

Interim Report 2nd 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

	Q2	Q1	Change	Q2	Change	Jan-Jun	Jan-Jun	Change
NOKm	2011	2011	%	2010	%	2011	2010	%
Net interest income	1,961	2,107	-7	2,093	-6	4,068	4,120	-1
Net fee and commission income	646	548	18	584	11	1,194	1,042	15
Net result from items at fair value	117	33	255	445	-74	150	566	-73
Equity method	15	13		93		28	48	
Other operating income	38	33		45		71	94	
Total operating income	2,777	2,734	2	3,260	-15	5,511	5,870	-6
Staff costs	-730	-774	-6	-772	-5	-1,504	-1,499	0
Other expenses	-495	-497	0	-489	1	-992	-988	0
Depreciation of tangible and intangible assets	-35	-38	-8	-36	-3	-73	-72	1
Total operating expenses	-1,260	-1,309	-4	-1,297	-3	-2,569	-2,559	0
Profit before loan losses	1,517	1,425	6	1,963	-23	2,942	3,311	-11
Net loan losses	-247	-530	-53	-158	56	-777	-481	62
Operating profit	1,270	895	42	1,805	-30	2,165	2,830	-23
Income tax expense	-343	-255	35	-410	-16	-598	-674	-11
Net profit for the period	927	640	45	1,395	-34	1,567	2,156	-27

Business volumes, key items

	30 Jun	31 Mar	Change	30 Jun	Change
NOKbn	2011	2011	%	2010	%
Loans to the public	446.0	442.5	1	448.2	0
Deposits and borrowings from the public	228.2	235.1	-3	220.2	4
of which savings deposits	80.8	82.1	-2	72.3	12
Equity	28.6	27.7	3	27.4	4
Total assets	519.6	511.5	2	531.7	-2

Ratios and key figures

	Q2	Q1	Q2	Jan-Jun	Jan-Jun
	2011	2011	2010	2011	2010
Earnings per share (EPS), NOK	1.68	1.16	2.53	2.84	3.91
EPS, rolling 12 months up to period end, NOK	6.73	7.58	5.87	6.73	5.87
Equity per share ² , NOK	51.91	50.23	49.72	51.91	49.72
Shares outstanding ² , million	551	551	551	551	551
Return on equity, %	13.2	8.9	20.9	11.0	16.2
Cost/income ratio, %	45	48	40	47	44
Core Tier 1 capital ratio, excl transition rules ^{2,3} , %	10.0	9.6	9.1	10.0	9.1
Tier 1 capital ratio, excl transition rules ^{2,3} , %	10.6	10.2	9.7	10.6	9.7
Total capital ratio, excl transition rules ^{2,3} , %	13.1	12.9	12.5	13.1	12.5
Core Tier 1 capital ratio ^{2,3} , %	8.4	8.2	7.8	8.4	7.8
Tier 1 capital ratio ^{2,3} , %	8.9	8.7	8.3	8.9	8.3
Total capital ratio ^{2,3} , %	11.0	11.0	10.7	11.0	10.7
Tier 1 capital ^{2,3} , NOKm	27,485	26,265	27,739	27,485	27,739
Risk-weighted assets incl transition rules ² , NOKbn	310	309	333	310	333
Loan loss ratio, basis points	22	47	15	35	23
Number of employees (full-time equivalents) ²	3,287	3,238	3,257	3,287	3,257

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

²End of period.

³Including the result for the six first months. According to Norwegian FSA rules (excluding the unaudited result for the period): Tier 1 capital NOK 25,918m (30 Jun 2010: NOK 25,583m), capital base NOK 32,579m (30 Jun 2010: NOK 33,579m), Tier 1 capital ratio 8.4% (30 Jun 2010: 7.7%), total capital ratio 10.5% (30 Jun 2010: 10.1%).

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 reorganised in the following business areas, all of which operate across national boundaries: Retail Banking, Wholesale Banking and Wealth Management. In addition the Nordea Group has the following group functions: Group Human Resources, Group Identity & Communications, Group Operations & Other Lines of Business, Group Corporate Centre and Group Risk Management. The new organisation structure will be reflected for financial reporting purposes in Q3 2011.

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.

Result summary, second quarter 2011

Total income increased 2% from the previous quarter and decreased 15% compared to the second quarter last year mainly due to lower net result from items at fair value due to a large positive one time effect from the Nordito/PBS (Nets) merger in the same quarter 2010.

Customer business continued to develop strongly with continued increase in household lending volumes, with a 12% increase compared to first quarter this year. Net fee and commission income also went up from already strong levels.

Total expenses decreased 4% compared to the previous quarter, and staff costs went down by 6%. Adjusted for one time positive pension effect related to transfer of employees between pension plans, staff costs increased 2% and total expenses went up 1% compared to previous quarter.

Net loan losses ended at NOK 247m isolated in the second quarter, corresponding to an annualised loan loss ratio of 22 basis points (47 basis points annualised in the previous quarter).

Operating profit was up 42% from the first quarter, due to higher net result from items at fair value and lower net loan losses.

The inflow of new Gold customers remained strong, with an increase of 8,520 in the second quarter, a 14% annualised growth rate. Around 51% of the new Gold customers were new customers to Nordea.

