Nordea Press release

Copenhagen, Helsinki, Oslo, Stockholm, 24 April 2013

First Quarter Results 2013

Nordea delivers on its plan

CEO Christian Clausen's comments on the results:
"Nordea has delivered in line with the financial plan that was presented at the Capital Markets Day on 6 March. I am very pleased that we delivered flat costs for the 10th consecutive quarter. Our focus on capital efficiency led to a further increase in our Core tier 1 ratio to 13.2% despite negative impact from revised IAS 19 rules.

Our income-related initiatives had a positive effect and we managed to mitigate the negative effects of low interest rates and low activity level in the corporate sector. We are convinced that these initiatives will continue to act as drivers for operating income.

Our credit quality continues to be robust. We see confirmation that credit quality has stabilised in Denmark and shipping, and we expect further improvements in 2013 compared to 2012."

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

First quarter 2013 vs. First quarter 2012 (First quarter 2013 vs. Fourth quarter 2012):

- Total operating income up 1% (-3%)
- Operating profit up 2% (unchanged)
- Core tier 1 capital ratio up to 13.2% from 11.6% (up from 13.1%)
- Cost/income ratio up to 51% from 50% (up from 50%)
- Loan loss ratio of 23 basis points, down from 26 basis points (down from 29 bps)
- Return on equity 11.3%, down from 11.9% (down from 12.3%)

Summary key figures, EURm	Q1 2013	Q4 2012	Ch. %	Q1 2012	Ch. %
Net interest income	1,400	1,429	-2	1,420	-1
Total operating income	2,558	2,630	-3	2,531	1
Profit before loan losses	1,259	1,303	-3	1,255	0
Net loan losses	-199	-244	-18	-218	-9
Loan loss ratio (ann.), bps	23	29		26	
Operating profit	1,060	1,059	0	1,037	2
Risk-adjusted profit	863	882	-2	829	4
Diluted EPS, EUR	0.20	0.21		0.19	
Return on equity, %	11.3	12.3		11.9	

Currency rates used for DKK, NOK and SEK for the first quarter 2013 are for income statement items 7.46, 7.43 and 8.50 respectively.

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CEO comment

Although macro indicators have improved lately we view the upturn as fragile. Low interest rates and a somewhat poor macroeconomic trend put pressure on revenues. In this environment, I am very pleased to see our income and efficiency initiatives producing results. Our capital position continues to strengthen.

Nordea has focused fully on delivering on the financial plan that we presented at a Capital Markets Day in March.

Strong result in a challenging environment

Revenues were maintained at very high levels in the quarter, despite low interest rates and a slow activity.

Net interest income is negatively affected by low interest rates, putting pressure on our deposit margins. Demand for credits remains subdued, especially in the corporate sector. We managed to offset this by higher margins to reflect increased regulatory costs on our loan book. Our blended margin is largely unchanged and we continue to expect a flat margin for the full year.

Commission income was affected by increased deposit guarantee fees. We managed to offset this with a good trend with strong performance in our Asset Management operation. Also, one major capital markets transaction involved a large number of interlinked components in terms of financing, advisory and capital market placements. Nordea was involved in all of these aspects. Thus, this is an excellent example of our relationship strategy working in practice.

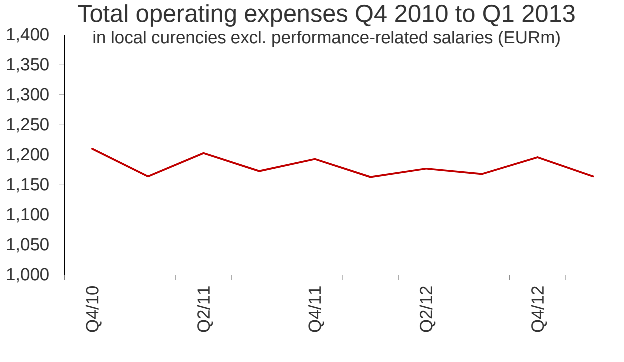
Costs were unchanged in local currencies compared to the first quarter of 2012. They have now been kept unchanged for the last 10 quarters, and we intend to keep them unchanged for a further 7.

Nordea's AA rating was confirmed by both Moody's and Fitch, providing further proof of our strong financial position and solid earnings.

Delivering on our financial plan

Nordea has a target to deliver an RoE of 15% by 2015, with normalised interest rates. To reach this, we need to work with income, costs, capital and credit quality.

Our income scenario is based on a low-growth environment, but in which income can be improved by means of a number of initiatives. We continued to increase margins in the quarter mainly in Finland and CIB Sweden to better reflect actual costs and capital consumption. Our relationship customers in the Retail area continue to increase in number, 20,000 new customers were welcomed. Our focus on ancillary income produced results, particularly in our risk products.



On costs, we have a plan to take out EUR 450m in 2013-2015, in order to keep costs flat for 2013-2014. In this quarter, we reduced the number of staff by around 100.

Our credit quality is robust and loan losses declined by 18% in the quarter. In Denmark and shipping, the trend is stabilising and we continue to expect an improvement during 2013 compared to 2012. Our 10-year historic average has been 16 basis points and we expect to approach that level in the coming years. In the other segments, our credit quality remains on excellent levels.

In terms of capital, we expect to deliver efficiency gains of EUR 35bn in 2013-2015, of which EUR 25bn will be delivered as early as in 2013. This will mitigate regulatory effects and it is an instrumental part of our ambition to keep our risk-weighted assets largely unchanged during 2013-2015. In the quarter, we received approval for our Internal Model Method, which had a positive effect of EUR 1.2bn. We also delivered efficiency gains of EUR 0.8bn. We still expect to get an approval for our Advanced Internal Rating-Based Model during first half of 2013. The revised IAS 19 reduced core tier 1 ratio by 0.15 %-point.

Major achievements in the Business Areas

In Retail Banking, Global Finance magazine awarded Nordea "Best bank 2013 in the Nordic region". The adjustment of manual cash locations to the reduced demand continues and 53% of all branch locations now offer manual cash. That has enabled a decrease by 5% in number of employees (FTEs) compared to one year ago. Our cost initiatives, mainly related to distribution and cash handling, are ahead of plans. RWA decreased with 1% from the previous quarter following efficiency initiatives.

In Wholesale Banking, Nordea was acknowledged as number one in Large Corporate Banking in Denmark, Finland, Sweden and the Nordics in the latest Greenwich, which confirmed our market-leading position amongst the largest corporates. We increased our market share in the Nordic corporate bond market from 14.4% 2012 to 15.9% in the first quarter of 2013. Nordea continued its push for increased business by combining the global product and solution capabilities with its local presence and deep customer understanding. We saw decreasing RWA and a 1% decline in FTEs.

In Wealth Management, assets under management were up 2.5% to a new record level of EUR 223.8bn, as a result of a strong performance, and RWA were down 12% from one year ago. Private Banking had a high net inflow and a 2% increase in number of customers. In Life & Pensions, 82% of total premiums were directed to capital-light products and we completed a cost savings programme in Life & Pensions.

We are delivering on our financial plan set out at the Capital Markets Day, and we are well equipped to continue to do so over the coming years.

Christian Clausen
President and Group CEO

Income statement[1]

EURm	Q1 2013	Q4 2012	Change %	Q1 2012	Change %
Net interest income	**1,400**	1,429	-2	1,420	-1
Net fee and commission income	**632**	692	-9	596	6
Net result from items at fair value	**444**	444	0	469	-5
Equity method	**35**	33	6	23	52
Other operating income	**47**	32	47	23	104
Total operating income	**2,558**	**2,630**	**-3**	**2,531**	**1**
Staff costs	**-769**	-764	1	-771	0
Other expenses	**-475**	-473	0	-455	4
Depreciation of tangible and intangible assets	**-55**	-90	-39	-50	10
Total operating expenses	**-1,299**	**-1,327**	**-2**	**-1,276**	**2**
Profit before loan losses	**1,259**	**1,303**	**-3**	**1,255**	**0**
Net loan losses	**-199**	-244	-18	-218	-9
Operating profit	**1,060**	**1,059**	**0**	**1,037**	**2**
Income tax expense	**-264**	-217	22	-262	1
Net profit for the period	**796**	**842**	**-5**	**775**	**3**

Business volumes, key items[1]

EURbn	31 Mar 2013	31 Dec 2012	Change %	31 Mar 2012	Change %
Loans to the public	**355.2**	346.3	3	340.8	4
Deposits and borrowings from the public	**204.3**	200.7	2	193.5	6
Assets under management	**223.8**	218.3	3	197.2	13
Equity[5]	**27.4**	28.0	-2	25.5	8
Total assets[5]	**662.6**	677.3	-2	694.0	-5

Ratios and key figures

	Q1 2013	Q4 2012	Q1 2012
Diluted earnings per share, EUR	**0.20**	0.21	0.19
EPS, rolling 12 months up to period end, EUR	**0.79**	0.78	0.66
Share price[2], EUR	**8.83**	7.24	6.80
Total shareholders' return, %	**23.2**	-4.4	17.1
Equity per share[2,5], EUR	**6.82**	6.96	6.31
Potential shares outstanding[2], million	**4,050**	4,050	4,047
Weighted average number of diluted shares, million	**4,023**	4,025	4,027
Return on equity[5], %	**11.3**	12.3	11.9
Cost/income ratio, %	**51**	50	50
Loan loss ratio, basis points	**23**	29	26
Core Tier 1 capital ratio, excl transition rules[2,3,4], %	**13.2**	13.1	11.6
Tier 1 capital ratio, excl transition rules[2,4], %	**14.0**	14.3	12.6
Total capital ratio, excl transition rules[2,4], %	**16.5**	16.2	14.2
Core Tier 1 capital ratio[2,3,4], %	**10.2**	10.2	9.4
Tier 1 capital ratio[2,3,4], %	**10.9**	11.2	10.3
Total capital ratio[2,3,4], %	**12.8**	12.7	11.6
Tier 1 capital[2,4], EURm	**23,619**	23,953	23,039
Risk-weighted assets incl transition rules[2], EURbn	**218**	215	224
Number of employees (full-time equivalents)[2]	**31,376**	31,466	32,557
Risk-adjusted profit[6], EURm	**863**	882	829
Economic profit[6], EURm	**268**	275	205
Economic capital[2,6], EURbn	**23.9**	23.8	25.1
EPS, risk-adjusted[6], EUR	**0.21**	0.22	0.21
RAROCAR[6], %	**14.7**	14.5	13.4

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

[2] End of period.

[3] Including the result for the first three months. According to Swedish FSA rules (excluding the unaudited result for Q1): Core Tier 1 capital EUR 21,731m (31 Mar 2012: EUR 20,616m), Tier 1 capital EUR 23.142m (31 Mar 2012: EUR 22,575m), capital base EUR 27.361m (31 Mar 2012: EUR 25,436m), Core Tier 1 capital ratio 10.0% (31 Mar 2012: 9.2%), Tier 1 capital ratio 10.6% (31 Mar 2012: 10.1%), total capital ratio 12.6% (31 Mar 2012: 11.4%).

