

Interim Report 1st quarter 2012

Nordea Bank Norge 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, more than 1,000 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Key financial figures¹

Income statements

	Q1 2012	Q4 2011	Change %	Q1 2011	Change %
NOKm					
Net interest income	2,305	2,207	4	2,107	9
Net fee and commission income	574	540	6	548	5
Net result from items at fair value	87	38	129	33	164
Equity method	18	102		13	
Other income	57	48		33	
Total operating income	3,041	2,935	4	2,734	11
Staff costs	-799	-646	24	-774	3
Other expenses	-454	-496	-8	-497	-9
Depreciation of tangible and intangible assets	-42	-41	2	-38	11
Total operating expenses	-1,295	-1,183	9	-1,309	-1
Profit before loan losses	1,746	1,752	0	1,425	23
Net loan losses	-176	-434		-530	
Operating profit	1,570	1,318	19	895	75
Income tax expense	-451	-334	35	-255	77
Net profit for the period	1,119	984	14	640	75

Business volumes, key items

	31 Mar 2012	31 Dec 2011	Change %	31 Mar 2011	Change %
NOKbn					
Loans to the public	467.4	464.4	1	442.5	6
Deposits and borrowings from the public	228.7	223.2	2	235.1	-3
of which savings deposits	91.9	87.2	5	82.1	12
Equity	30.0	30.4	-1	27.7	8
Total assets	584.4	589.3	-1	511.5	14

Ratios and key figures

	Q1 2012	Q4 2011	Q1 2011
Basic/Diluted Earnings per share (EPS), NOK	2.03	1.78	1.16
EPS, rolling 12 months up to period end	6.94	6.07	7.58
Equity per share ² , NOK	54.38	55.16	50.23
Shares outstanding ² , million	551	551	551
Return on equity, %	15.4	11.6	8.9
Cost/income ratio, %	43	40	48
Core Tier 1 capital ratio, excl transition rules ^{2,3} %	10.2	10.1	9.6
Tier 1 capital ratio, excl transition rules ^{2,3} %	12.1	12.0	10.2
Total capital ratio, excl transition rules ^{2,3} %	13.5	13.4	12.9
Core Tier 1 capital ratio incl. transition rules ^{2,3} %	8.0	8.0	8.2
Tier 1 capital ratio, incl transition rules ^{2,3} %	9.5	9.5	8.7
Total capital ratio, incl transition rules ^{2,3} %	10.5	10.6	11.0
Tier 1 capital ^{2,3} , NOKm	31,294	31,239	26,265
Risk-weighted assets excl transition rules ² , NOKbn	258	261	264
Loan loss ratio, basis points	14	17	47
Number of employees (full-time equivalents) ²	3,103	3,132	3,238

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

² End of period.

³ Excluding profit for the period, except for year-end which is including profit.

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: 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 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

Group result and development

Macroeconomic development

The global economic growth picture remains uneven. Improvements have been seen in the US related to a recovery in the labour market. In Asia, and especially China, concerns have risen regarding the growth outlook and challenges related to a transition towards a more domestically focused economy. Europe remains affected by austerity measures and the continued deleveraging process may limit potential for a growth recovery in the short run.

The Nordic economies are also influenced by the overall economic environment in Europe but continue to benefit from a sounder fiscal situation.

Norway shows continued growth with a low unemployment rate, growth in the housing market and continued high oil prices, which place Norway in a different situation than many other European countries.

Financial market development

The development in financial markets in the first quarter was driven by central bank initiatives and political influence. The 3-year LTRO facility provided funding and liquidity to a number of European banks and the high level of participation led to a general credit spread tightening and a significant reduction in peripheral sovereign bond yields. Furthermore, the solution to the private sector involvement in the Greek debt restructuring has led to containing risks related to a disorderly default. Together these factors have reduced interbank lending rates significantly and supported equity markets that generally have seen a strong first quarter.

European banks continue to adjust to future regulatory requirements by building capital and liquidity buffers and increasing long-term funding. The recent Quantitative Impact Studies by the European Banking Association suggests that this process will be on-going in coming quarters and this will lead to an overall cost increase for the banking sector as a whole.

The investor demand for AAA-rated assets such as Nordic sovereign debt continues to support very low short-term government yields in all Nordic countries.

Business development

NBN showed a very strong development in the result this quarter, with a Return On Equity (ROE) of 15.4%.

Following Nordea's relationship banking strategy the household customer business activity remains high with the majority of new gold and private banking customers coming

from outside Nordea. As part of the strategy, a new mobile banking app was successfully launched to meet customers' changing needs and behaviours.

As part of Nordea's goal to minimise costs from meeting new regulatory demands, several efficiency initiatives are on-going. Developments in operating expenses follow the New Normal plan, which is on target in 2012.

Loan losses have decreased significantly during the first quarter, yet Nordea has special attention on the shipping industry in which the tanker, dry cargo and container segments remain weak. Nordea's approach to the shipping industry remains the same, new business on conservative terms.

First quarter 2012

Income

Total income increased 4% from the previous quarter, and 11% compared to the first quarter last year, to NOK 3,041m.