The core tier 1 capital ratio, ie excluding hybrid loans, was 10.0% excluding transition rules according to Basel II (9.6% in the first quarter). Including transition rules, the core tier 1 capital ratio was 8.4% (8.2%).

Income

Total income increased 2% from the previous quarter, to NOK 2,777m.

Net interest income

Net interest income declined 7% compared to previous quarter to NOK 1,961m due to falling mortgage lending margins and shipping deposit margins, partially offset by higher lending margins in shipping and a rise in household deposit margins. The increase of the official interest rate set by Norges Bank of 25 basis points in May, resulted in a negative temporary lag effect on household lending margins.

Corporate lending

Corporate lending volumes when adjusted for the stronger NOK versus USD effects, have been stable compared to last quarter, while fierce competition and a 17% strengthening in the NOK versus USD, explains a 9% decrease against the same period last year. The majority of volume reduction came from shipping where a high degree of lending is in USD. Corporate lending margins were stable both compared to previous quarter and the same quarter last year.

Household mortgage lending

Household mortgage volumes increased 3% compared to the first quarter, with an annualised growth rate of 13%. Total household mortgage lending margins were down during the quarter, mainly due to the temporary negative lag effect.

Corporate and household deposits

Total deposits from the public fell by 3% to NOK 228bn compared to the previous quarter and up 4% compared to one year ago. Average deposit margins for households have increased due to higher market rates, while corporate deposit margins have decreased due to fierce competition. Customer choice to pay down debt rather than save has also had an effect on deposit volumes.

Net fee and commission income

Net fee and commission income increased 18% to NOK 646m compared to the first quarter and 11% compared to the same quarter last year. This is mainly due to higher commission income from savings related transactions, payments and other commission income, partially offset by lower lending related fees and increased commission expenses, mainly related to payment transaction volumes.

Net result from items at fair value

Net result from items at fair value amounted to NOK 117m. Income from share related instruments increased to NOK 118m in the second quarter relating to sales of shares, received dividends and increased income in Equity Finance. Income from interest related instruments showed negative results mainly due to interest related swaps in Treasury. Results from foreign exchange instruments showed continued strong results increasing 15% from solid results in the first quarter, mainly due to customer related activities in Markets. Compared to the same quarter last year, net result from items at fair value is down 74%. This is due to a large one-off effect from the Nets merger last year. NBN's holding in Nets was sold to Nordea Bank Denmark (NBD) in the second quarter 2011.

Equity method

Income from companies accounted for under the equity method was NOK 15m compared to NOK 13m in the previous quarter. The result from the 23.21% holding in Eksportfinans ASA ended at NOK 14m.

Other operating income

Other income was NOK 38m compared to NOK 33m in the previous quarter.

Expenses

Total expenses went down 4% compared to the first quarter to NOK 1,260m. Staff costs declined 6% to NOK 730m and other expenses were unchanged. Adjusted for a positive effect on pensions, staff costs went up 2% compared to the first quarter. Compared to the same quarter last year, total expenses decreased by 3% due to reduction of staff costs by 5% compensating partly for a 1% increase in other expenses.

The number of full time employees at the end of the second quarter increased somewhat compared to the end of the previous quarter. This is a further strengthening of the customer related business areas, mainly Nordic Banking.

The cost/income ratio was 45%, down from 48% previous quarter and up from 40% compared to one year ago.

Net loan losses

Net loan losses in the second quarter this year amounted to NOK 247m, a reduction of NOK 283m from the previous quarter due to lower individual loan losses and reversal of collective provisions. Individual loan losses ended at NOK 302m, while reversal of collective provisions totalled NOK 55m due to a positive shift in rating migrations from the previous quarter.

The loan loss ratio was 22 basis points annualised in the second quarter, compared to 47 basis points annualised in the previous quarter and 15 basis points annualised in the second quarter last year. Individual net loan losses amounted to 27 basis points, and collective provisions net amounted to minus 5 basis points this quarter.

Taxes

The effective tax rate for the second quarter was 27.0% compared to 28.5% in the previous quarter and 22.7% in the second quarter last year. The low rate in the second quarter last year is mainly related to the tax exempt method on the gains from the PBS–Nordito merger.

Net profit

Net profit increased 45% compared to the previous quarter to NOK 927m, corresponding to a return on equity of 13.2%.

Result summary January - June 2011

The first half year of 2011 showed decreased total income of 6% compared to the first half year last year. The reduction is mainly due to the gain on the merger between Nordito and PBS during the second quarter of 2010, affecting net result from items at fair value, partially offset by strong results in net fee and commission income. Operating profit decreased 23%, mainly due to higher net loan losses.

Income

Net interest income went slightly down by 1% to NOK 4,068m compared to the first half year last year, due to declining mortgage lending margins mainly offset by increased deposit volumes from the public.

Net fee and commission income showed continued strong growth with an increase of 15% compared to the first half year 2010, mainly related to lending, brokerage and other commissions.

Net result from items at fair value decreased by NOK 416m compared to the same period last year. This reduction is due to the gain from the Nets merger in 2010, partially offset by a gain on the sale of the shares NBN held in the merged company to NBD in 2011 of NOK 32m. The Nordea ownership of shares in Nets has been centralised in NBD after this transaction.

Income from companies accounted for under the equity method was NOK 28m and other income was NOK 71m.