[4] The capital ratios for 2012 have not been restated due to the implementation of the amended IAS 19 Employee benefits.

[5] Restated due to the implementation of the amended IAS 19 Employees benefits, see Note 1.

[6] Ratios restated since Economic capital has been restated to reflect the regulatory capital in the Group.

Table of contents

Macroeconomic and financial market trend 5

Group results and development

First quarter 2013 5

Other information 7

Credit portfolio 7

Capital position and risk-weighted assets 8

Funding and liquidity operations 9

Quarterly result development 9

Business areas

Financial overview by business area 10

Retail Banking 11

Wholesale Banking 20

Wealth Management 26

Group Functions and other 32

Customer segments 33

Financial statements

Nordea Group 34

Notes to the financial statements 38

Nordea Bank AB (publ) 54

Macroeconomic and financial market trend

The first quarter was characterised by an uneven trend in the global economy. The US maintained momentum while Europe was challenged by weak economic data, the undecided outcome of the Italian election and the bailout of Cyprus. Central banks continued to support markets and the Federal Reserve, Bank of England and Bank of Japan all engaged in further large-scale asset purchases. Meanwhile, the ECB saw some repayments of the long-term refinancing operation (LTRO) and refrained from further policy action in the quarter.

Macroeconomic trend

Global economic growth outlook was mixed across regions in the first quarter. Economic data in the US extended the positive trend seen in the fourth quarter with improving manufacturing, employment and housing data. In contrast, European purchasing manager indices showed persistent weakness in manufacturing, especially in France, Spain and Italy and the Eurozone economy contracted for the fourth consecutive quarter.

The Nordic economies broadly continued to perform relatively well compared to the rest of Europe. Sound public finances and economic data supported the region although internal divergences between countries persisted. The Swedish economy in particular showed positive developments with growth, manufacturing sentiment and retail sales all exceeding expectations. Norway also continued to signal robust relative economic progress, although manufacturing sentiment fell back slightly in the first quarter. Finland remains more closely tied to developments in the Eurozone and was affected by the general weak sentiment. Likewise, the Danish economy continued the relative underperformance to Sweden and Norway and, like Finland, contracted in line with the Eurozone.

Financial market development

The development in financial markets was also characterised by the regional divergence. US equities performed strongly while political uncertainty and weak economic data weighed on sentiment in Europe. Credit-spread tightening broadly continued from the fourth quarter driven by the “zero-interest” environment, but part of the performance in Europe was reversed towards the end of the quarter as the Italian election and Cyprus bail-out affected markets negatively. German government yields fell back to record lows in March.

Peripheral interest rates continued lower and demonstrated robustness through the political turmoil. Improved sentiment in peripheral debt markets was underscored by Ireland’s successful return to public funding markets.

Group results and development

First quarter 2013

Income

Total income decreased 3% from the previous quarter to EUR 2,558m.

Net interest income

Net interest income decreased 2% compared to the previous quarter to EUR 1,400m, mainly due to two fewer days in the quarter. The net interest margin* increased somewhat to 1.07% in the first quarter. Deposit margins declined on the back of lower market interest rates, while lending margins increased somewhat. Net interest income was also negatively affected by lower income on interest-rate positions in Group Corporate Centre’s as yield curves have flattened.

Corporate lending

Corporate lending volumes, excluding reverse repurchase agreements, were largely unchanged in local currencies at the end of the first quarter compared to the previous quarter. The average corporate lending volume in the first quarter was 3% lower than in the previous quarter.

Household lending

Household lending volumes were largely unchanged in local currencies compared to the previous quarter.

Corporate and household deposits

Total deposits from the public increased 2% to EUR 204bn. In the business areas, deposits were down 2% in local currencies excluding repurchase agreements. The average deposit volume in the first quarter was largely unchanged from the previous quarter.

Group Corporate Centre

Net interest income decreased to EUR 74m compared to EUR 90m in the previous quarter, mainly due to lower income on interest-rate positions as yield curves have flattened.

Net fee and commission income

Net fee and commission income was down 9% compared to the seasonally very strong fourth quarter to EUR 632m. Commissions on savings and investments as well as on payments and cards decreased, and fee and commission expenses increased, due to higher fees to deposit guarantee funds in Norway and Denmark. Stability fund and deposit fund fees were EUR 33m, up from EUR 19m in the previous quarter.

Savings and investments commissions

Fees and commissions from savings and investments decreased 6% in the first quarter to EUR 420m, mainly due to lower commissions from custody, brokerage, securities issues and corporate finance and from life

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

insurance. Assets under Management (AuM) increased 2.5% to EUR 223.8bn following a strong performance in the portfolios.

Payments and cards and lending-related commissions
Payments and cards commissions decreased 7% to EUR 220m. Lending-related commissions increased 3% to EUR 179m.

Net result from items at fair value
The net result from items at fair value was unchanged from the previous quarter at EUR 444m. Results were largely unchanged in Capital Markets unallocated income compared to the previous quarter.

Capital Markets and other income in customer business
The customer-driven capital markets activities continued to be stable, with a largely unchanged net fair value result from these areas. In total, the net fair value result in the business units increased to EUR 244m, compared to EUR 204m in the previous quarter, mainly due to positive effect from mortgage refinancing in Denmark.

Capital Markets unallocated income
The net fair value result in Capital Markets unallocated income, ie income from managing the risks inherent in customer transactions, was largely unchanged at EUR 121m compared to EUR 125m in the previous quarter.

Group Functions and eliminations
The net fair value result of Group Corporate Centre increased to EUR 19m compared to EUR 8m in the previous quarter mainly related to equity holdings. In other Group functions and eliminations, the net result from items at fair value increased to EUR 12m in the first quarter (EUR 1m in the fourth quarter).

Life & Pensions
Net result from items at fair value for Life & Pensions decreased to EUR 48m in the first quarter, down by EUR 58m compared to the fourth quarter figure. The decline is mainly due to the recognition in the fourth quarter of fee income related to previous periods attributable to part of the traditional portfolio from the fee-reservation account.

Equity method
Income from companies accounted for under the equity method was EUR 35m, compared to EUR 33m in the previous quarter. Income related to the holding in the Norwegian export agency Eksportfinans was EUR 22m (EUR 11m).

Other operating income
Other operating income was EUR 47m compared to EUR 32m in the previous quarter.

Expenses
Total expenses amounted to EUR 1,299m, down 3% compared to the previous quarter in local currencies, due to lower depreciation. Staff costs were unchanged in local currencies to EUR 769m. Other expenses were unchanged in local currencies at EUR 475m. Compared to the first quarter last year, total expenses were unchanged in local currencies when excluding performance-related salaries and profit-sharing, ie with the cost definition for the cost target in the financial plan.

The number of employees (FTEs) at the end of the first quarter decreased somewhat compared to the end of the previous quarter. Compared to the end of the first quarter 2012, the number of employees (FTEs) has decreased by 4%.

The cost/income ratio was 51%, up slightly from the previous quarter.

Provisions for performance-related salaries in the first quarter were EUR 79m, compared to EUR 66m in the previous quarter.

Cost efficiency
The cost-efficiency measures have proceeded according to plan in the first quarter. Annualised gross reduction in total expenses of EUR 40m has been conducted in the first quarter, out of the planned gross cost reductions of EUR 350m during the two years 2013 and 2014.

The number of employees (FTEs) has been reduced by around 2,800 from the end of the second quarter 2011 and by around 100 compared to the end of the fourth quarter 2012.

Net loan losses
Net loan loss provisions were EUR 199m and the loan loss ratio was 23 basis points (29 basis points in the previous quarter). As expected, provisions for future loan losses in Denmark and shipping remained at elevated levels, but were down in both areas compared to the previous quarter. In other areas, the losses were low.

New collective provisions of EUR 35m were made in the first quarter (reversal of collective provisions of EUR 14m in the previous quarter).

Overall credit quality is solid with strongly rated customers and a largely stable effect from migration for both corporate and retail portfolios.

In Banking Denmark, loan loss provisions were EUR 86m slightly down from the previous quarter (EUR 90m). The loan loss ratio was 47 basis points (55 basis points in the previous quarter) excluding provisions related to the Danish deposit guarantee fund of EUR 8m (EUR 1m).

In shipping, loan loss provisions were EUR 40m, a loan loss ratio of 123 basis points, down from the previous quarter (EUR 63m or 185 basis points).

Shipping

The tanker and dry cargo markets remained weak in the first quarter, primarily due to oversupply of vessels. Freight rates were low and caused a further deterioration in collateral values, resulting in additional loan loss provisions. Weak investment appetite for shipping assets and banks' low willingness to lend to shipping companies have made restructurings more challenging.

In other shipping segments, the situation is more stable. Nordea has necessary workout resources for handling problem customers and early identification of new potential risk customers.

Denmark

Due to the prolonged difficult economic environment, the housing market remains generally weak – although recovery is seen in pockets of the market – affecting negatively also to private consumption. However, the level of loan losses has slightly decreased, although still at an elevated level. Core fundamentals in the Danish economy are still relatively strong with expected moderate GDP growth in 2013, strong public financials, a low interest rate, a stable unemployment level and the number of household mortgage customers facing problems is limited.

Most corporates are financially strong with a relatively good outlook.

Operating profit

Operating profit was largely unchanged at EUR 1,060m.

Taxes

Income tax expense was EUR 264m, including the bank tax in Finland of EUR 13m. The effective tax rate was 24.9%, compared to 20.5% in the previous quarter and 25.3% in the first quarter last year.

Net profit

Net profit decreased 5% compared to the previous quarter to EUR 796m, corresponding to a return on equity of 11.3%. Diluted earnings per share were EUR 0.20 (EUR 0.21 in the previous quarter).

Risk-adjusted profit

Risk-adjusted profit decreased to EUR 863m, down 2% from the previous quarter and up 4% compared to the first quarter last year.

The effect from currency fluctuations was approx. 0.5 %-point on income and on expenses for the first quarter compared to the fourth quarter 2012 and approx. 1 %-point compared to the first quarter last year.

First quarter 2013 compared to the same quarter last year

Total income increased 1% compared to the first quarter of 2012. Operating profit increased 2%, due to higher total income and lower net loan losses. Risk-adjusted profit increased by 4% compared to the preceding year.

The effect from currency fluctuations was approx. 1 %-point on income and on expenses and on loans and deposits approx. 2 %-points for the first quarter compared to the first quarter last year.

Income

Net interest income decreased 1% compared to the first quarter last year. Lending volumes increased 1% excluding reversed repurchase agreements (largely unchanged in local currencies) and corporate lending margins were higher, while deposit margins have decreased from 2012.

Net fee and commission income increased 6% and the net result from items at fair value decreased by 5% compared to the first quarter last year.

Expenses

Total expenses were unchanged compared to the first quarter of 2012 in local currencies when excluding performance-related salaries and profit-sharing, ie with the cost definition for the cost target in the financial plan. Staff costs were down 2% in local currencies when excluding performance-related salaries and profit-sharing.