Net interest income

Net interest income increased 4% compared to the previous quarter to NOK 2,305m. The increase has been driven by higher lending and deposit volumes, increased lending spreads and higher deposit spreads in Shipping and CIB.

Lending to the public went up 1% in the first quarter to NOK 467bn, and by 6% compared to one year ago.

Corporate lending

Corporate lending volumes have been consistent the last three months, despite a reduction from foreign exchange effects. Compared to last year, volumes increased by 3%, driven by higher lending to corporate customers in Retail Banking. Corporate lending spreads are up in all areas, with most significant increases in Retail.

Household lending

Household lending increased 1% the last three months to NOK 212bn, and went up 8% compared to one year ago. The growth is mainly within mortgage lending. Household mortgage lending spreads rose significantly in the last three months and compared to same quarter last year.

Corporate and household deposits

Total deposits from the public were up 3% to NOK 229bn compared to the previous quarter and down 3% against the same period last year. Over the last three months the deposit volume increase was driven by CIB. Compared to last year, deposit volumes increases in Household and Retail were offset by decreases in other business areas. Weighted average spreads have decreased mainly driven by reductions in Household.

Net fee and commission income

Net fee and commission income continued to be strong with an increase of 6% compared to the previous quarter, ending at NOK 574m. The net growth is fuelled by an increased lending income coupled with decrease in payment, card and lending related commission expenses. The increase is partially offset by decreased payment and savings related commissions from deposits, which historically increase at the end of the year, reduced activity in corporate finance this quarter, and reduced volumes in payment related income. The increase of 4% compared to the same period last year is driven by increased payment income.

Net result from items at fair value

Net result from items at fair value increased compared to prior quarter and first quarter last year. Compared to the last quarter, the reduced result from derivatives related to interest bearing securities was offset by a higher contribution from FX instruments in Treasury. Compared to the same period last year, the increase is driven by gains in Markets' bond portfolio.

Equity method

Net result for companies accounted for using the equity method was NOK 18m, which mainly relates to the 23.21% holding in Eksportfinans ASA. Nordea continues to apply its own valuation model towards the valuation of Eksportfinans' own debt.

Other operating income

Other income amounted to NOK 57m, compared to NOK 48m in the previous quarter.

Expenses

Total expenses increased 9% compared to the previous quarter to NOK 1,295m. The increase is closely related to good financial results leading to higher performance-related salaries this quarter. The reduction in number of employees to reach the anticipated cost efficiency and profitability in the New Normal plan is being implemented according to plan. Staff costs ended at NOK 799m, up 13% when adjusted for one-time pension effects last quarter. Other expenses went down 8% to NOK 454m, showing that cost management remains firm.

Total expenses decreased by 1% compared to the same quarter last year.

There were 3,103 full time employees at the end of the first quarter, a 0.9% reduction from three months ago and 4.2% compared to the same period last year.

The cost/income ratio amounts to 43%, up from 42% last quarter, adjusted for one-time pension effects, and down compared to 48% one year ago.

Net loan losses

Net loan losses for the first quarter this year were NOK 176m, of which new collective provisions net were NOK 109m, mainly within Shipping. The annualised loan loss ratio was 14 basis points in the first quarter, compared to 47 basis points in the same quarter last year. Individual net loan losses amounted to 5 basis points annualised and collective provisions net amounted to 9 basis points annualised this quarter.

Taxes

The effective tax rate for the first quarter was 28.7% compared to 25.3% in the previous quarter and 28.5% in the first quarter last year.

Net profit

Net profit increased to NOK 1,119m, up 14% compared to the previous quarter and 75% compared to the same period last year. Return on equity for the period increased to 15.4%.

Other information

Credit portfolio

Total lending to the public went up 1% to NOK 467bn compared to the previous quarter and 6% compared to one year ago.

Impaired loans gross have decreased 6% in the last three months and ended at NOK 3,734m, with an allowance corresponding to 77 basis points of total loans to the public. 40% of impaired loans gross are performing loans and 60% are non-performing loans. Impaired loans net, after individually assessed allowances for impaired loans, amounted to NOK 2,090m, corresponding to 44 basis points of total loans at the end of the quarter.

The total allowance ratio increased to 42 basis points, compared to 41 basis points at the end of the fourth quarter. The industries with the largest provisions were Shipping & offshore, Construction and engineering, Real estate and Retail trade.

Balance Sheet

Total assets in the balance sheet were reduced 1% compared to previous quarter and grew by 14% compared to one year ago. The main drivers of change the last twelve months are higher volumes in interest bearing securities, which are a part of Nordea's liquidity buffer management, coupled with increased lending.

Capital position and risk-weighted assets

At the end of the first quarter, NBN's risk-weighted assets (RWA) were NOK 258bn excluding transition rules, down 0.9% compared to the previous quarter and down 2.4% compared to one year ago, when RWA were NOK 264bn. Compared to previous quarter, the changes were mainly

due to decreased RWA in the corporate and institutional segment in the standardised approach. RWA including transition rules amounted to NOK 331bn at the end of the first quarter.