Expenses

Total expenses were stable at NOK 2,569m. Both staff costs and other expenses remained largely unchanged the first half year 2011 compared to the same period last year.

Net loan losses

Net loan losses were NOK 777m, a 62% rise compared to the same period last year. This corresponds to an annualised loan loss ratio of 35 basis points against 23 basis points for the same period last year. Individual net loan losses amounted to 37 basis points annualised, and net collective provisions amounted to minus 2 basis points annualised.

Taxes

The effective tax rate in the first half year was 27.6% compared to 23.8% last year. The low rate in 2010 was due to the aforementioned PBS–Nordito transaction.

Other information

Credit portfolio

Total lending to the public was NOK 446bn, a slight increase compared to the previous quarter of 1% and stable compared to one year ago.

Impaired loans gross have decreased 32% in the second quarter compared to the first quarter 2011 and ended at NOK 3,736m including off balance sheet impaired items of NOK 17m. This corresponds to 83 basis points of total gross lending at the beginning of the year. 31% of impaired loans gross are performing loans and 69% are non-performing loans. Impaired loans net, after allowances, amounted to NOK 2,017m. This corresponds to 45 basis points of total net lending at the beginning of the year.

The industries with the largest provision were Telecommunication operators, Retail trade and Shipping and Offshore.

Balance Sheet

Total assets in the balance sheet went up 2% compared to the first quarter and down 2% compared to one year ago, and ended at NOK 520bn.

Capital position and risk-weighted assets

At the end of the second quarter, NBN's risk-weighted assets (RWA) were NOK 260bn excluding transition rules, down 1.6% compared to the previous quarter and down 8.8% compared to one year ago, when RWA were NOK 285bn. During the second quarter, the changes in RWA were mainly due to reduced risk weighted amount in the corporate segment. RWA including transition rules amounted to NOK 310bn at the end of the second quarter.

The core tier 1 ratio, ie excluding transition rules under Basel II, was 10.0%. 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 32.6bn exceeds the Pillar 1 capital requirements of NOK 20.8bn excluding transition rules by NOK 11.8bn. The tier 1 capital of NOK 25.9bn exceeds the Pillar 1 capital requirements (excluding transitions rules) by NOK 5.1bn.

Nordea's funding and liquidity operations

The average funding cost for long-term funding has been largely unchanged in the second quarter.

During the second quarter long-term funding in the form of Covered Bonds were issued in the name of Nordea Eiendomskreditt totalling USD 2 billion in the US market and NOK 6.6 billion in the domestic market. The USD 2 billion Covered bond issue was the first bond issue that Nordea Eiendomskreditt has taken up in the US market.

New organisation established June 2011

As of June 2011, a new organisation has been established, which builds on the value-chain thinking that has been central in the Nordea operating model since 2007. The reorganisation is developed around the three main business areas: Retail Banking, Wholesale Banking and Wealth

Management. All parts of the value chains – customer responsibility, support, products, staff and IT-development – will be incorporated into these business areas with the clear objective to improve efficiency, increase ROE and deepen the customer relationships.

In addition, a business unit called Group Operations and Other Lines of Business will be established. Group Corporate Centre and Group Risk Management will as today remain as central parts of the organisation.

The financial reporting will be changed in accordance with the new organisation from the third quarter of 2011.

More information has been published in a separate press release.

Outlook

Global macroeconomic uncertainty

The global macroeconomic development created a turbulent environment during the spring. The fiscal crisis in Greece, uncertain development in the other PIIGS countries and continued imbalances in the global economy have increased global economic uncertainty.

The Nordic countries are showing good strength. The outlook for economic growth in Sweden and Norway this year is strong, supported by impressive public and external balances. However, the Swedish and Norwegian central banks also have to hike interest rates to prevent overheating in the housing and labour markets. Economic growth in Finland is also strong while Denmark is the laggard, but on the right track, although growth fell in the end of 2010 and beginning of 2011. Both countries are facing slight fiscal policy tightening, but their public finances are in much better shape than average for the euro area.

Quarterly development

NOKm	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Jan-Jun 2011	Jan-Jun 2010
Net interest income	1,961	2,107	2,071	2,087	2,093	4,068	4,120
Net fee and commission income	646	548	579	552	584	1,194	1,042
Net result from items at fair value	117	33	231	91	445	150	566
Equity method	15	13	60	-5	93	28	48
Other operating income	38	33	44	70	45	71	94
Total operating income	2,777	2,734	2,985	2,795	3,260	5,511	5,870
General administrative expenses:							
Staff costs	-730	-774	-534	-774	-772	-1,504	-1,499
Other expenses	-495	-497	-557	-570	-489	-992	-988
Depreciation of tangible and intangible assets	-35	-38	-45	-37	-36	-73	-72
Total operating expenses	-1,260	-1,309	-1,136	-1,381	-1,297	-2,569	-2,559
Profit before loan losses	1,517	1,425	1,849	1,414	1,963	2,942	3,311
Net loan losses	-247	-530	-235	-9	-158	-777	-481
Operating profit	1,270	895	1,614	1,405	1,805	2,165	2,830
Income tax expense	-343	-255	-488	-387	-410	-598	-674
Net profit for the period	927	640	1,126	1,018	1,395	1,567	2,156
Earnings per share (EPS), NOK	1.68	1.16	2.04	1.85	2.53	2.84	3.91
EPS, rolling 12 months up to period end, NOK	6.73	7.58	7.80	6.63	5.87	6.73	5.87