Net loan losses

Net loan loss provisions decreased to EUR 199m, corresponding to a loan loss ratio of 23 basis points (25 basis points last year excluding provisions related to the Danish deposit guarantee fund).

Net profit

Net profit increased 3% to EUR 796m, due to higher income and stable costs.

Risk-adjusted profit

Risk-adjusted profit increased 4% from last year.

Other information

Credit portfolio

Total lending, excluding reversed repurchase agreements, amounted to EUR 321bn, largely unchanged in local currencies compared to the previous quarter and compared to one year ago. Overall, the credit quality in the loan portfolio remained solid in the first quarter, with a largely stable effect from migration in both the corporate and retail portfolios.

The impaired loans ratio decreased to 181 basis points of total loans (188 basis points). Total impaired loans gross were largely unchanged compared to the previous quarter. The provisioning ratio increased compared to the end of the fourth quarter at 43% (41%).

Loan loss ratios and impaired loans

Basis points of loans	Q1 2013	Q4 2012	Q3 12	Q2 12	Q1 12
Loan loss ratios annualised, Group	22[1]	29[1]	30[1]	26[1]	25[1]
of which individual	19	31	29	38	25
of which collective	4	-2	1	-12	0
Banking Denmark	47[1]	55[1]	87[1]	62[1]	64[1]
Banking Finland	12	13	19	1	9
Banking Norway	9	11	7	6	13
Banking Sweden	7	7	3	4	6
Banking Poland & Baltic countries	13	32	51	14	11
Corporate & Institutional Banking	34	33	-2	25	4
Shipping, Offshore & Oil Services	123	185	159	185	176
Impaired loans ratio gross, Group (bps)	181	188	181	164	147
- performing	57%	58%	58%	59%	61%
- non-performing	43%	42%	42%	41%	39%
Total allowance ratio, Group (bps)	78	77	74	69	68
Provisioning ratio, Group[2]	43%	41%	41%	42%	46%

[1] Loan loss ratios in the table are excluding the provisions related to the Danish deposit guarantee fund. Including these provisions, loan loss ratios are for each quarter 23, 29, 30, 26 and 26 bps respectively in the Group, and 52, 55, 89, 59 and 69 bps respectively in Banking Denmark.
[2] Total allowances in relation to gross impaired loans.

Market risk

Interest-bearing securities were EUR 97bn at the end of the first quarter, of which EUR 25bn in the life insurance operations and the remaining part in the liquidity buffer and trading portfolios. 25% of the portfolio comprises government or municipality bonds and 38% mortgage bonds, when excluding EUR 8bn of pledged securities.

Total market risk measured as Value at Risk increased by EUR 11m to EUR 42m in the first quarter 2013 compared to the fourth quarter 2012, due to increased interest rate risk. The credit spread risk also increased, while the foreign exchange risk decreased.

Market risk

EURm	Q1 2013	Q4 2012	Q3 12	Q1 12
Total risk, VaR	42	31	34	45
Interest rate risk, VaR	50	36	33	49
Equity risk, VaR	11	11	11	4
Foreign exchange risk, VaR	7	13	6	14
Credit spread risk, VaR	20	16	15	12
Diversification effect	53%	60%	48%	43%

Balance sheet

Total assets in the balance sheet decreased 2% compared to the end of the previous quarter to EUR 663bn. This was mainly driven by a decline in the fair value of the derivatives portfolio as a consequence of active portfolio compression.

Capital position and risk-weighted assets

The Group's core tier 1 capital ratio, excluding transition rules, was 13.2% at the end of the first quarter, a strengthening of 0.1 %-points from the end of the previous quarter. The tier 1 capital ratio excluding transition rules decreased 0.3 %-point to 14.0% due changed regulatory deductions for holding in insurance companies. The total capital ratio excluding transition rules increased 0.3 %-point to 16.5%. Improved core tier 1 capital ratio has been achieved by strong profit generation but countered by the implementation of revised IAS 19, Employee Benefits.

RWA were EUR 168.3bn excluding transition rules, up EUR 0.4bn, or 0.3%, compared to the previous quarter.

Nordea was in December 2012 approved by the FSAs in Sweden and Finland to use the internal model method (IMM) model for the calculation of counterparty credit risk. The IMM was implemented during the first quarter in 2013, which had an RWA reduction effect of EUR 1.2bn. This effect was countered by the expired regulatory rules for commercial and residential real estate exposures in the corporate portfolio, which until the end of 2012 had a reduced risk weight in the Foundation approach under Basel II. This regulatory effect is expected to be reversed when Nordea is approved for the AIRB approach. Additionally, the yearly updated of the operational risk RWA increased the RWA during the quarter.

The core tier 1 ratio including transition rules under Basel II was 10.2%. The capital base was EUR 27.8bn, the tier 1 capital was EUR 23.6bn and the core tier 1 capital was EUR 22.2bn.

Capital ratios

%	Q1 2013	Q4 12*	Q3 12*	Q1 12*
Excluding transition rules:				
Core tier 1 capital ratio	13.2	13.1	12.2	11.6
Tier 1 capital ratio	14.0	14.3	13.3	12.6
Total capital ratio	16.5	16.2	15.3	14.2
Including transition rules:				
Core tier 1 capital ratio	10.2	10.2	9.8	9.4
Tier 1 capital ratio	10.9	11.2	10.7	10.3
Total capital ratio	12.8	12.7	12.2	11.6

* Capital ratios are not restated for IAS19, but the proforma effect would have been approx. 0.15 %-point lower core tier 1 capital ratios and tier 1 capital ratios excluding transition rules and approx. 0.12 %-point lower ratios including transition rules.

Economic Capital (EC) was at the end of the first quarter EUR 23.9bn, up EUR 0.1bn from the end of the previous quarter. The EC framework has been updated and EC has been restated to reflect the regulatory capital in the Group.

Nordea's funding and liquidity operations

Nordea issued approx. EUR 7.1bn in long-term funding in the first quarter excluding Danish covered bonds, of which approx. EUR 5.3bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

In the first quarter, Nordea issued securities including a EUR 1.25bn 7-year fixed-rate covered bond, a GBP 400m 3-year FRN senior note and a CHF 225m 5.5-year fixed-rate senior note.

The long-term funding portion of total funding was at the end of the first quarter approx. 72% (70% at the end of the previous quarter).

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

The Liquidity Coverage Ratio (LCR) for the Nordea Group was with the Swedish FSA's LCR definition 130% at the end of the first quarter. The LCR in EUR was 231% and in USD 154% at the end of the first quarter. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even higher. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV liquid assets and amounted to EUR 67bn at the end of the first quarter (EUR 64bn at the end of the fourth quarter).

Nordea share

During the first quarter, the share price of Nordea on the NASDAQ OMX Nordic Exchange appreciated from SEK 62.10 to SEK 73.80.

Annual General Meeting

The AGM on 14 March 2013 decided on a dividend of EUR 0.34 per share, corresponding to a payout ratio of 44% of net profit. Total dividend amounted to EUR 1,370m.

The AGM approved an authorisation of the Board of Directors to decide on repurchase of own shares on a regulated market where the company's shares are listed, or by means of an acquisition offer directed to all shareholders and an authorisation to decide on conveyance of own shares, to be used as payment for or financing of acquisitions of companies or businesses.

The AGM also approved an authorisation of the Board of Directors to decide on issuing of convertible instruments, with or without preferential rights for existing shareholders, to be done on market conditions, and increasing the share capital by a maximum of 10% of the Company's share capital. The purpose of the authorisation is to facilitate a flexible and cost-effective adjustment of the Company's capital structure to meet new capital requirements rules and attaching to new capital instruments.

Quarterly development, Group

EURm	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest income	1,400	1,429	1,441	1,462	1,420
Net fee and commission income	632	692	605	611	596
Net result from items at fair value	444	444	377	494	469
Equity method	35	33	23	14	23
Other operating income	47	32	23	25	23
Total operating income	**2,558**	**2,630**	**2,469**	**2,606**	**2,531**
General administrative expenses:					
Staff costs	-769	-764	-752	-761	-771
Other expenses	-475	-473	-467	-465	-455
Depreciation of tangible and intangible assets	-55	-90	-74	-64	-50
Total operating expenses	**-1,299**	**-1,327**	**-1,293**	**-1,290**	**-1,276**
Profit before loan losses	**1,259**	**1,303**	**1,176**	**1,316**	**1,255**
Net loan losses	-199	-244	-254	-217	-218
Operating profit	**1,060**	**1,059**	**922**	**1,099**	**1,037**
Income tax expense	-264	-217	-234	-278	-262
Net profit for the period	**796**	**842**	**688**	**821**	**775**
Diluted earnings per share (DEPS), EUR	0.20	0.21	0.17	0.21	0.19
DEPS, rolling 12 months up to period end, EUR	0.79	0.78	0.76	0.69	0.66

Business areas

	Nordea Group																	
	Retail Banking			**Wholesale Banking**			**Wealth Management**			**Group Corporate Centre**			**Group Functions, Other and Eliminations**			**Nordea Group**		
	Q1	**Q4**		**Q1**	**Q4**		**Q1**	**Q4**		**Q1**	**Q4**		**Q1**	**Q4**		**Q1**	**Q4**	
EURm	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***
Net interest income	984	1,008	*-2%*	271	281	*-4%*	33	28	*18%*	74	90	*-18%*	38	22	*73%*	1,400	1,429	*-2%*
Net fee and commission income	275	307	*-10%*	124	142	*-13%*	256	279	*-8%*	0	-2	*-100%*	-23	-34		632	692	*-9%*
Net result from items at fair value	112	78	*44%*	229	226	*1%*	72	131	*-45%*	19	8	*138%*	12	1		444	444	*0%*
Equity method	9	7	*29%*	0	0		0	0		0	0		26	26	*0%*	35	33	*6%*
Other income	29	41	*-29%*	3	8	*-63%*	10	8	*25%*	0	0		5	-25		47	32	*47%*
Total operating income	**1,409**	**1,441**	***-2%***	**627**	**657**	***-5%***	**371**	**446**	***-17%***	**93**	**96**	***-3%***	**58**	**-10**		**2,558**	**2,630**	***-3%***
Staff costs	-357	-363	*-2%*	-197	-194	*2%*	-121	-122	*-1%*	-18	-16	*13%*	-76	-69	*10%*	-769	-764	*1%*
Other expenses	-395	-418	*-6%*	-19	-40	*-53%*	-74	-87	*-15%*	-27	-24	*12%*	40	96	*-58%*	-475	-473	*0%*
Depreciations	-26	-33	*-21%*	-10	-10	*0%*	-1	-2	*-50%*	0	-1	*-100%*	-18	-44	*-59%*	-55	-90	*-39%*
Total operating expenses	**-778**	**-814**	***-4%***	**-226**	**-244**	***-7%***	**-196**	**-211**	***-7%***	**-45**	**-41**	***10%***	**-54**	**-17**		**-1,299**	**-1,327**	***-2%***
Net loan losses	-129	-140	*-8%*	-68	-99	*-31%*	0	-1	*-100%*	0	0		-2	-4	*-50%*	-199	-244	*-18%*
Operating profit	**502**	**487**	***3%***	**333**	**314**	***6%***	**175**	**234**	***-25%***	**48**	**55**	***-12%***	**2**	**-31**		**1,060**	**1,059**	***0%***
Cost/income ratio, %	55	57		36	37		53	47		48	43					51	50	
RAROCAR, %	14	13		14	14		24	34		0	0					14.7	14.5	
Economic capital (EC)	12,041	12,241	*-2%*	8,455	8,366	*1%*	2,189	2,067	*6%*	596	691	*-14%*	611	389		23,892	23,754	*1%*
Risk-weighted assets (RWA)	88,735	89,767	*-1%*	64,882	65,405	*-1%*	3,161	2,902	*9%*	4,623	4,631	*0%*	6,926	5,187		168,327	167,892	*0%*
Number of employees (FTEs)	19,022	19,113	*0%*	6,028	6,066	*-1%*	3,548	3,561	*0%*	430	430	*0%*				31,376	31,466	*0%*
Volumes, EURbn:																		
Lending to corporates	90.0	90.7	*-1%*	97.7	88.8	*10%*							6.5	6.4		194.2	185.9	*4%*
Household mortgage lending	127.5	126.8	*1%*	0.4	0.4	*0%*	5.7	5.6	*2%*							133.6	132.8	*1%*
Consumer lending	24.2	24.2	*0%*				3.2	3.4	*-6%*							27.4	27.6	*-1%*
Total lending	**241.7**	**241.7**	***0%***	**98.1**	**89.2**	***10%***	**8.9**	**9.0**	***-1%***				**6.5**	**6.4**		**355.2**	**346.3**	***3%***
Corporate deposits	46.1	47.4	*-3%*	65.9	63.7	*3%*							3.5	2.3		115.5	113.4	*2%*
Household deposits	77.4	76.6	*1%*	0.2	0.2	*0%*	11.2	10.5	*7%*							88.8	87.3	*2%*
Total deposits	**123.5**	**124.0**	***0%***	**66.1**	**63.9**	***3%***	**11.2**	**10.5**	***7%***				**3.5**	**2.3**		**204.3**	**200.7**	***2%***