The core tier 1 capital ratio excluding transition rules was 10.2%. The tier 1 capital ratio and the total capital ratio excluding transition rules were 12.1% and 13.5% respectively. The capital base of NOK 35bn exceeds the capital requirements excluding transition rules by NOK 14bn, and the tier 1 capital of NOK 31bn exceeds the capital requirements excluding transitions rules by NOK 10bn. Core tier 1 capital amounts to NOK 26bn. The hybrid capital constitutes 15.5% of tier 1 capital.

Nordea's funding and liquidity operations

There was a slight increase in the average cost of long-term funding during the first quarter.

Nordea issued approx. EUR 11.5bn of long-term funding in the first quarter, of which approximately EUR 4.8bn represented issuance of covered bonds. The Norwegian covered bonds issued were approximately EUR 1.2bn of the total.

For long-term funding risk, Nordea applies management of funding gap measures and matching between behavioural duration of assets and liabilities. For short-term liquidity risks, NBN maintains a measure close to the liquidity coverage ratio (LCR). The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV-liquid assets.

Subsequent events

In April 2012, NBN acquired 33% of the remaining outstanding shares of the real estate agency Privatmegleren AS. After the purchase, NBN owns 100% of the company.

Quarterly development

NOKm	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net interest income	2,305	2,207	2,074	1,961	2,107
Net fee and commission income	574	540	531	646	548
Net result from items at fair value	87	38	155	117	33
Profit/-loss from companies accounted for under the equity method	18	102	64	15	13
Other operating income	57	48	66	38	33
Total operating income	3,041	2,935	2,890	2,777	2,734
General administrative expenses:					
Staff costs	-799	-646	-1,059	-730	-774
Other expenses	-454	-496	-466	-495	-497
Depreciation, amortisation and impairment charges of tangible and intangible assets	-42	-41	-46	-35	-38
Total operating expenses	-1,295	-1,183	-1,571	-1,260	-1,309
Profit before loan losses	1,746	1,752	1,319	1,517	1,425
Net loan losses	-176	-434	-221	-247	-530
Operating profit	1,570	1,318	1,098	1,270	895
Income tax expense	-451	-334	-302	-343	-255
Net profit for the period	1,119	984	796	927	640
Basic/diluted Earnings per share (EPS), NOK	2.03	1.78	1.44	1.68	1.16
EPS, rolling 12 months up to period end, NOK	6.94	6.07	6.33	6.73	7.58

Income statements

NOKm	Note	Q1 2012	Q1 2011	Full year 2011
Operating income				
Interest income		5,030	4,140	18,164
Interest expense		-2,725	-2,033	-9,815
Net interest income		2,305	2,107	8,349
Fee and commission income		757	732	3,124
Fee and commission expense		-183	-184	-859
Net fee and commission income	3	574	548	2,265
Net result from items at fair value	4	87	33	343
Profit from companies accounted for under the equity method		18	13	194
Other operating income		57	33	185
Total operating income		3,041	2,734	11,336
Operating expenses				
General administrative expenses:				
Staff costs		-799	-774	-3,209
Other expenses	5	-454	-497	-1,954
Depreciation, amortisation and impairment charges of tangible and intangible assets		-42	-38	-160
Total operating expenses		-1,295	-1,309	-5,323
Profit before loan losses		1,746	1,425	6,013
Net loan losses	6	-176	-530	-1,432
Operating profit		1,570	895	4,581
Income tax expense		-451	-255	-1,234
Net Profit for the period		1,119	640	3,347
Attributable to:				
Shareholders of Nordea Bank Norge ASA		1,117	639	3,341
Non-controlling interests		2	1	6
Total		1,119	640	3,347
Basic/diluted earnings per share, NOK		2.03	1.16	6.07

Statements of comprehensive income

NOKm	Q1 2012	Q1 2011	Full year 2011
Net profit for the period	1,119	640	3,347
Currency translation differences during the period	-2	-2	1
Available-for-sale investments:			
Valuation gains/losses taken to equity	84	-	-
Tax on gains/losses taken to equity	-23	-	-
Transferred to profit or loss on sale for the year	-4	-	-
Tax on transfers to profit or loss on sale for the year	1	-	-
Other comprehensive income, net of tax	56	-2	1
Total comprehensive income	1,175	638	3,348
Attributable to:			
Shareholder of Nordea Bank Norge ASA	1,173	637	3,342
Non-controlling interests	2	1	6
Total	1,175	638	3,348