Income statement

NOKm	Note	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Operating income						
<i>Interest income</i>		4,351	4,081	8,491	7,903	16,482
<i>Interest expense</i>		-2,390	-1,988	-4,423	-3,783	-8,204
Net interest income		1,961	2,093	4,068	4,120	8,278
<i>Fee and commission income</i>		857	790	1,589	1,435	2,962
<i>Fee and commission expense</i>		-211	-206	-395	-393	-789
Net fee and commission income	3	646	584	1,194	1,042	2,173
Net result from items at fair value	4	117	445	150	566	888
Equity method		15	93	28	48	103
Other operating income		38	45	71	94	208
Total operating income		2,777	3,260	5,511	5,870	11,650
Operating expenses						
General administrative expenses:						
Staff costs		-730	-772	-1,504	-1,499	-2,807
Other expenses	5	-495	-489	-992	-988	-2,115
Depreciation of tangible and intangible assets		-35	-36	-73	-72	-154
Total operating expenses		-1,260	-1,297	-2,569	-2,559	-5,076
Profit before loan losses		1,517	1,963	2,942	3,311	6,574
Net loan losses	6	-247	-158	-777	-481	-725
Operating profit		1,270	1,805	2,165	2,830	5,849
Income tax expense		-343	-410	-598	-674	-1,549
Net profit for the period		927	1,395	1,567	2,156	4,300
Attributable to:						
Shareholder of Nordea Bank Norge ASA		925	1,394	1,564	2,154	4,297
Non-controlling interests		2	1	3	2	3
Total		927	1,395	1,567	2,156	4,300
Earnings per share, NOK		1.68	2.53	2.84	3.91	7.80

Statement of comprehensive income

NOKm	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Net profit for the period	927	1,395	1,567	2,156	4,300
Currency translation differences during the period	0	-3	-2	4	-1
Other comprehensive income, net of tax	0	-3	-2	4	-1
Total comprehensive income	927	1,392	1,565	2,160	4,299
Attributable to:					
Shareholder of Nordea Bank Norge ASA	925	1,391	1,562	2,158	4,296
Non-controlling interests	2	1	3	2	3
Total	927	1,392	1,565	2,160	4,299

Balance sheet

NOKm	Note	30 Jun 2011	31 Dec 2010	30 Jun 2010
Assets				
Cash and balances with central banks		575	11,608	8,860
Loans to credit institutions	7	7,913	9,900	19,388
Loans to the public	7	446,006	439,213	448,185
Interest-bearing securities		50,966	22,195	36,653
Financial instruments pledged as collateral		483	245	100
Shares		2,092	3,532	2,596
Derivatives	10	693	324	3,606
Fair value changes of the hedged items in portfolio hedge of interest rate risk		598	485	298
Investments in associated undertakings		1,111	1,199	1,144
Intangible assets		458	423	404
Property and equipment		299	292	304
Deferred tax assets		1,197	1,173	98
Other assets		4,680	4,561	8,099
Prepaid expenses and accrued income		2,521	2,133	2,002
Total assets		519,592	497,283	531,737
Liabilities				
Deposits by credit institutions		201,236	196,870	254,717
Deposits and borrowings from the public		228,203	234,062	220,191
Debt securities in issue		36,331	11,367	3,100
Derivatives	10	3,564	3,707	1,130
Fair value changes of the hedged items in portfolio hedge of interest rate risk		3	17	35
Current tax liabilities		534	2,396	843
Other liabilities		7,379	6,276	9,189
Accrued expenses and prepaid income		3,328	1,873	2,803
Provisions		581	411	23
Retirement benefit obligations		876	1,199	1,826
Subordinated liabilities		8,936	9,542	10,464
Total liabilities		490,971	467,720	504,321
Equity				
Non-controlling interests		7	8	4
Share capital		3,860	3,860	3,860
Share premium reserve		953	953	953
Retained earnings		23,801	24,742	22,599
Total equity		28,621	29,563	27,416
Total liabilities and equity		519,592	497,283	531,737
Assets pledged as security for own liabilities		123,907	114,009	133,528
Contingent liabilities		1,729	1,304	470
Commitments		388,139	321,552	273,872

Statement of changes in equity

NOKm	Share capital ¹	Share premium reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance at 1 Jan 2011	3,860	953	24,742	8	29,563
Total comprehensive income			1,562	3	1,565
Non-controlling interests				-4	-4
Dividend for 2010			-2,500		-2,500
Share-based payments ²			4		4
Other changes			-7		-7
Closing balance at 30 Jun 2011	3,860	953	23,801	7	28,621

NOKm	Share capital ¹	Share premium reserve	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	3	4,299
Dividend for 2009			-1,500		-1,500
Share-based payments ²			18		18
Other changes			1		1
Closing balance at 31 Dec 2010	3,860	953	24,742	8	29,563

NOKm	Share capital ¹	Share premium reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance at 1 Jan 2010	3,860	953	21,927	5	26,745
Total comprehensive income			2,160		2,160
Non-controlling interests				-1	-1
Dividend for 2009			-1,500		-1,500
Share-based payments ²			11		11
Other changes			1		1
Closing balance at 30 Jun 2010	3,860	953	22,599	4	27,416

¹ Total shares registered were 551m (31 Dec 2010: 551m, 30 Jun 2010: 551m).