	Nordea Group																	
	Retail Banking			**Wholesale Banking**			**Wealth Management**			**Group Corporate Centre**			**Group Functions, Other and Eliminations**			**Nordea Group**		
	Jan-Mar			**Jan-Mar**			**Jan-Mar**			**Jan-Mar**			**Jan-Mar**			**Jan-Mar**		
EURm	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***	**2013**	**2012**	***Chg***
Net interest income	984	969	*2%*	271	284	*-5%*	33	46	*-28%*	74	107	*-31%*	38	14	*171%*	1,400	1,420	*-1%*
Net fee and commission income	275	288	*-5%*	124	121	*2%*	256	212	*21%*	0	0		-23	-25		632	596	*6%*
Net result from items at fair value	112	118	*-5%*	229	327	*-30%*	72	79	*-9%*	19	15	*27%*	12	-70		444	469	*-5%*
Equity method	9	5	*80%*	0	0		0	0		0	0		26	18	*44%*	35	23	*52%*
Other income	29	10	*190%*	3	0		10	6	*67%*	0	1	*-100%*	5	6	*-17%*	47	23	*104%*
Total operating income	**1,409**	**1,390**	***1%***	**627**	**732**	***-14%***	**371**	**343**	***8%***	**93**	**123**	***-24%***	**58**	**-57**		**2,558**	**2,531**	***1%***
Staff costs	-357	-354	*1%*	-197	-203	*-3%*	-121	-115	*5%*	-18	-18	*0%*	-76	-81	*-6%*	-769	-771	*0%*
Other expenses	-395	-390	*1%*	-19	-21	*-10%*	-74	-73	*1%*	-27	-18	*50%*	40	47	*-15%*	-475	-455	*4%*
Depreciations	-26	-23	*13%*	-10	-8	*25%*	-1	-1	*0%*	0	0		-18	-18	*0%*	-55	-50	*10%*
Total operating expenses	**-778**	**-767**	***1%***	**-226**	**-232**	***-3%***	**-196**	**-189**	***4%***	**-45**	**-36**	***25%***	**-54**	**-52**	***4%***	**-1,299**	**-1,276**	***2%***
Net loan losses	-129	-156	*-17%*	-68	-65	*5%*	0	-1	*-100%*	0	0		-2	4		-199	-218	*-9%*
Operating profit	**502**	**467**	***7%***	**333**	**435**	***-23%***	**175**	**153**	***14%***	**48**	**87**	***-45%***	**2**	**-105**		**1,060**	**1,037**	***2%***
Cost/income ratio, %	55	55		36	32		53	55		48	29					51	50	
RAROCAR, %	14	13		14	15		24	23								14.7	13.4	
Economic capital (EC)	12,041	12,684	*-5%*	8,455	9,417	*-10%*	2,189	2,003	*9%*	596	490	*22%*	611	519		23,892	25,113	*-5%*
Risk-weighted assets (RWA)	88,735	94,358	*-6%*	64,882	74,421	*-13%*	3,161	3,602	*-12%*	4,623	5,012	*-8%*	6,926	4,888		168,327	182,281	*-8%*
Number of employees (FTEs)	19,022	20,003	*-5%*	6,028	6,233	*-3%*	3,548	3,601	*-1%*	430	429	*0%*				31,376	32,557	*-4%*
Volumes, EURbn:																		
Lending to corporates	90.0	91.3	*-1%*	97.7	91.1	*7%*							6.5	3.6		194.2	186.0	*4%*
Household mortgage lending	127.5	121.2	*5%*	0.4	0.4	*0%*	5.7	5.2	*10%*							133.6	126.8	*5%*
Consumer lending	24.2	24.9	*-3%*				3.2	3.1	*3%*							27.4	28.0	*-2%*
Total lending	**241.7**	**237.4**	***2%***	**98.1**	**91.5**	***7%***	**8.9**	**8.3**	***7%***				**6.5**	**3.6**		**355.2**	**340.8**	***4%***
Corporate deposits	46.1	44.5	*4%*	65.9	63.2	*4%*							3.5	1.7		115.5	109.4	*6%*
Household deposits	77.4	73.2	*6%*	0.2	0.2	*0%*	11.2	10.7	*5%*							88.8	84.1	*6%*
Total deposits	**123.5**	**117.7**	***5%***	**66.1**	**63.4**	***4%***	**11.2**	**10.7**	***5%***				**3.5**	**1.7**		**204.3**	**193.5**	***6%***

Net interest income restated between business units within each Business area, due to liquidity premium allocations to each unit.

Economic Capital (EC) restated as the EC framework has been updated to reflect the regulatory capital in the Group.

Profit and other items restated between Business areas following organisational change regarding Nordea Finance.

Retail Banking

The business area consists of the retail banking business in the Nordic region, Baltic countries and Poland and includes all parts of the value chain. More than 10 million customers are offered a wide range of products. The customers are served from a total of 937 branch locations and contact centres and through the online banking channels.

Business development

Retail Banking has continued with its customer-centric focus, supporting both corporate and household customers, in combination with a strong commitment to maintaining flat costs and RWA. This will, together with a continuing re-pricing of the lending book and other measures to increase income, eg increased cross-selling activities secure a further profitability improvement in line with the 2015 financial plan.

Nordea was once again acknowledged for its successful relationship banking strategy, receiving Global Finance magazine's "Best Bank 2013 in the Nordic Region" award in the first quarter.

The number of Gold and Premium customers amounted to 3.13 million in the first quarter, of whom 20,100 were new Nordea customers in the first quarter. During the quarter, 0.5 million household and corporate advisory meetings were held.

Compared to the same period in the previous year, the number of customers per employee (full time equivalent, FTE) increased by 7%, from 321 in the first quarter last year to 343.

Customers have different knowledge and experience in terms of banking and online interaction methods, which affects their preferences for how to conduct their banking business. Nordea continuously develops and adjusts a wide range of both self-service and personal-service interaction options. Thus, it is the customer who chooses where, how and when to interact with Nordea.

Nordea is improving the accessibility of advice to customers in all the Nordic countries. More than 250 advisers are now piloting and collecting experience on how to conduct high-quality remote meetings (with a shared screen) that enable also complex advisory meetings and provide a great customer experience. The opportunity to meet remotely with an adviser is expected to become quite popular – both among customers who cannot visit a branch and among customers with urgent needs.

Mobile banking growth continued in the quarter with approx. 40 million logons compared to approx. 26 million logons in the same period last year. During the first quarter, Iphone, Ipad and Android apps for the Danish market have been developed.

Overall stability for Netbank and mobile apps has been at a good level during the first quarter. Several technical upgrades have been performed in the first quarter to ensure availability and stability. On the corporate side, several improvements that will support customers' convenience have been added to the Swedish internet bank (Internetbanken Företag) during the first quarter.

Manual transactions at branches continued to decrease during the quarter, and were 24% lower than in the same period last year. Adjusting of manual cash locations to the reduced demand continues and 53% of the 760 Nordic branch locations now offer manual cash service. There is a clear tendency towards new flexible cash alternatives at ATMs and ADMs (Automated Deposit Machines) and mobile payment solutions (eg SWISH in Sweden) which support the cash transition. The adjustment is carried out country-wise – either as part of a national sector solution or in Nordea's own machines. In Denmark for example, 127 Nordea ATMs now offer customers easy access to foreign currency. In Norway, foreign currency deposits are now available at 92 ADMs and in Finland, an ADM pilot has started.

Result

Total income decreased by 2% compared to the previous quarter, due to lower net interest income and net fee and commission income.

Lending margins continued to impact net interest income growth positively, while the interest rate levels were slightly lower in some countries, with a negative effect on deposit margins. Together with two fewer days in the quarter, this resulted in a slight decrease of total net interest income. Deposit volumes followed the seasonal pattern and were down slightly and demand for corporate financing continued to be somewhat subdued given the present macroeconomic environment.

High interest in investment products and a positive development in assets under management supported the net fee and commission income, but it was negatively affected by higher fees to the deposit guarantee schemes in the Nordic countries. Net result from items at fair value included higher brokerage fees from mortgage refinancing in Denmark.

Expenses decreased by 4% compared to a high level in the fourth quarter, which also included higher provisions related to the profit-sharing programme. In local currencies total expenses were unchanged from last year. The number of employees (FTEs) was down 5% from the same quarter last year following the continuing efficiency initiatives executed throughout the whole value chain.

Risk-weighted assets (RWA) were reduced by 1% in the first quarter, following the high focus on capital efficiency, the net effect of the exchange rate changes and lower corporate lending volumes.

Net loan losses decreased from the fourth quarter. The loan loss ratio was 20 basis points (24 basis points in the fourth quarter) excluding the Danish deposit guarantee fund provisions.