Balance sheets

NOKm	Note	31 Mar 2012	31 Dec 2011	31 Mar 2011
Assets				
Cash and balances with central banks		5,502	5,299	6,166
Loans to credit institutions	7	17,975	26,943	6,432
Loans to the public	7	467,401	464,403	442,546
Interest-bearing securities		81,618	75,057	38,696
Financial instruments pledged as collateral		0	534	1,225
Shares		693	1,645	3,297
Derivatives	10	1,746	5,803	499
Fair value changes of the hedged items in portfolio hedge of interest rate risk		576	658	820
Investments in associated undertakings		1,295	1,277	1,212
Intangible assets		468	461	444
Property and equipment		311	303	300
Deferred tax assets		174	269	1,175
Other assets		3,684	3,888	6,275
Prepaid expenses and accrued income		3,012	2,773	2,448
Total assets		584,455	589,313	511,535
Liabilities				
Deposits by credit institutions		242,111	239,470	201,695
Deposits and borrowings from the public		228,702	223,195	235,141
Debt securities in issue		59,104	51,471	20,147
Derivatives	10	2,695	2,005	4,902
Fair value changes of the hedged items in portfolio hedge of interest rate risk		555	618	8
Current tax liabilities		471	198	1,419
Other liabilities		6,764	28,583	6,985
Accrued expenses and prepaid income		3,366	2,368	2,915
Provisions		484	512	590
Retirement benefit obligations		1,102	1,087	933
Subordinated liabilities		9,120	9,394	9,106
Total liabilities		554,474	558,901	483,841
Equity				
Non-controlling interests		5	9	5
Share capital		3,860	3,860	3,860
Share premium reserve		953	953	953
Other reserves		58	0	0
Retained earnings		25,105	25,590	22,876
Total equity		29,981	30,412	27,694
Total liabilities and equity		584,455	589,313	511,535
Assets pledged as security for own liabilities		142,850	132,931	112,850
Contingent liabilities		1,643	1,703	1,728
Commitments		101,925	130,906	415,310

Statements of changes in equity

NOKm	Share capital ¹	Share premium account	Other reserves	Retained earnings	Non-controlling interests	Total equity
Opening balance at 1 Jan 2012	3,860	953	0	25,590	9	30,412
Total comprehensive income			58	1,115	2	1,175
Share-based payments ²				1		1
Dividend for 2011				-1,600	-6	-1,606
Other changes				-1		-1
Closing balance at 31 Mar 2012	3,860	953	58	25,105	5	29,981

NOKm	Share capital ¹	Share premium account	Other reserves	Retained earnings	Non-controlling interests	Total equity
Opening balance at 1 Jan 2011	3,860	953	0	24,742	8	29,563
Total comprehensive income				3,342	6	3,348
Share-based payments ²				11		11
Dividend for 2010				-2,500	-5	-2,505
Other changes				-5		-5
Closing balance at 31 Dec 2011	3,860	953	0	25,590	9	30,412

NOKm	Share capital ¹	Share premium account	Other reserves	Retained earnings	Non-controlling interests	Total equity
Opening balance at 1 Jan 2011	3,860	953	0	24,742	8	29,563
Total comprehensive income				637	1	638
Non-controlling interests					-4	-4
Share-based payments ²				3		3
Dividend for 2009				-2,500		-2,500
Other changes				-6		-6
Closing balance at 31 Mar 2011	3,860	953	0	22,876	5	27,694

¹ Total shares registered were 551m (31 Dec 2011: 551m, 31 Mar 2011: 551m).

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

Cash flow statements

NOKm	Jan-Mar 2012	Jan-Mar 2011	Full year 2011
Operating activities			
Operating profit	1,570	895	4,581
Adjustments for items not included in cash flow	990	2,144	1,730
Income taxes paid	-105	-1,232	-2,528
Cash flow from operating activities before changes in operating assets and liabilities	2,455	1,807	3,783
Changes in operating assets and liabilities	-3,068	-10,392	-4,167
Cash flow from operating activities	-613	-8,585	-384
Investing activities			
Dividend from associated undertakings	0	0	116
Acquisition of property and equipment	0	-28	-98
Sale of property and equipment	1	0	63
Acquisition of intangible assets	-26	-38	-113
Sale of intangible assets	-2	0	-1
Sale of other financial fixed assets	0	832	0
Cash flow from investing activities	-27	766	-33
Financing activities			
Other changes in equity	52	-4	6
Issued Subordinate debt	-275	0	-148
Dividend paid	-1,600	-2,500	-2,500
Cash flow from financing activities	-1,823	-2,504	-2,642
Cash flow for the period	-2,463	-10,323	-3,059
Cash and cash equivalents at beginning of period	16,940	20,011	20,011
Translation difference	-12	-2	-12
Cash and cash equivalents at end of period	14,465	9,686	16,940
Change	-2,463	-10,323	-3,059
Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (NOKm):	<u>2012</u>	<u>2011</u>	<u>2011</u>
Cash and balances with central banks	5,502	6,166	5,299
Loans to credit institutions, payable on demand	8,963	3,520	11,641

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

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

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

Notes to the financial statements

Note 1 - Accounting policies

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

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

As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column or row.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within Note 3 Net fee and commission income. This change is further described below.

Categorisation of commissions

The categorisation of commission income and expense within "Net fee and commission income" has been changed. Similar classes of commissions have been consolidated through that commissions received for securities issues, corporate finance activities and issuer services have been reclassified from "Payments" and "Other commission income" to the renamed lines "Brokerage, securities issues and corporate finance" and "Custody and issuer services". The comparable figures have been restated accordingly and are disclosed in the below table.