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

Cash flow statement

NOKm	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
<i>Operating activities</i>			
Operating profit	2,165	2,830	5,849
Adjustments for items not included in cash flow	1,241	2,421	446
Income taxes paid	-2,483	-2,017	-2,399
Cash flow from operating activities before changes in operating assets and liabilities	923	3,234	3,896
Changes in operating assets and liabilities	-11,776	-6,923	-4,226
Cash flow from operating activities	-10,853	-3,689	-330
<i>Investing activities</i>			
Acquisition of property and equipment	-45	-34	-68
Dividend from associated undertakings	116	162	162
Sale of property and equipment	0	3	3
Acquisition of intangible assets	-69	-60	-116
Sale of other financial assets	0	0	1
Cash flow from investing activities	2	71	-18
<i>Financing activities</i>			
Other changes in equity	-7	10	19
Dividend paid	-2,500	-1,500	-1,500
Cash flow from financing activities	-2,507	-1,490	-1,481
Cash flow for the period	-13,358	-5,108	-1,829
Cash and cash equivalents at beginning of period	20,011	21,839	21,839
Translation differences	-6	3	1
Cash and cash equivalents at end of period	6,647	16,734	20,011
Change	-13,358	-5,108	-1,829
Cash and cash equivalents	30 Jun	30 Jun	Full year
The following items are included in cash and cash equivalents (NOKm):	2011	2010	2010
Cash and balances with central banks	575	8,860	11,608
Loans to credit institutions, payable on demand	6,072	7,874	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 and second quarter 2011, disclosed in the below table.

	Q2 2011		Q1 2011		Q2 2010		Q1 2010		Full year 2010	
NOKm	Restated	Pre policy change	Restated	Pre policy change	Restated	Reported	Restated	Reported	Restated	Reported
Lending	192	162	215	166	222	135	140	138	771	610
Other commission income	119	149	50	98	93	180	40	42	289	450

Exchange rates

	Jan-Jun 2011	Full year 2010	Jan-Jun 2010
EUR 1 = NOK			
Income statement (average)	7.8252	8.0080	8.0098
Balance sheet (at end of period)	7.7875	7.8000	7.9725
USD 1 = NOK			
Income statement (average)	5.5806	6.0370	6.0388
Balance sheet (at end of period)	5.3882	5.8375	6.4970
SEK 1 = NOK			
Income statement (average)	0.8755	0.8389	0.8178
Balance sheet (at end of period)	0.8489	0.8700	0.8369
DKK 1 = NOK			
Income statement (average)	1.0495	1.0753	1.0762
Balance sheet (at end of period)	1.0441	1.0465	1.0703

Note 2 - Segment reporting¹

Operating segments

	Nordic Banking		Financial Institutions		Shipping, Oil Services & International		Group Corporate Centre	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Total operating income, NOKm	4,410	4,174	254	288	859	871	565	931
Operating profit, NOKm	1,596	1,780	158	170	602	508	446	824
Loans to the public, NOKbn	386	374	5	5	47	69	0	0
Deposits and borrowings from the public, NOKbn	190	175	20	18	16	27	1	0

Operating segments

	Other Operating segments		Total Operating segments		Reconciliation		Total Group	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Total operating income, NOKm	486	256	6,574	6,520	-1,063	-650	5,511	5,870
Operating profit, NOKm	83	-22	2,885	3,260	-720	-430	2,165	2,830
Loans to the public, NOKbn	8	0	446	448	0	0	446	448
Deposits and borrowings from the public, NOKbn	1	0	228	220	0	0	228	220

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-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Total Operating segments	6,574	6,520	2,885	3,260	446	448	228	220
Group functions ^{2,4}	-1,011	-615	-733	-438	0	0	0	0
Eliminations	-52	-35	0	0	0	0	0	0
Differences in accounting policies ³	0	0	13	8	0	0	0	0
Total	5,511	5,870	2,165	2,830	446	448	228	220

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. The 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 second 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 agreements 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	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Asset Management commissions	17	18	12	35	24	63
Life insurance	15	15	14	30	28	56
Brokerage	161	111	106	272	225	410
Custody	38	34	40	72	76	144
Deposits	10	8	8	18	19	48
Total savings related commissions	241	186	180	427	372	721
Payments	85	84	92	169	182	356
Cards	199	175	179	374	339	732
Total payment commissions	284	259	271	543	521	1,088
Lending ¹	192	215	222	407	362	771
Guarantees and documentary payments	21	22	24	43	47	93
Total lending related commissions	213	237	246	450	409	864
Other commission income ¹	119	50	93	169	133	289
Fee and commission income	857	732	790	1,589	1,435	2,962
Payment expenses	-155	-129	-160	-284	-302	-615
Other commission expenses	-56	-55	-46	-111	-91	-174
Fee and commission expenses	-211	-184	-206	-395	-393	-789
Net fee and commission income	646	548	584	1,194	1,042	2,173

¹ Restated, 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	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Shares/participations and other share-related instruments	118	0	470	118	473	587
Interest-bearing securities and other interest-related instruments	-62	-20	-74	-82	31	157
Other financial instruments	0	0	0	0	-3	-3
Foreign exchange gains/losses	61	53	49	114	65	147
Total	117	33	445	150	566	888