Retail Banking total

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	984	1,008	991	987	969	-2%	2%
Net fee and commission income	275	307	295	277	288	-10%	-5%
Net result from items at fair value	112	78	83	84	118	44%	-5%
Equity method & other income	38	48	19	17	15	-21%	153%
Total income incl. allocations	**1,409**	**1,441**	**1,388**	**1,365**	**1,390**	**-2%**	**1%**
Staff costs	-357	-363	-358	-351	-354	-2%	1%
Other exp, excl. depreciations	-395	-418	-388	-388	-390	-6%	1%
Total expenses incl. allocations	**-778**	**-814**	**-779**	**-764**	**-767**	**-4%**	**1%**
Profit before loan losses	**631**	**627**	**609**	**601**	**623**	**1%**	**1%**
Net loan losses	-129	-140	-201	-130	-156	-8%	-17%
Operating profit	**502**	**487**	**408**	**471**	**467**	**3%**	**7%**
Cost/income ratio, %	55	57	56	56	55		
RAROCAR, %	14	13	12	12	13		
Economic capital (EC)	12,041	12,241	12,845	12,562	12,684	-2%	-5%
Risk-weighted assets (RWA)	88,735	89,767	95,739	95,534	94,358	-1%	-6%
Number of employees (FTEs)	19,022	19,113	19,315	19,546	20,003	0%	-5%
Volumes, EURbn:							
Lending to corporates	90.0	90.7	93.7	92.6	91.3	-1%	-1%
Household mortgage lending	127.5	126.8	126.4	123.4	121.2	1%	5%
Consumer lending	24.2	24.2	24.8	24.9	24.9	0%	-3%
Total lending	**241.7**	**241.7**	**244.9**	**240.9**	**237.4**	**0%**	**2%**
Corporate deposits	46.1	47.4	45.3	44.5	44.5	-3%	4%
Household deposits	77.4	76.6	76.4	76.0	73.2	1%	6%
Total deposits	**123.5**	**124.0**	**121.7**	**120.5**	**117.7**	**0%**	**5%**

Economic Capital (EC) restated as the EC framework has been updated to reflect the regulatory capital in the Group.
Profit and other items restated between Business areas following organisational change regarding Nordea Finance.

Banking Denmark

Business development

The high level of business activity continued in the first quarter. The number of externally acquired Gold and Premium customers amounted to 8,200 in the quarter, an increase of 17% compared to the previous quarter.

Continued economic uncertainty has led to moderate consumer spending, a subdued housing market and a continuous focus on reducing debt.

Household deposit volumes increased by 3% compared to the fourth quarter 2012. Deposit margins increased slightly compared to the previous quarter. Positive financial markets and maturing fixed-term deposit portfolios were addressed through a marketing campaign, *"Activate your money"*.

Housing loan volumes increased slightly in the quarter, while non-collateral and collateral lending volumes continued to decrease somewhat. Margins on mortgage loans increased from the last quarter to the present.

As part of the on-going extension of self-service cash solutions, foreign currency notes (primarily EUR and USD) are now available 24/7 in ATMs at more than 127 locations.

Corporate customers' demand for financing was slightly increasing during the first quarter. Lending margins were unchanged compared to the previous quarter while the deposit margin increased.

The activity level was satisfactory with especially the cross sales activities being very successfully.

Result

Total income increased 3% compared to the previous quarter due to brokerage fees from mortgage refinancing. Net fee and commission income was affected by a higher premium paid to the Danish Deposit Guarantee Fund. Net result from items at fair value was positively affected by the increased mortgage refinancing fee.

The number of employees continued downwards in the first quarter. Compared to the same period last year the number of FTEs has declined by 7%. Staff costs and total expenses decreased accordingly.

The cost/income ratio dropped to 51% compared to 52% a year ago.

In the first quarter net loan losses continued on a downward trend despite EUR 8m of provisions related to Fjordbank Mors and Spar Lolland. The loan loss ratio was 47 basis points in the first quarter (55 basis points in the fourth quarter 2012) excluding provisions to the Danish Deposit Guarantee Fund. The underlying positive development was primarily driven by a drop in individual provisions.

Risk-weighted assets (RWA) increased by 2% compared to the previous quarter.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	317	323	309	319	315	-2%	1%
Net fee and commission income	26	39	48	36	52	-33%	-50%
Net result from items at fair value	48	18	22	10	35	167%	37%
Equity method & other income	11	9	5	6	6	22%	83%
Total income incl. allocations	**402**	**389**	**384**	**371**	**408**	**3%**	**-1%**
Staff costs	-81	-85	-84	-82	-87	-5%	-7%
Other exp, excl. depreciations	-120	-123	-120	-120	-121	-2%	-1%
Total expenses incl. allocations	**-205**	**-212**	**-208**	**-206**	**-212**	**-3%**	**-3%**
Profit before loan losses	**197**	**177**	**176**	**165**	**196**	**11%**	**1%**
Net loan losses	-86	-90	-145	-96	-112	-4%	-23%
Operating profit	**111**	**87**	**31**	**69**	**84**	**28%**	**32%**
Cost/income ratio, %	51	55	54	56	52		
RAROCAR, %	16	14	14	13	15		
Economic capital (EC)	3,154	3,143	3,327	3,194	3,412	0%	-8%
Risk-weighted assets (RWA)	24,081	23,641	24,927	24,639	24,957	2%	-4%
Number of employees (FTEs)	3,891	3,934	4,027	4,087	4,199	-1%	-7%
Volumes, EURbn:							
Lending to corporates	23.7	23.7	23.6	23.9	23.6	0%	0%
Household mortgage lending	30.3	30.1	29.7	29.4	29.0	1%	4%
Consumer lending	12.2	12.4	12.5	12.7	12.7	-2%	-4%
Total lending	**66.2**	**66.2**	**65.8**	**66.0**	**65.3**	**0%**	**1%**
Corporate deposits	8.5	7.8	7.6	7.3	7.2	9%	18%
Household deposits	23.3	23.0	22.4	22.6	21.8	1%	7%
Total deposits	**31.8**	**30.8**	**30.0**	**29.9**	**29.0**	**3%**	**10%**

Banking Finland

Business development

Business activity increased in the household segment in the first quarter. The number of customer meetings increased from the previous year and customer acquisition was at a satisfactory level, despite the weakening demand for mortgages in the market. 4,100 Gold and Premium customers were acquired externally. Nordea was named the best Bank in Finland by Global Finance.

Household mortgage lending volumes have remained unchanged. Uncertainties in the market and the discussion around loan-to-value cap have affected new sales. The low interest rate environment shifted customers' focus to other savings solutions than deposits; resulting in 30% higher net sales of investment products compared to the previous quarter.

Corporate lending demand was low during the first quarter, yet volumes picked up towards the end of the quarter, with a positive price development the last few quarters. Corporate deposit volumes decreased as a few large time deposits matured. The low interest rate environment had also an effect on the deposit volumes.

Nordea´s partnership agreement with the insurance company If starts during the second quarter of 2013, offering general insurance to Nordea's customers. In addition, a partnership regarding debit card cash-back services with one of the largest Finnish retailers, Kesko, will be expanding to K-stores throughout Finland during the first half of the year.

RWA development was supported by improvements in the credit quality. Furthermore, actions for other RWA improvements were initiated during the quarter.

Result

Total income was unchanged from the previous quarter despite the gain from the sale of Finland's largest card payment service provider Luottokunta, which was included in the fourth quarter.

Short-term market interest rates continued to decline moderately, however, net interest income increased from the previous quarter, due to increased income from both corporate and household lending. The increase of net fee and commission income was driven by higher sales of saving products.

Net loan losses were EUR 13m, mainly from the corporate portfolio. The loan loss ratio was 12 basis points (13 basis points in the fourth quarter).

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	145	144	147	153	153	1%	-5%
Net fee and commission income	88	81	83	83	83	9%	6%
Net result from items at fair value	20	19	17	19	22	5%	-9%
Equity method & other income	8	17	2	1	0	-53%	
Total income incl. allocations	**261**	**261**	**249**	**256**	**258**	**0%**	**1%**
Staff costs	-57	-57	-55	-56	-55	0%	4%
Other exp, excl. depreciations	-104	-105	-102	-106	-105	-1%	-1%
Total expenses incl. allocations	**-162**	**-164**	**-158**	**-163**	**-162**	**-1%**	**0%**
Profit before loan losses	**99**	**97**	**91**	**93**	**96**	**2%**	**3%**
Net loan losses	-13	-14	-21	-1	-10	-7%	30%
Operating profit	**86**	**83**	**70**	**92**	**86**	**4%**	**0%**
Cost/income ratio, %	62	63	64	64	63		
RAROCAR, %	13	13	12	12	11		
Economic capital (EC)	1,956	1,937	1,985	1,994	2,139	1%	-9%
Risk-weighted assets (RWA)	13,962	14,554	15,007	15,258	15,504	-4%	-10%
Number of employees (FTEs)	3,981	3,996	4,020	4,098	4,101	0%	-3%
Volumes, EURbn:							
Lending to corporates	14.7	14.7	15.0	15.2	15.1	0%	-3%
Household mortgage lending	25.2	25.2	25.2	25.0	24.7	0%	2%
Consumer lending	5.1	5.2	5.2	5.2	5.2	-2%	-2%
Total lending	**45.0**	**45.1**	**45.4**	**45.4**	**45.0**	**0%**	**0%**
Corporate deposits	9.1	10.6	10.3	9.9	9.5	-14%	-4%
Household deposits	22.1	22.2	22.4	22.6	22.3	0%	-1%
Total deposits	**31.2**	**32.8**	**32.7**	**32.5**	**31.8**	**-5%**	**-2%**

Banking Norway

Business development

In the household segment, the number of externally acquired Gold and Premium customers amounted to 1,800 in the quarter. The number of household customer meetings increased by 10% compared to the previous quarter and reached a high level with close to 55,000 meetings during the quarter. Both household lending and deposit volumes were unchanged in local currency.

Adaption to future legal requirements and regulations continued during the quarter. The main focus was on improved risk pricing, resulting in higher corporate lending margins. The quarter also included a decision on a household customer interest rate increase with effect from May 2013.

Within corporate business activity remained modest. Corporate lending volume was unchanged in local currency despite increased competition. Also competition for corporate deposits stayed fierce and Nordea remained cautious when competing for large deposits. The capital efficiency programme continued with major effects on risk-weighted assets, which were reduced by 7% including exchange rate effect.

Result

Total income decreased by 5% from a seasonally high previous quarter, with half of the decrease relating to reintroduced payments to the Norwegian deposit guarantee scheme. Lending margins increased further during the quarter reflecting improved risk pricing. Demand for derivatives was lower than last quarter due to fewer corporate deals and low and stable market interest rates. Income growth was 12% compared to the same quarter last year (10% in local currency).

Lending and deposit volumes were down 2% respectively from the previous quarter but were unchanged in local currency. Competition within household lending was fierce. The loan to deposit gap continued to improve during the quarter.

Total expenses were down 4% from the previous quarter (in local currency the reduction was 2%). Total expenses were down 1% in local currency compared to the same quarter last year.