NOKm	Q4 2011		Q1 2011		Jan-Dec 2011	
	New Policy	Old policy	New Policy	Old policy	New Policy	Old policy
Fee and commission income						
Brokerage, securities issues and corporate finance	126	124	112	111	493	471
Custody and issuer services	52	35	50	34	223	144
Deposits	18	19	5	8	45	52
Payments	98	89	88	84	364	342
Other commission income	20	47	31	49	137	253
Fee and commission expense						
Savings and investments	-31	0	-33	0	-121	0
Payments	-70	-174	-50	-128	-252	-626
Cards	-103	0	-78	0	-374	0
Lending	-12	0	-11	0	-51	0
Other commission expense	-21	-63	-11	-55	-61	-233

Exchange rates

	Jan-Mar 2012	Full year 2011	Jan-Mar 2011
EUR 1 = NOK			
Income statement (average)	7.5874	7.7946	7.8261
Balance sheet (at end of period)	7.6040	7.7540	7.8330
USD 1 = NOK			
Income statement (average)	5.7899	5.6049	5.7248
Balance sheet (at end of period)	5.6933	5.9927	5.5135
SEK 1 = NOK			
Income statement (average)	0.8570	0.8635	0.8825
Balance sheet (at end of period)	0.8597	0.8701	0.8769
DKK 1 = NOK			
Income statement (average)	1.0205	1.0462	1.0498
Balance sheet (at end of period)	1.0221	1.0430	1.0505

Note 2 - Segment reporting¹

	Wholesale Banking																	
	Retail Banking NO		Shipping, Offshore						Group Corporate Centre		Other Segments ⁵		Total Operating Segments		Reconcilia- tion ²		Total Group	
			CIB Norway		& Oil Services		Other Wholesale ⁵											
	Jan- Mar 2012	Jan- Mar 2011	Jan- Mar 2012	Jan- Mar 2011	Jan- Mar 2012	Jan- Mar 2011	Jan- Mar 2012	Jan- Mar 2011	Jan- Mar 2012	Jan- Mar 2011	Jan- Mar 2012	Jan- Mar 2011	Jan- Mar 2012	Jan- Mar 2011	Jan- Mar 2012	Jan- Mar 2011	Jan- Mar 2012	Jan- Mar 2011
Total operat- ing income, NOKm	2,213	1,807	491	394	448	428	287	110	391	348	-109	-86	3,721	3,001	-680	-267	3,041	2,734
Operating profit, NOKm	1,090	565	392	-37	288	364	98	6	331	302	-101	-82	2,098	1,118	-528	-223	1,570	895
Loans to the public, NOKbn	376	363	33	18	48	57	10	5	0	0	0	0	467	443	0	0	467	443
Deposits and borrowings from the pub- lic, NOKbn	164	156	43	44	17	26	5	9	0	0	0	0	229	235	0	0	229	235

Reconciliation between total operating segments and financial statements

	Total operating income, NOKm ^{1,4}		Operating profit, NOKm ^{1,4}		Loans to the public, NOKbn		Deposits and borrowings from the public, NOKbn	
	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011
Total Operating segments	3,721	3,001	2,098	1,118	467	443	229	235
Group functions ²	-141	66	-170	-55	0	0	0	0
Eliminations	-40	-25	0	0	0	0	0	0
Differences in accounting policies ³	0	0	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets ⁴	-499	-308	-358	-168	0	0	0	0
Total	3,041	2,734	1,570	895	467	443	229	235

¹ As from the third quarter 2011 the segment reporting has been changed as a consequence of organisational changes. Comparative information has been restated accordingly.

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

³ Internally developed and bought software has previously been expensed as incurred in the operating segments but capitalised, as required by IAS 38, in the group's balance sheet. As from the first quarter 2012 internally developed and bought software are capitalised directly in the operating segments. Comparative information has been restated accordingly.

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

⁵ Other segments consists of Wealth Management and Group Operations & Other Lines of Business (GOOLB). In the reporting results, net interest income, net commission income and other income/expenses are presented after allocations from other operating segments for services received or rendered from Wealth and GOOLB as if they were the counterparts in the transactions. In the financial statements the results are recognised where the legal agreements with the customer are established. This practice is also used within Transaction Products which is reported within Other Wholesale.

Measurement of operating segments' performance

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

Compared with the 2011 Annual Report there have been no changes in the measurement of segment profit or loss.

Reportable Operating segments

Retail Banking conducts a full service banking operation. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic market. Customers within Retail Banking are offered a complete range of banking products and services including account products, transaction products, market products and insurance products. Corporate & Institutional Banking is a customer oriented organisation serving the largest globally operating corporates. The segment Shipping Offshore & Oil Services 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. The segment Group Corporate Center is responsible for strategy, the finance function and obtaining funding for the Group. Group functions and eliminations, as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Note 3 - Net fee and commission income

NOKm	Q1 2012	Q1 2011	Full year 2011
Asset Management commissions	16	18	65
Life insurance	17	15	60
Brokerage, securities issues and corporate finance ¹	114	112	493
Custody and issuer services ¹	48	50	223
Deposits ¹	14	5	45
Total savings and investments	209	200	886
Payments ¹	93	88	364
Cards	191	175	801
Total payment and cards	284	263	1,165
Lending ¹	224	216	849
Guarantees and documentary payments	19	22	87
Total lending related commissions	243	238	936
Other commission income ¹	21	31	137
Fee and commission income	757	732	3,124
Savings and investments ¹	-32	-33	-121
Payments ¹	-53	-50	-252
Cards ¹	-83	-78	-374
Lending ¹	-1	-11	-51
Other commission expenses ¹	-14	-12	-61
Fee and commission expenses	-183	-184	-859
Net fee and commission income	574	548	2,265

¹Restated. The categorisation of commission income and expense within "Net fee and commission income" has been changed. See note 1 Accounting policies for further details.