Note 5 - Other expenses

NOKm	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Information technology ¹	151	170	176	321	351	745
Marketing	38	32	33	70	64	169
Postage, transportation, telephone and office expenses	56	51	37	107	83	198
Rents, premises and real estate expenses	109	109	97	218	207	417
Other	141	135	146	276	283	586
Total	495	497	489	992	988	2,115

¹ Refers to IT operations, service expenses and consultant fees. Total IT-related costs including staff etc, were NOK 190m in Q2 2011 and NOK 399m for Jan-Jun 2011 (Q1 2011: NOK 210m, Q2 2010: NOK 213m, Jan-Jun 2010: NOK 424m, Jan-Dec 2010: NOK 892m).

Note 6 - Net loan losses

NOKm	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Loan losses divided by class						
Loans to credit institutions	0	0	0	0	2	2
- of which write-offs	0	-22	0	-22	0	0
- of which allowances used for covering write-offs	0	22	0	22	0	0
- of which reversals	0	0	0	0	2	2
Loans to the public	-256	-522	-157	-778	-483	-735
- of which provisions	-229	-567	-380	-796	-866	-1,695
- of which write-offs	-1,242	-188	-153	-1,430	-280	-630
- of which allowances used for covering write-offs	1,098	130	105	1,228	228	412
- of which reversals	110	93	271	203	431	1,125
- of which recoveries	7	10	0	17	4	53
Off-balance sheet items ¹	9	-8	-1	1	0	8
- of which provisions	8	-9	-1	-1	0	-7
- of which write-offs	0	0	0	0	-2	0
- of which reversals	1	1	0	2	2	15
Total	-247	-530	-158	-777	-481	-725

¹ Included in Provisions in the balance sheet

Key ratios

	Q2 2011	Q1 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Loan loss ratio, basis points ¹	22	47	15	35	23	17
- of which individual	27	47	29	37	27	31
- of which collective	-5	0	-14	-2	-4	-14

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

Note 7 - Loans and their impairment

NOKm	Total			
	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010
Loans, not impaired	452,396	446,715	446,375	464,631
Impaired loans	3,719	5,456	5,601	5,838
- Performing	1,152	1,360	1,803	1,810
- Non-performing	2,567	4,096	3,798	4,028
Loans before allowances	456,115	452,171	451,976	470,469
Allowances for individually assessed impaired loans	-1,702	-2,644	-2,318	-1,863
- Performing	-416	-408	-597	-442
- Non-performing	-1,286	-2,236	-1,721	-1,421
Allowances for collectively assessed impaired loans	-494	-549	-545	-1,033
Allowances	-2,196	-3,193	-2,863	-2,896
Loans, carrying amount	453,919	448,978	449,113	467,573

NOKm	Credit institutions				The public			
	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010
Loans, not impaired	7,913	6,432	9,900	19,388	444,483	440,283	436,475	445,243
Impaired loans	0	0	22	22	3,719	5,456	5,579	5,816
- Performing	0	0	0	0	1,152	1,360	1,803	1,810
- Non-performing	0	0	22	22	2,567	4,096	3,776	4,006
Loans before allowances	7,913	6,432	9,922	19,410	448,202	445,739	442,054	451,059
Allowances for individually assessed impaired loans	0	0	-22	-22	-1,702	-2,644	-2,296	-1,841
- Performing	0	0	0	0	-416	-408	-597	-442
- Non-performing	0	0	-22	-22	-1,286	-2,236	-1,699	-1,399
Allowances for collectively assessed impaired loans	0	0	0	0	-494	-549	-545	-1,033
Allowances	0	0	-22	-22	-2,196	-3,193	-2,841	-2,874
Loans, carrying amount	7,913	6,432	9,900	19,388	446,006	442,546	439,213	448,185

Allowances and provisions

NOKm	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010
Allowances for items in the balance sheet	-2,196	-3,193	-2,863	-2,896
Provisions for off balance sheet items	-12	-21	-13	-23
Total allowances and provisions	-2,208	-3,214	-2,876	-2,919

Key ratios

	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Jun 2010
Impairment rate, gross ¹ , basis points	82	121	124	124
Impairment rate, net ² , basis points	44	62	73	84
Total allowance rate ³ , basis points	48	71	63	62
Allowances in relation to impaired loans ⁴ , %	46	48	41	32
Total allowances in relation to impaired loans ⁵ , %	59	59	51	50
Non-performing, not impaired ⁶ , NOKm	868	546	581	575

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	575						575
Loans to credit institutions	7,845			68			7,913
Loans to the public	442,489		1,791	1,726			446,006
Interest-bearing securities		14,099	36,867				50,966
Financial instruments pledged as collateral			483				483
Shares			2,013			79	2,092
Derivatives			625		68		693
Fair value changes of the hedged items in portfolio hedge of interest rate risk	598						598
Other assets	1,003			3,671			4,674
Prepaid expenses and accrued income	2,114			301			2,415
Total 30 Jun 2011	454,624	14,099	41,779	5,766	68	79	516,415
Total 31 Dec 2010	461,106	10,954	17,549	4,057	22	472	494,160
Total 30 Jun 2010	477,297	12,595	32,898	6,423	46	472	529,731