The loan loss ratio was 9 basis points (11 basis points in the fourth quarter). The major part of the loan losses was related to provisions in the household lending portfolio.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	201	203	189	180	168	-1%	20%
Net fee and commission income	44	53	49	47	43	-17%	2%
Net result from items at fair value	15	18	16	21	22	-17%	-32%
Equity method & other income	2	2	0	0	1	0%	100%
Total income incl. allocations	**262**	**276**	**254**	**248**	**234**	**-5%**	**12%**
Staff costs	-41	-41	-40	-39	-39	0%	5%
Other exp, excl. depreciations	-81	-86	-81	-83	-81	-6%	0%
Total expenses incl. allocations	**-123**	**-128**	**-122**	**-123**	**-122**	**-4%**	**1%**
Profit before loan losses	**139**	**148**	**132**	**125**	**112**	**-6%**	**24%**
Net loan losses	-11	-13	-8	-7	-15	-15%	-27%
Operating profit	**128**	**135**	**124**	**118**	**97**	**-5%**	**32%**
Cost/income ratio, %	47	46	48	50	52		
RAROCAR, %	13	13	11	11	9		
Economic capital (EC)	2,672	2,935	3,062	3,043	3,006	-9%	-11%
Risk-weighted assets (RWA)	19,877	21,371	22,772	22,627	22,534	-7%	-12%
Number of employees (FTEs)	1,405	1,402	1,388	1,391	1,415	0%	-1%
Volumes, EURbn:							
Lending to corporates	20.9	21.3	22.1	21.6	21.1	-2%	-1%
Household mortgage lending	26.7	27.3	27.3	26.5	25.8	-2%	3%
Consumer lending	0.7	0.7	0.8	0.9	0.9	0%	-22%
Total lending	**48.3**	**49.3**	**50.2**	**49.0**	**47.8**	**-2%**	**1%**
Corporate deposits	11.4	11.9	11.5	11.5	12.1	-4%	-6%
Household deposits	8.5	8.5	8.5	8.7	7.9	0%	8%
Total deposits	**19.9**	**20.4**	**20.0**	**20.2**	**20.0**	**-2%**	**-1%**

FX fluctuation impacted income and expenses by -1 % Q1/Q4 (3 % Q1/Q1). FX fluctuations impacted balance sheet by -2 % Q1/Q4 (1 % Q1/Q1).

Banking Sweden

Business development

The activity level in the Swedish economy remained low in the first quarter, but signs of improvement in the coming quarters were starting to emerge. The business development in Banking Sweden was solid in the first quarter, with good financial outcome. The number of Gold and Premium customers in Banking Sweden increased by 10,800 of whom 6,300 were new customers to Nordea during the first quarter.

The growth rate for household mortgage lending in local currency remained stable in the first quarter and was higher than in the same quarter of 2012. During the quarter, the customer demand for investment products continued to be high and sales were 44% higher than the same quarter last year. This has had some impact on deposit volumes.

Corporate customers' demand for financing was low during the first quarter. The activity with relationship customers remained at a high level. Average deposit volumes were up 4% from last year following growing cash management business.

Banking Sweden now harvest from the transformation of the branch network that has been implemented over recent years. The total number of advisory meetings continues to grow. The number of employees was essentially stable during the quarter.

Result

Net interest income increased during the first quarter, driven by positive effect of EUR 23m related to the sale of a debt collection portfolio. Two days less compared to previous quarter together with decreasing short term market interest rates however affected earnings negatively. Net fee and commission income stabilised after the high year-end driven income in the fourth quarter.

The emphasis on improving efficiency continued and total expenses were kept unchanged. In combination with efficient capital consumption, this supported a continued high RAROCAR level in Banking Sweden.

In local currency, total income decreased by 4% compared to the fourth quarter and total expenses decreased by 2% compared to the fourth quarter.

Net loan losses remained at a low level. The loan loss ratio was 7 basis points in the first quarter (7 basis points in the fourth quarter).

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	291	286	290	271	272	2%	7%
Net fee and commission income	100	112	98	98	98	-11%	2%
Net result from items at fair value	26	27	27	29	29	-4%	-10%
Equity method & other income	5	6	0	0	0	-17%	
Total income incl. allocations	**422**	**431**	**415**	**398**	**399**	**-2%**	**6%**
Staff costs	-76	-74	-72	-71	-72	3%	6%
Other exp, excl. depreciations	-146	-147	-147	-141	-141	-1%	4%
Total expenses incl. allocations	**-226**	**-226**	**-224**	**-216**	**-216**	**0%**	**5%**
Profit before loan losses	**196**	**205**	**191**	**182**	**183**	**-4%**	**7%**
Net loan losses	-11	-11	-6	-9	-12	0%	-8%
Operating profit	**185**	**194**	**185**	**173**	**171**	**-5%**	**8%**
Cost/income ratio, %	54	52	54	54	54		
RAROCAR, %	22	22	20	20	21		
Economic capital (EC)	2,568	2,506	2,737	2,548	2,495	2%	3%
Risk-weighted assets (RWA)	17,866	16,954	17,872	17,437	17,179	5%	4%
Number of employees (FTEs)	3,315	3,306	3,352	3,341	3,388	0%	-2%
Volumes, EURbn:							
Lending to corporates	22.7	22.7	24.5	23.6	23.6	0%	-4%
Household mortgage lending	38.7	37.2	37.3	35.5	34.8	4%	11%
Consumer lending	5.8	5.9	6.1	5.9	5.8	-2%	0%
Total lending	**67.2**	**65.8**	**67.9**	**65.0**	**64.2**	**2%**	**5%**
Corporate deposits	13.0	13.1	12.4	12.4	12.5	-1%	4%
Household deposits	21.4	20.9	21.1	20.1	19.2	2%	11%
Total deposits	**34.4**	**34.0**	**33.5**	**32.5**	**31.7**	**1%**	**9%**

FX fluctuation impacted income and expenses by 2 % Q1/Q4 (4 % Q1/Q1). FX fluctuations impacted balance sheet by 3 % Q1/Q4 (6 % Q1/Q1).

Banking Poland

Business development

The banking market in Poland was influenced by the general macroeconomic slowdown, confirmed by negative figures describing the development of retail sales and output in manufacturing industries and construction, which have been published for January and February.

The annual development of deposits and loans was characterised by one-digit figures, and the monthly development was negative. The loan portfolio quality, measured by the share of loans at default, has deteriorated in all segments. The decreased money market interest rates, following the easing of monetary policy of the central bank, together with fierce competition resulted in reduced earnings from deposits.

The demand for loans was low in the first quarter, both driven by declining corporate demand but also from supervisory restrictions on housing and consumer loans. The loan volume also fluctuated, influenced by the PLN movements, due to the still relatively high share of FX mortgage loans in the loan portfolio. However, the bank succeeded in gaining deposits, considerably reducing the loan to deposit gap.

The relationship banking model implementation continued with special focus on the affluent and the mass-affluent customers. The Banking Operating Model (BOM) was launched in 6 pre-release locations in the previous quarter and will, after an evaluation, be implemented in the remaining network.

Loan loss provisions in the first quarter were clearly lower than in the previous quarters. The mortgage loan portfolio quality remained stable as growth in new mortgages slowed down and the existing portfolio matured.

Result

Total income decreased by 18% compared to the previous quarter due to lower net interest income and lower net commission income. Net result on items at fair value was slightly down from a seasonally high previous quarter.

Net interest income and net fee and commission income in the first quarter decreased mainly following lower sale of loans in the household segment. At the same time, deposits grew but at lower margins as fierce competition, fuelled by the low level of market rates, continued among banks.

Total expenses were unchanged compared to the previous quarter. The number of employees (FTEs) decreased somewhat.

Operating profit was down by 33% due to the decrease in total income. The loan loss ratio was 6 basis points, down from 12 basis points in the previous quarter.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	35	40	40	40	39	-13%	-10%
Net fee and commission income	8	11	10	8	8	-27%	0%
Net result from items at fair value	7	10	3	6	8	-30%	-13%
Equity method & other income	1	1	0	2	0	0%	
Total income incl. allocations	**51**	**62**	**53**	**56**	**55**	**-18%**	**-7%**
Staff costs	-12	-12	-11	-12	-12	0%	0%
Other exp, excl. depreciations	-16	-17	-13	-14	-15	-6%	7%
Total expenses incl. allocations	**-30**	**-30**	**-25**	**-27**	**-29**	**0%**	**3%**
Profit before loan losses	**21**	**32**	**28**	**29**	**26**	**-34%**	**-19%**
Net loan losses	-1	-2	-18	-14	-3	-50%	-67%
Operating profit	**20**	**30**	**10**	**15**	**23**	**-33%**	**-13%**
Cost/income ratio, %	59	48	47	48	53		
RAROCAR, %	4	8	7	8	9		
Economic capital (EC)	949	941	903	919	783	1%	21%
Risk-weighted assets (RWA)	7,451	7,435	7,447	7,507	6,383	0%	17%
Number of employees (FTEs)	1,619	1,629	1,641	1,730	1,900	-1%	-15%
Volumes, EURbn:							
Lending to corporates	2.3	2.5	2.7	2.5	2.4	-8%	-4%
Household lending	4.2	4.2	4.2	4.3	4.3	0%	-2%
Total lending	**6.5**	**6.7**	**6.9**	**6.8**	**6.7**	**-3%**	**-3%**
Corporate deposits	2.0	1.9	1.7	1.6	1.6	5%	25%
Household deposits	1.3	1.2	1.2	1.2	1.2	8%	8%
Total deposits	**3.3**	**3.1**	**2.9**	**2.8**	**2.8**	**6%**	**18%**

Banking Baltic countries

Business development

The economies in the Baltic countries continued to grow over the last months and exceeded expectations. In Estonia growth was underpinned by strong investment demand and resilient exports while private consumption managed to hold up rather well. The Latvian economy grew due to continued strong increase in exports as well as private consumption. Deleveraging in the private sector appears to be over in Estonia and close to be completed in Latvia. Growth in Lithuania was driven by both export- oriented and domestic sectors, even though investment demand stagnated.

The positive economic development has increased customer activity and enabled Nordea to achieve solid income and profit growth in the first quarter. Lending volumes remained unchanged compared to the previous quarter as new sales were able to compensate for portfolio amortisation. At the same time, prices for new lending have increased, both for household and corporate customers, reflecting the increased cost of funding. Deposit volumes were almost stable compared to the previous quarter. As investment activity and consumer confidence increase, savings growth tends to decelerate. Pricing competition for deposits continued to be fierce in all Baltic countries.

As part of the overall business model alignment, the implementation of a unified operating model in the branch network continued. Several initiatives were carried out over the first quarter to strengthen savings advisory capabilities and improve mobile and electronic banking offerings. At the same time, the integration of back office functions was performed, focused on strengthening cross-border cooperation and support for business areas.

Loan loss provisions decreased compared to the previous quarter due to notable quality improvements of the loan portfolios. RWA decreased by 5% following efficiency improvements.