Note 4 - Net result from items at fair value

NOKm	Q1 2012	Q1 2011	Full year 2011
Shares/participations and other share-related instruments	7	0	148
Interest-bearing securities and other interest-related instruments	18	-20	13
Other financial instruments	0	0	0
Foreign exchange gains/losses	62	53	182
Total	87	33	343

Note 5 - Other expenses

NOKm	Q1 2012	Q1 2011	Full year 2011
Information technology	139	170	614
Marketing and entertainment	28	32	152
Postage, transportation, telephone and office expenses	56	51	208
Rents, premises and real estate expenses	105	109	457
Other	126	135	523
Total	454	497	1,954

Note 6 - Net loan losses

NOKm	Q1 2012	Q1 2011	Full year 2011
Loan losses divided by class			
Loans to credit institutions	0	0	11
- of which write-offs	0	-22	-24
- of which allowances used for covering write-offs	0	22	22
- of which recoveries	0	0	13
Loans to the public	-174	-522	-1,443
- of which provisions	-256	-567	-1,752
- of which write-offs	-130	-188	-2,345
- of which allowances used for covering write-offs	110	130	2,101
- of which recoveries	91	93	543
- of which recoveries	11	10	10
Off-balance sheet items	-2	-8	0
- of which provisions	-5	-9	-3
- of which reversals	3	1	3
Total	-176	-530	-1,432

Key ratios

	Q1 2012	Q1 2011	Full year 2011
Loan loss ratio, basis points ¹	14	47	32
- of which individual	5	47	38
- of which collective	9	0	-6

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

Note 7 - Loans and their impairment

	31 Mar 2012	Total 31 Dec 2011	31 Mar 2011
NOKm			
Loans, not impaired	483,685	489,331	446,715
Impaired loans	3,734	4,014	5,456
- Performing	1,498	1,469	1,360
- Non-performing	2,236	2,545	4,096
Loans before allowances	487,419	493,345	452,171
Allowances for individually assessed impaired loans	-1,644	-1,709	-2,644
- Performing	-494	-420	-408
- Non-performing	-1,150	-1,289	-2,236
Allowances for collectively assessed impaired loans	-399	-290	-549
Allowances	-2,043	-1,999	-3,193
Loans, carrying amount	485,376	491,346	448,978

	Credit institutions			The public		
	31 Mar 2012	31 Dec 2011	31 Mar 2011	31 Mar 2012	31 Dec 2011	31 Mar 2011
NOKm						
Loans, not impaired	17,975	26,943	6,432	465,710	462,388	440,283
Impaired loans	0	0	0	3,734	4,014	5,456
- Performing	0	0	0	1,498	1,469	1,360
- Non-performing	0	0	0	2,236	2,545	4,096
Loans before allowances	17,975	26,943	6,432	469,444	466,402	445,739
Allowances for individually assessed impaired loans	0	0	0	-1,644	-1,709	-2,644
- Performing	0	0	0	-494	-420	-408
- Non-performing	0	0	0	-1,150	-1,289	-2,236
Allowances for collectively assessed impaired loans	0	0	0	-399	-290	-549
Allowances	0	0	0	-2,043	-1,999	-3,193
Loans, carrying amount	17,975	26,943	6,432	467,401	464,403	442,546

Allowances and provisions

	31 Mar 2012	31 Dec 2011	31 Mar 2011
NOKm			
Allowances for items in the balance sheet	-2,043	-1,999	-3,193
Provisions for off balance sheet items	-16	-13	-21
Total allowances and provisions	-2,059	-2,012	-3,214

Key ratios

	31 Mar 2012	31 Dec 2011	31 Mar 2011
Impairment rate, gross ¹ , basis points	77	81	121
Impairment rate, net ² , basis points	43	47	62
Total allowance rate ³ , basis points	42	41	71
Allowances in relation to impaired loans ⁴	44	43	48
Total allowances in relation to impaired loans ⁵	55	50	59
Non-performing, not impaired ⁶ , NOKm	891	878	546