	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		9,951		191,285	201,236
Deposits and borrowings from the public	273	284		227,646	228,203
Debt securities in issue				36,331	36,331
Derivatives	1,873		1,691		3,564
Fair value changes of the hedged items in portfolio hedge of interest rate risk				3	3
Other liabilities	1,588	3,840		1,872	7,300
Accrued expenses and prepaid income		416		2,184	2,600
Subordinated liabilities				8,936	8,936
Total 30 Jun 2011	3,734	14,491	1,691	468,257	488,173
Total 31 Dec 2010	4,281	14,567	743	443,179	462,770
Total 30 Jun 2010	3,417	29,874	489	466,958	500,738

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		68		68
Loans to the public		3,517		3,517
Debt securities	31,006	5,862		36,868
Shares ¹	2,499		76	2,575
Derivatives	36	657		693
Other assets		3,670		3,670
Prepaid expenses and accrued income		301		301
Liabilities				
Deposits by credit institutions		9,951		9,951
Derivatives	25	3,540		3,565
Other liabilities		5,428		5,428
Accrued expenses and prepaid income		416		416

¹ NOK 483m relates to the balance sheet item Financial instruments pledged as collateral.

Note - 10 Derivatives

Fair value NOKm	30 Jun 2011		31 Dec 2010		30 Jun 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	95	241	75	62	9	50
Equity derivatives	65	99	39	106	321	25
Foreign exchange derivatives	455	1,523	179	2,788	3,219	555
Other derivatives	10	10	9	9	11	11
Total	625	1,873	302	2,965	3,560	641

Derivatives used for hedging						
Interest rate derivatives	68	1,263	22	742	46	489
Foreign exchange derivatives	0	428	0	0	0	0
Total	68	1,691	22	742	46	489

Total fair value						
Interest rate derivatives	163	1,504	97	804	55	539
Equity derivatives	65	99	39	106	321	25
Foreign exchange derivatives	455	1,951	179	2,788	3,219	555
Other derivatives	10	10	9	9	11	11
Total	693	3,564	324	3,707	3,606	1,130

Nominal amount NOKm	30 Jun		31 Dec		30 Jun	
	2011		2010		2010	
Derivatives held for trading						
Interest rate derivatives		114,949		75,448		43,753
Equity derivatives		2,475		3,343		2,958
Foreign exchange derivatives		114,091		110,200		121,957
Other derivatives		200		200		104
Total		231,715		189,191		168,772

Derivatives used for hedging						
Interest rate derivatives		31,794		20,857		16,204
Total		31,794		20,857		16,204

Total nominal amount						
Interest rate derivatives		146,743		96,305		59,957
Equity derivatives		2,475		3,343		2,958
Foreign exchange derivatives		114,091		110,200		121,957
Other derivatives		200		200		104
Total		263,509		210,048		184,976

Note 11 - Capital adequacy

Capital Base

	30 Jun 2011	31 Dec 2010	30 Jun 2010
NOKm			
Core Tier 1 Capital	24,355	24,529	23,698
Tier 1 capital	25,918	26,223	25,583
Total capital base	32,579	33,549	33,579

	30 Jun 2011	30 Jun 2011	31 Dec 2010	31 Dec 2010	30 Jun 2010	30 Jun 2010
Capital requirement	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA
NOKm						
Credit risk	18,783	234,778	19,176	239,701	20,888	261,101
IRB	17,258	215,724	17,333	216,664	18,664	233,297
- of which corporate	13,058	163,220	13,302	166,282	14,548	181,843
- of which institutions	508	6,355	390	4,875	564	7,054
- of which retail	3,569	44,611	3,502	43,768	3,444	43,044
of which retail SME	146	1,823	137	1,711	141	1,759
of which retail real estate	2,474	30,925	2,389	29,857	2,148	26,847
of which retail other	949	11,863	976	12,200	1,155	14,438
- of which other	123	1,538	139	1,739	108	1,356
Standardised	1,525	19,054	1,843	23,037	2,224	27,804
- of which sovereign	20	246	25	313	25	312
- of which other	1,505	18,808	1,818	22,724	2,199	27,492
Market risk	426	5,323	335	4,182	493	6,165
- of which trading book, VaR	67	834	90	1,121	174	2,176
- of which trading book, non-VaR	359	4,489	245	3,061	319	3,989
- of which FX, non-VaR	0	0	0	0	0	0
Operational risk	1,615	20,193	1,458	18,227	1,458	18,227
Standardised	1,615	20,193	1,458	18,227	1,458	18,227
Sub total	20,824	260,294	20,969	262,110	22,839	285,493
Adjustment for transition rules						
Additional capital requirement according to transition rules	3,947	49,341	3,832	47,901	3,768	47,090
Total	24,771	309,635	24,801	310,011	26,607	332,583

Capital ratio

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Core Tier 1 ratio, %, incl profit	8.4	7.9	7.8
Tier I ratio, %, incl profit	8.9	8.5	8.3
Capital ratio, %, incl profit	11.0	10.8	10.7
Core Tier 1 ratio, %, excl profit	7.9		7.1
Tier I ratio, %, excl profit	8.4		7.7
Capital ratio, %, excl profit	10.5		10.1

Analysis of capital requirements

Exposure class, 30 Jun 2011	Average risk weight (%)	Capital requirement (NOKm)
Corporate	61	13,058
Institutions	19	508
Retail	20	3,569
Sovereign	1	20
Other	35	1,628
Total credit risk	39	18,782

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 5.