Result

Total income was 8% higher than in the previous quarter and unchanged compared to the first quarter of 2012. Total expenses were down by 5% compared to the previous quarter and the underlying cost development has shown a downward trend. The loan loss ratio was 19 basis points. Operating profit increased by 143% compared to the previous quarter, due to favourable income and cost developments as well as a low level of net loan losses in the current quarter. The number of employees (FTEs) decreased to 799.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	32	32	31	29	30	0%	7%
Net fee and commission income	10	10	11	11	11	0%	-9%
Net result from items at fair value	-1	-4	1	1	0		
Equity method & other income	0	0	1	0	0		
Total income incl. allocations	**41**	**38**	**44**	**41**	**41**	**8%**	**0%**
Staff costs	-7	-7	-6	-6	-7	0%	0%
Other exp, excl. depreciations	-13	-13	-16	-12	-13	0%	0%
Total expenses incl. allocations	**-20**	**-21**	**-23**	**-22**	**-23**	**-5%**	**-13%**
Profit before loan losses	**21**	**17**	**21**	**19**	**18**	**24%**	**17%**
Net loan losses	-4	-10	-1	9	-1	-60%	
Operating profit	**17**	**7**	**20**	**28**	**17**	**143%**	**0%**
Cost/income ratio, %	49	55	52	54	56		
RAROCAR, %	6	4	5	4	4		
Economic capital (EC)	729	761	808	841	826	-4%	-12%
Risk-weighted assets (RWA)	5,498	5,811	7,715	8,065	7,801	-5%	-30%
Number of employees (FTEs)	799	805	839	852	891	-1%	-10%
Volumes, EURbn:							
Lending to corporates	5.7	5.7	5.7	5.6	5.4	0%	6%
Household lending	2.9	2.9	3.0	3.0	3.0	0%	-3%
Total lending	**8.6**	**8.6**	**8.7**	**8.6**	**8.4**	**0%**	**2%**
Corporate deposits	2.1	2.2	1.8	1.8	1.6	-5%	31%
Household deposits	0.8	0.8	0.8	0.8	0.8	0%	0%
Total deposits	**2.9**	**3.0**	**2.6**	**2.6**	**2.4**	**-3%**	**21%**

Retail Banking other

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

Result

Net interest income was affected by higher costs related to liquidity premium allocations than in the fourth quarter.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	-37	-20	-15	-5	-8		
Net fee and commission income	-1	1	-4	-6	-7		
Net result from items at fair value	-3	-10	-3	-2	2		
Equity method & other income	11	13	11	8	8	-15%	38%
Total income incl. allocations	**-30**	**-16**	**-11**	**-5**	**-5**		
Staff costs	-83	-87	-90	-85	-82	-5%	1%
Other exp, excl. depreciations	85	73	91	88	86	16%	-1%
Total expenses incl. allocations	**-12**	**-33**	**-19**	**-7**	**-3**	**-64%**	
Profit before loan losses	**-42**	**-49**	**-30**	**-12**	**-8**		
Net loan losses	-3	0	-2	-12	-3		0%
Operating profit	**-45**	**-49**	**-32**	**-24**	**-11**		
Economic capital (EC)	13	18	23	23	23	-28%	-43%
Number of employees (FTEs)	4,012	4,041	4,048	4,047	4,109	-1%	-2%

Net interest income restated between business units within each Business area, due to liquidity premium allocations to each unit.

Wholesale Banking

Wholesale Banking provides services and financial solutions to the largest corporate and institutional customers in Nordea. The business area incorporates the whole value chain including customer and product units as well as the supporting IT and infrastructure. This allows for an integrated service offering, including tailor-made solutions to fit the needs of individual customers.

Wholesale Banking has a substantial lead-bank footprint in all Nordic markets, supported by a competitive product offering and a well-diversified business mix. The leading position is leveraged to further strengthen customer relationships and drive cross-selling and income growth. Scale and value chain alignment ensure effective management of cost and capital constraints.

Business development

Wholesale Banking customer activity decreased somewhat compared to the previous quarter. The continued challenging economic outlook combined with strict business selection affected business activity in the large corporate and institutional customer segments. However, Wholesale Banking's continued commitment to the customer relationship strategy allowed the business area to retain its leading position in the Nordic large corporate banking area.

Wholesale Banking continued to push for increased business with its customers by combining the global product and solution capabilities with its local presence and deep customer understanding.

In support of the customer relationship strategy, the business area continued the process of increasing efficiency and strengthening the organisation.

Banking

A restrained investment appetite amongst corporate and institutional customers and active business selection resulted in moderate business activity.

Activity with shipping customers remained moderate due to the challenging market conditions, while activity in the offshore and oil service sectors was solid.

Customer activity in Nordea Bank Russia declined slightly due to low demand for new lending.

The strength of Nordea's business model was further evidenced by the 2013 Greenwich Quality and Share Leader Awards for Nordic Large Corporate Banking.

Capital markets

The result from capital markets declined compared to the previous quarter and the strong first quarter of 2012. General customer activity level was subdued for the season.

Both the currency and fixed income customer activity were affected by the continued low financial market volatility and related weak demand for new transactions. Income from the management of the risk inherent in the customer transactions was similarly affected.

Primary bond issuance was solid with the majority of activity being in the high yield segment, particularly in the Norwegian market.

In the secondary equities and Corporate Finance areas, customer activity was stable.

Credit quality

Net loan losses declined to EUR 68m, down 31% from the fourth quarter. The loan loss ratio was 31 basis points (43 basis points in the previous quarter). The reduction was driven by decreases in Shipping, Offshore & Oil Services (SOO).

Result

Total income was EUR 627m, down 5% from the previous quarter. Total expenses declined by 7% to EUR 226m, mainly due to lower IT expenses and allocated costs.

Effective resource management has continued with a continued decreasing trend in RWA, a lower number of employees (FTEs) and a continued low cost/income ratio.

Operating profit increased to EUR 333m, up 6% from the fourth quarter and the business area RaRoCaR remained largely unchanged at 14%.

Wholesale Banking

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	271	281	292	296	284	-4%	-5%
Net fee and commission income	124	142	131	147	121	-13%	2%
Net result from items at fair value	229	226	258	255	327	1%	-30%
Equity method & other income	3	8	2	1	0	-63%	
Total income incl. allocations	**627**	**657**	**683**	**699**	**732**	**-5%**	**-14%**
Staff costs	-197	-194	-189	-203	-203	2%	-3%
Other exp, excl. depreciations	-19	-40	-21	-24	-21	-53%	-10%
Total expenses incl. allocations	**-226**	**-244**	**-221**	**-237**	**-232**	**-7%**	**-3%**
Profit before loan losses	**401**	**413**	**462**	**462**	**500**	**-3%**	**-20%**
Net loan losses	-68	-99	-48	-102	-65	-31%	5%
Operating profit	**333**	**314**	**414**	**360**	**435**	**6%**	**-23%**
Cost/income ratio, %	36	37	32	34	32		
RAROCAR, %	14	14	15	15	15		
Economic capital (EC)	8,455	8,366	8,673	8,859	9,417	1%	-10%
Risk-weighted assets (RWA)	64,882	65,405	69,385	71,572	74,421	-1%	-13%
Number of employees (FTEs)	6,028	6,066	6,121	6,173	6,233	-1%	-3%
Volumes, EURbn:							
Lending to corporates	97.7	88.8	97.6	97.6	91.1	10%	7%
Lending to households	0.4	0.4	0.4	0.4	0.4	0%	0%
Total lending	**98.1**	**89.2**	**98.0**	**98.0**	**91.5**	**10%**	**7%**
Corporate deposits	65.9	63.7	71.6	61.9	63.2	3%	4%
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%
Total deposits	**66.1**	**63.9**	**71.8**	**62.1**	**63.4**	**3%**	**4%**

Economic Capital (EC) restated as the EC framework has been updated to reflect the regulatory capital in the Group.

Corporate & Institutional Banking

Corporate & Institutional Banking (CIB) is comprised of the customer units servicing the largest Nordic corporate and institutional customers. CIB is the leading Nordic financial service provider to large corporate customers, both in terms of market share and strength of the relationship. The business strategy is based on relationship banking with close, ongoing dialogues with customers as well as thorough knowledge of markets and industries.

Business development

Overall customer activity level in CIB was affected by the continued challenging economic growth outlook in Europe and the Nordic region. Together with strict business selection this resulted in moderate business activity during the quarter.

Nordea was acknowledged as the Greenwich Share Leader (market penetration) for Large Corporate Banking in the the Nordics (#1), Denmark (#1), Finland (#1), Norway (#2), Sweden (#1). In addition, Nordea was also named the Quality Leader in the Nordics, Denmark and Finland.

Corporate customer demand for new bilateral and syndicated loans remained soft. Wholesale Banking leveraged its strong position in capital markets financing to create attractive solutions for its customers. M&A and leveraged finance activity held up well.

Daily business activity with institutional customers was stable. Demand for portfolio hedging and asset reallocation was limited due to low financial market volatility.

Lending volumes increased by 2% compared to the previous quarter and were 6% lower than one year ago. Average lending spreads increased slightly due to business selection.

Deposit volumes decreased by 4% from the previous quarter and were 6% lower than one year ago. Nordea remained an attractive deposit bank for corporates and institutions but the pressure on spreads persisted.

Competition from local and international banks was significant, particularly for event-driven business.

The CIB divisions maintained their focus on resource management and operational efficiency while safeguarding customer relationships. In combination with the lower demand for lending, this led to a reduction in risk-weighted assets.

Credit quality

Loan loss provisions for corporate customers remained moderate and CIB continued the close customer dialogue to manage risks. Net loan losses were unchanged at EUR 37m. The loan loss ratio was 34 basis points in the first quarter, compared to 33 basis points in the fourth quarter.

Result

Total income was EUR 389m in the first quarter, down 5% and somewhat low for the season. The low customer activity level affected all main income classes. Operating profit was EUR 229m, down 7% from the previous quarter.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	168	176	174	173	170	-5%	-1%
Net fee and commission income	128	142	133	154	126	-10%	2%
Net result from items at fair value	93	91	91	108	112	2%	-17%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**389**	**409**	**398**	**435**	**408**	**-5%**	**-5%**
Staff costs	-11	-10	-10	-10	-9	10%	22%
Other exp, excl. depreciations	-112	-115	-110	-111	-112	-3%	0%
Total expenses incl. allocations	**-123**	**-125**	**-120**	**-121**	**-121**	**-2%**	**2%**
Profit before loan losses	**266**	**284**	**278**	**314**	**287**	**-6%**	**-7%**
Net loan losses	-37	-37	2	-29	-4	0%	
Operating profit	**229**	**247**	**280**	**285**	**283**	**-7%**	**-19%**
Cost/income ratio, %	32	31	30	28	30		
RAROCAR, %	14	15	14	16	14		
Economic capital (EC)	5,581	5,357	5,621	5,583	5,611	4%	-1%
Risk-weighted assets (RWA)	41,742	42,620	45,748	46,918	48,296	-2%	-14%
Number of employees (FTEs)	192	213	215	216	216	-10%	-11%
Volumes, EURbn:							
Total lending	43.6	42.9	45.3	47.3	46.2	2%	-6%
Total deposits	38.2	39.8	42.8	38.0	40.8	-4%	-6%

Shipping, Offshore & Oil Services

Shipping, Offshore & Oil Services (SOO) is the division in Wholesale Banking responsible for customers in the shipping, offshore, oil services, cruise and ferries industries worldwide. Customers are served from the Nordic offices as well as the international branches in New York, London and Singapore. Nordea is a leading bank to the global shipping and offshore sector with strong brand recognition and a world-leading loan syndication franchise. The business strategy is founded on long-term customer relationships and strong industry expertise.