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

NOKm	Loans	Financial assets at fair value through profit or loss				Derivatives used for hedging	Available for sale	Total
		Held to maturity	Held for trading	Designated at fair value through profit or loss				
Financial assets								
Cash and balances with central banks	5,502	0	0	0	0	0	0	5,502
Loans to credit institutions	17,767	0	0	208	0	0	0	17,975
Loans to the public	465,237	0	694	1,470	0	0	0	467,401
Interest-bearing securities	0	9,441	45,472	3	0	26,702	81,618	
Shares	0	0	612	0	0	81	693	
Derivatives	0	0	801	0	945	0	1,746	
Fair value changes of the hedged items in port- folio hedge of interest rate risk	576	0	0	0	0	0	576	
Other assets	896	0	0	2,781	0	0	3,677	
Prepaid expenses and accrued income	2,668	0	0	260	0	0	2,928	
Total 31 Mar 2012	492,646	9,441	47,579	4,722	945	26,783	582,116	
Total 31 Dec 2011	494,811	11,827	49,803	6,822	1,689	21,940	586,892	
Total 31 Mar 2011	456,277	10,121	34,401	6,986	96	472	508,353	

	Financial liabilities at fair value through profit or loss				
NOKm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	0	4,805	0	237,306	242,111
Deposits and borrowings from the public	0	254	0	228,448	228,702
Debt securities in issue	0	0	0	59,104	59,104
Derivatives	1,843	0	852	0	2,695
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	555	555
Other liabilities	707	3,132	0	2,844	6,683
Accrued expenses and prepaid income	0	438	0	2,137	2,575
Subordinated liabilities	0	0	0	9,120	9,120
Total 31 Mar 2012	2,550	8,629	852	539,514	551,545
Total 31 Dec 2011	3,088	12,094	1,057	540,004	556,243
Total 31 Mar 2011	5,067	16,774	1,134	457,023	479,998

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	0	208	0	208
Loans to the public	0	2,164	0	2,164
Interest-bearing securities	52,647	19,530	0	72,177
Shares ¹	552	0	141	693
Derivatives	12	1,734	0	1,746
Other assets	0	2,781	0	2,781
Prepaid expenses and accrued income	0	260	0	260
Liabilities				
Deposits by credit institutions	0	4,805	0	4,805
Deposits and borrowings from the public	0	254	0	254
Derivatives	5	2,690	0	2,695
Other liabilities	0	3,839	0	3,839
Accrued expenses and prepaid income	0	438	0	438

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

Note 10 - Derivatives

Fair value NOKm	31 Mar 2012		31 Dec 2011		31 Mar 2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	262	646	284	664	98	70
Equity derivatives	37	34	74	13	71	576
Foreign exchange derivatives	485	1,146	3,741	256	227	3,115
Other derivatives	17	17	15	15	7	7
Total	802	1,843	4,114	948	403	3,768
Derivatives used for hedging						
Interest rate derivatives	631	852	1,689	1,057	96	1,134
Foreign exchange derivatives	314	0	0	0	0	0
Total	945	852	1,689	1,057	96	1,134
Total fair value						
Interest rate derivatives	893	1,498	1,973	1,721	194	1,204
Equity derivatives	37	34	74	13	71	576
Foreign exchange derivatives	799	1,146	3,741	256	227	3,115
Other derivatives	17	17	15	15	7	7
Total	1,746	2,695	5,803	2,005	499	4,902
Nominal amount						
NOKm					31 Mar 2012	31 Dec 2011 31 Mar 2011
Derivatives held for trading						
Interest rate derivatives					362,454	201,868 162,341
Equity derivatives					1,100	1,779 3,946
Foreign exchange derivatives					120,417	143,294 113,642
Other derivatives					200	200 200
Total					484,171	347,141 280,129
Derivatives used for hedging						
Interest rate derivatives					62,558	42,929 44,020
Foreign exchange derivatives					17,070	16,759 0
Total					79,628	59,688 44,020
Total nominal amount						
Interest rate derivatives					425,012	244,797 206,361
Equity derivatives					1,100	1,779 3,946
Foreign exchange derivatives					137,487	160,053 113,642
Other derivatives					200	200 200
Total					563,799	406,829 324,149

Note 11 - Capital adequacy

Capital Base

	31 Mar 2012	31 Dec 2011	31 Mar 2011
NOKm			
Core tier 1 capital ¹	26,444	26,302	24,667
Tier 1 capital ¹	31,294	31,239	26,265
Capital base¹	34,880	35,016	33,433

¹Excluding profit for the period, except for year-end which is including profit.

	31 Mar 2012	31 Mar 2012	31 Dec 2011	31 Dec 2011	31 Mar 2011	31 Mar 2011
Capital requirement						
NOKm	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA
Credit risk	18,705	233,806	18,815	235,180	19,184	239,800
IRB	17,012	212,656	16,932	211,636	17,479	218,484
– of which corporate	12,985	162,310	12,886	161,077	13,525	169,072
– of which institutions	545	6,817	512	6,394	436	5,445
– of which retail	3,385	42,315	3,435	42,934	3,357	41,957
of which retail SME	104	1,299	122	1,521	154	1,920
of which retail real estate	2,492	31,151	2,481	31,015	2,331	29,136
of which retail other	789	9,865	832	10,398	872	10,901
– of which other	97	1,214	99	1,231	161	2,010
Standardised	1,693	21,150	1,883	23,544	1,705	21,316
– of which retail	461	5,760	446	5,579	430	5,379
– of which sovereign	22	270	31	382	19	234
– of which other	1,210	15,120	1,406	17,583	1,256	15,703
Market risk *	259	3,240	418	5,227	355	4,433
– of which trading book, Internal Approach	94	1,175	155	1,934	84	1,056
– of which trading book, Standardised Approach	165	2,065	263	3,293	271	3,377
Operational risk	1,690	21,125	1,615	20,193	1,615	20,193
Standardised	1,690	21,125	1,615	20,193	1,615	20,193
Sub total	20,654	258,171	20,848	260,600	21,154	264,426

