
Total equity	24,408	26,629	23,327
Total liabilities and equity	488,699	484,117	502,501
Assets pledged as security for own liabilities	52,063	68,351	124,730
Contingent liabilities	5,449	5,029	4,102
Commitments	428,995	342,476	254,469

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