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.

Note 13 - Related-party transactions

During April 2011 Nordea, together with the other banks in the loan syndicate, took over 100% of the shares in the tele installation company Relacom (Relacom Management AB). Nordea now owns 47.91% of the shares and the company is an associated company accounted for under the equity method. The company is also, as per April 2011, a related party to Nordea.

During second quarter NBN's shareholding in Nets, corresponding to 4.92% of the outstanding shares in Nets, were sold to Nordea Bank Denmark. The shares were sold at a fair value of NOK 425m, resulting in a gain of NOK 32m being recorded in Q2 within Net result from items at fair value.

Nordea Bank Norge ASA

Income statement

NOKm	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Operating income					
<i>Interest income</i>	3,825	3,527	7,551	7,021	14,511
<i>Interest expense</i>	-2,130	-1,787	-4,051	-3,539	-7,478
Net interest income	1,695	1,740	3,500	3,482	7,033
<i>Fee and commission income</i>	820	783	1,512	1,435	2,934
<i>Fee and commission expense</i>	-196	-206	-368	-393	-788
Net fee and commission income	624	577	1,144	1,042	2,146
Net result from items at fair value	251	445	17	574	894
Dividends and group contribution	116	389	116	392	392
Other operating income	53	70	103	111	258
Total operating income	2,739	3,221	4,880	5,601	10,723
Operating expenses					
General administrative expenses:					
Staff costs	-695	-738	-1,435	-1,430	-2,680
Other expenses	-471	-467	-947	-938	-2,024
Depreciation of tangible and intangible assets	-36	-34	-72	-68	-145
Total operating expenses	-1,202	-1,239	-2,454	-2,436	-4,849
Profit before loan losses	1,537	1,982	2,426	3,165	5,874
Net loan losses	-212	-91	-719	-388	-611
Operating profit	1,325	1,891	1,707	2,777	5,263
Income tax expense	-335	-352	-439	-568	-1,302
Net profit for the period	990	1,539	1,268	2,209	3,961

Nordea Bank Norge ASA

Balance sheet

NOKm	30 Jun 2011	31 Dec 2010	30 Jun 2010
Assets			
Cash and balances with central banks	575	11,608	8,860
Loans to credit institutions	32,781	40,009	45,451
Loans to the public	348,294	344,233	351,893
Interest-bearing securities	81,966	72,195	101,653
Financial instruments pledged as collateral	483	245	100
Shares	2,092	3,532	2,596
Derivatives	1,800	804	3,752
Fair value changes of the hedged items in portfolio hedge of interest rate risk	70	127	203
Investments in group undertakings	2,834	2,834	2,856
Investments in associated undertakings	417	417	417
Intangible assets	406	374	354
Property and equipment	296	288	300
Deferred tax assets	1,395	1,394	339
Other assets	4,625	4,563	8,128
Prepaid expenses and accrued income	1,664	1,494	1,420
Total assets	479,698	484,117	528,322
Liabilities			
Deposits by credit institutions	201,251	196,905	254,720
Deposits and borrowings from the public	228,186	234,034	220,208
Debt securities in issue	1,001	2,096	3,100
Derivatives	3,275	3,707	1,130
Fair value changes of the hedged items in portfolio hedge of interest rate risk	3	17	35
Current tax liabilities	351	2,121	420
Other liabilities	7,516	6,291	9,282
Accrued expenses and prepaid income	2,486	1,216	2,293
Provisions	450	395	23
Retirement benefit obligations	844	1,164	1,773
Subordinated liabilities	8,936	9,542	10,464
Total liabilities	454,299	457,488	503,448
Equity			
Share capital	3,860	3,860	3,860
Share premium reserve	953	953	953
Retained earnings	20,586	21,816	20,061
Total equity	25,399	26,629	24,874
Total liabilities and equity	479,698	484,117	528,322
Assets pledged as security for own liabilities	58,666	68,351	133,528
Contingent liabilities	5,489	5,029	4,127
Commitments	418,694	342,476	277,835

Statement by Executive and Supervisory Boards

The executive and supervisory boards have today considered and approved the condensed consolidated interim report of Nordea Bank Norge ASA as at 30 June 2011 and for the first half year 2011 including condensed consolidated comparative figures as at 30 June 2010 and for the first half year 2010 (the interim report).

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Norwegian disclosure requirements for interim financial reports of listed and State-owned public limited companies. We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as at 30 June 2011 and as at 30 June 2010 and of the results of the Group's operations and cash flow for the first half year of 2011 and the first half year of 2010.

According to our best knowledge, the Board of Director's report gives a true and fair view of important incidents in the accounting period and the effect on the interim accounts. The description of the most relevant risk facts the company faces the coming year, including disclosure of related party transactions, gives to our knowledge true and fair view.

Oslo, 18 July 2011

Executive board:

Gunn Wærsted
Managing Director

Supervisory board:

Ari Kaperi
Chairman

Fredrik Rystedt
Deputy chairman

Mary Helene Moe

Karin S. Thorburn

Steinar Nickelsen
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