Adjustment for transition rules

Additional capital requirement according to transition rules	3,579	72,623	5,485	68,563	3,579	44,731
Total	24,233	330,794	26,333	329,163	24,733	309,157

* Note that the comparison figures as of 31-Mar 2011 are not restated with respect to CRD III

Capital ratio excl. transition rules

	31 Mar 2012	31 Dec 2011	31-Mar 2011
Core tier 1 capital ratio ¹ , %	10.2	10.1	9.3
Tier 1 capital ratio ¹ , %	12.1	12.0	9.9
Capital base ratio¹, %	13.5	13.4	12.6

¹Excluding profit for the period, except for year-end which is including profit.

Capital ratio incl. transition rules

	31-Mar 2012	31-Dec 2011	31-Mar 2011
Core tier 1 capital ratio ¹ , %	8.0	8.0	8.0
Tier 1 capital ratio ¹ , %	9.5	9.5	8.5
Capital base ratio¹, %	10.5	10.6	10.8

¹Excluding profit for the period, except for year-end which is including profit.

Analysis of capital requirements

Exposure class, 31 Mar 2012	Average risk weight (%)	Capital requirement (NOKm)
Corporate	57	12,985
Institutions	12	545
Retail IRB	18	3,385
Sovereign	1	22
Other	32	1,768
Total credit risk	35	18,705

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 2011.

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 Board of Directors report on page 3.

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 March 2012 Nordea reduced its ownership in the teleinstallation company Relacom (Relacom Management AB) from 47.91% to 42.88% through sale of shares. The company is an associated company accounted for under the equity method, and a related party to Nordea.

Nordea Bank Norge ASA

Income statements

NOKm	Q1 2012	Q1 2011	Full year 2011
Operating income			
Interest income	4,240	3,726	15,941
Interest expense	-2,281	-1,921	-8,686
Net interest income	1,959	1,805	7,255
Fee and commission income	715	692	3,012
Fee and commission expense	-181	-172	-805
Net fee and commission income	534	520	2,207
Net result from items at fair value	85	-242	140
Dividends	12	8	124
Other operating income	70	50	228
Total operating income	2,660	2,141	9,954
Operating expenses			
General administrative expenses:			
Staff costs	-765	-740	-3,068
Other expenses	-433	-476	-1,883
Depreciation of tangible and intangible assets	-40	-36	-155
Total operating expenses	-1,238	-1,252	-5,106
Profit before loan losses	1,422	889	4,848
Net loan losses	-157	-507	-1,356
Operating profit	1,265	382	3,492
Income tax expense	-367	-104	-940
Net profit for the period	898	278	2,552

Nordea Bank Norge ASA

Balance sheets

NOKm	31 Mar 2012	31 Dec 2011	31 Mar 2011
Assets			
Cash and balances with central banks	5,492	5,289	6,166
Loans to credit institutions	51,203	56,552	44,925
Loans to the public	350,020	359,710	345,007
Interest-bearing securities	102,628	95,836	73,550
Financial instruments pledged as collateral	0	534	1,225
Shares	693	1,645	3,297
Derivatives	1,895	6,044	1,139
Fair value changes of the hedged items in portfolio hedge of interest rate risk	186	232	37
Investments in group undertakings	417	2,845	2,834
Investments in associated undertakings	2,845	417	417
Intangible assets	412	408	393
Property and equipment	309	301	297
Deferred tax assets	506	528	1,394
Current tax assets	0	23	0
Other assets	3,578	3,754	6,216
Prepaid expenses and accrued income	2,135	1,915	1,802
Total assets	522,319	536,033	488,699
Liabilities			
Deposits by credit institutions	242,137	239,494	201,750
Deposits and borrowings from the public	228,715	223,178	235,129
Debt securities in issue	2,103	2,505	2,094
Derivatives	3,282	3,310	4,590
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4	0	8
Current tax liabilities	340	0	1,183
Other liabilities	6,911	28,653	7,007
Accrued expenses and prepaid income	2,119	1,259	2,066
Provisions	472	499	458
Retirement benefit obligations	1,069	1,048	900
Subordinated liabilities	9,120	9,394	9,106
Total liabilities	496,272	509,340	464,291
Equity			
Share capital	3,860	3,860	3,860
Share premium reserve	953	953	953
Other reserves	58	0	0
Retained earnings	21,176	21,880	19,595
Total equity	26,047	26,693	24,408
Total liabilities and equity	522,319	536,033	488,699
Assets pledged as security for own liabilities	67,118	68,709	52,063
Contingent liabilities	5,350	5,410	5,449
Commitments	101,925	187,597	428,995

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