Business development

Overall customer activity was moderate in the quarter, while demand for bond issuance was solid with the Norwegian market being the main driver. Lending volumes were stable.

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

Credit quality

Market conditions in the tanker, dry cargo and containership markets remained weak and near-term outlook is challenging. Freight rates were low and caused a further deterioration in collateral values, resulting in additional loan loss provisions.

The loan loss level remained elevated due to the weak conditions in certain shipping segments. However, net loan losses decreased to EUR 40m and the loan loss ratio was 123 basis points (185 basis points in the fourth quarter). Credit quality in the offshore and oil services sectors remained strong.

Result

Total income was EUR 91m, down 7% compared to the previous quarter. Operating profit was EUR 33m, up from EUR 18m in the fourth quarter.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	66	69	75	76	71	-4%	-7%
Net fee and commission income	14	16	19	14	15	-13%	-7%
Net result from items at fair value	11	13	16	-4	2	-15%	
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**91**	**98**	**110**	**86**	**88**	**-7%**	**3%**
Staff costs	-7	-6	-7	-6	-7	17%	0%
Other exp, excl. depreciations	-11	-11	-11	-11	-11	0%	0%
Total expenses incl. allocations	**-18**	**-17**	**-18**	**-16**	**-17**	**6%**	**6%**
Profit before loan losses	**73**	**81**	**92**	**70**	**71**	**-10%**	**3%**
Net loan losses	-40	-63	-54	-63	-60	-37%	-33%
Operating profit	**33**	**18**	**38**	**7**	**11**	**83%**	**200%**
Cost/income ratio, %	20	17	16	19	19		
RAROCAR, %	15	16	19	14	13		
Economic capital (EC)	1,325	1,320	1,325	1,350	1,469	0%	-10%
Risk-weighted assets (RWA)	10,173	10,234	10,222	10,612	11,543	-1%	-12%
Number of employees (FTEs)	88	87	87	90	92	1%	-4%
Volumes, EURbn:							
Total lending	13.1	13.0	13.4	14.1	13.6	1%	-4%
Total deposits	3.7	4.8	4.8	4.6	4.5	-23%	-18%

Banking Russia

Nordea Bank Russia (NBR) is a wholly owned, full-service bank. The primary business focus is on large global companies and core Nordic customers.

Business development

The Russian economy remained robust with inflation and unemployment at relatively low levels. The economic development is highly dependent on commodity prices.

Customer activity was somewhat subdued in the quarter. Demand for new bilateral lending decreased, partially driven by migration towards bond financing.

The lending volume decreased by 3% as a result of early redemptions, and lending spreads were stable.

The deposit volume decreased due to active business selection which resulted in increased deposit margins.

NBR remained focused on efficient resource management and total expenses increased at a rate in line with the inflation. The number of employees was stable and risk-weighted assets declined.

Credit quality

Net recoveries on loan losses were EUR 9m in the first quarter. Gross impaired loans amounted to EUR 29m or 46 basis points of total loans, down from 71 basis points in the previous quarter.

Result

Profitability was solid with total income up 15% compared to the previous quarter and up 28% compared to the first quarter of 2012. Operating profit increased by 75% from the previous quarter and by 81% compared to the first quarter of 2012.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	61	56	51	54	45	9%	36%
Net fee and commission income	3	5	4	3	5	-40%	-40%
Net result from items at fair value	4	-3	3	6	3		33%
Equity method & other income	0	1	1	0	0	-100%	
Total income incl. allocations	**68**	**59**	**59**	**63**	**53**	**15%**	**28%**
Staff costs	-19	-20	-17	-15	-17	-5%	12%
Other exp, excl. depreciations	-7	-10	-7	-9	-8	-30%	-13%
Total expenses incl. allocations	**-28**	**-32**	**-25**	**-25**	**-26**	**-13%**	**8%**
Profit before loan losses	**40**	**27**	**34**	**38**	**27**	**48%**	**48%**
Net loan losses	9	1	1	-8	0		
Operating profit	**49**	**28**	**35**	**30**	**27**	**75%**	**81%**
Cost/income ratio, %	41	54	42	40	49		
RAROCAR, %	26	15	19	22	16		
Economic capital (EC)	450	500	517	501	492	-10%	-9%
Risk-weighted assets (RWA)	5,962	6,159	6,511	6,457	6,288	-3%	-5%
Number of employees (FTEs)	1,439	1,486	1,464	1,466	1,485	-3%	-3%
Volumes, EURbn:							
Lending to corporates	6.0	6.2	6.7	6.7	6.2	-3%	-3%
Lending to households	0.4	0.4	0.4	0.4	0.4	0%	0%
Total lending	**6.4**	**6.6**	**7.1**	**7.1**	**6.6**	**-3%**	**-3%**
Corporate deposits	1.3	2.2	2.1	2.4	2.7	-41%	-52%
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%
Total deposits	**1.5**	**2.4**	**2.3**	**2.6**	**2.9**	**-38%**	**-48%**

Wholesale Banking other (including Capital Markets unallocated)

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

Result

The Wholesale Banking other total income was EUR 79m, down 13% from the previous quarter, mainly due to the lower result in Capital Markets. Operating profit was largely unchanged at EUR 22m.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	-24	-20	-8	-7	-2		
Net fee and commission income	-21	-21	-25	-24	-25		
Net result from items at fair value	121	125	148	145	210	-3%	-42%
Equity method & other income	3	7	1	1	0	-57%	
Total income incl. allocations	**79**	**91**	**116**	**115**	**183**	**-13%**	**-57%**
Staff costs	-160	-158	-155	-172	-170	1%	-6%
Other exp, excl. depreciations	111	96	107	107	110	16%	1%
Total expenses incl. allocations	**-57**	**-70**	**-58**	**-75**	**-68**	**-19%**	**-16%**
Profit before loan losses	**22**	**21**	**58**	**40**	**115**	**5%**	**-81%**
Net loan losses	0	0	3	-2	-1		-100%
Operating profit	**22**	**21**	**61**	**38**	**114**	**5%**	**-81%**
Economic capital (EC)	1,099	1,189	1,210	1,425	1,845	-8%	-40%
Risk-weighted assets (RWA)	7,005	6,392	6,904	7,585	8,294	10%	-16%
Number of employees (FTEs)	4,309	4,280	4,355	4,401	4,440	1%	-3%
Volumes, EURbn:							
Total lending	35.0	26.7	32.2	29.5	25.1		
Total deposits	22.7	16.9	21.9	16.9	15.2		

Volumes refers to Repo transactions within Capital Markets.

Net interest income restated between business units within each Business area, due to liquidity premium allocations to each unit.

Wealth Management

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

Business development

Nordea's Assets under Management (AuM) increased to EUR 223.8bn, up EUR 5.5bn or 2.5% from the fourth quarter and 13.5% from the same quarter last year. The increase in AuM was due to a positive investment performance return of EUR 5.9bn, while there was a marginal net outflow of EUR 0.4bn. The negative flow was mainly due to an outflow in the Institutional Sales segment of EUR 2.6bn, which is mainly non-performance related and reflects changes in the business strategy of a few key clients. Excluding the Institutional Sales, all businesses contributed positively to the first quarter's net flow. The main contributors were Private Banking with a net inflow of EUR 1.1bn and Nordic Retail funds with a net inflow of EUR 0.9bn.

Household customers continued to show a strong interest in savings fuelled by positive momentum in financial markets around the world. Furthermore, the Nordic Retail funds flows showed an asset mix shift towards higher-margins products such as the equity funds in the first quarter.

Private Banking's customer base increased 2% in the quarter, due to external customer acquisition and from Retail Banking referral process.

Life & Pensions' gross written premiums reached a record level for a single quarter at EUR 1,869m. Life & Pensions continued the migration towards market return and risk products as 82% of total premiums was directed to capital-light products.

Result

Wealth Management income was EUR 371m in the first quarter, up 8% from the same quarter last year and down 17% from the previous quarter. The decrease from the fourth quarter is mainly due to extra ordinary fee recognition in the Life & Pensions business and periodically recurring performance fees from the Asset Management business in fourth quarter.

The underlying increase from same quarter last year is primarily attributable to an increase in AuM due to positive investment performance combined with the strong net inflow from the Private Banking and Retail markets in the first quarter. The asset mix shift to higher-margin products also contributed to income.

Costs decreased 7% compared to the previous quarter and increased 4% from same quarter last year. Life & Pensions completed a cost saving programme with estimated full-year cost savings of EUR 6m in 2013. Product range optimisation is ongoing in Asset Management, where 6 funds were consolidated and 3 funds were closed during the first quarter.

As a result of the increased customer activity and cost management, operating profit was EUR 175m, up 14% from the same quarter last year.

Through a RWA reduction programme, International Private Banking was able to reduce RWA by 45% resulting in a reduction of 12% in Wealth Management in total compared to the first quarter last year.

Wealth Management

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	33	28	27	36	46	18%	-28%
Net fee and commission income	256	279	212	215	212	-8%	21%
Net result from items at fair value	72	131	77	82	79	-45%	-9%
Equity method & other income	10	8	10	8	6	25%	67%
Total income incl. allocations	**371**	**446**	**326**	**341**	**343**	**-17%**	**8%**
Staff costs	-121	-122	-115	-123	-115	-1%	5%
Other exp, excl. depreciations	-74	-87	-72	-76	-73	-15%	1%
Total expenses incl. allocations	**-196**	**-211**	**-189**	**-201**	**-189**	**-7%**	**4%**
Profit before loan losses	**175**	**235**	**137**	**140**	**154**	**-26%**	**14%**
Net loan losses	0	-1	0	0	-1	-100%	-100%
Operating profit	**175**	**234**	**137**	**140**	**153**	**-25%**	**14%**
Cost/income ratio, %	53	47	58	59	55		
RAROCAR, %	24	34	20	21	23		
Economic capital (EC)	2,189	2,067	2,025	2,003	2,003	6%	9%
Risk-weighted assets (RWA)	3,161	2,902	3,512	3,486	3,602	9%	-12%
Number of employees (FTEs)	3,548	3,561	3,566	3,571	3,601	0%	-1%
Volumes, EURbn:							
AuM	223.8	218.3	210.9	199.8	197.2	3%	13%
Total lending	8.9	9.0	8.5	8.4	8.3	-1%	7%
Total deposits	11.2	10.5	11.1	10.9	10.7	7%	5%

Economic Capital (EC) restated as the EC framework has been updated to reflect the regulatory capital in the Group.

Assets under Management (AuM), volumes and net inflow

EURbn	Q113	net inflow Q113	Q412	Q312	Q212	Q112
Nordic Retail funds	41.4	0.9	38.6	37.1	34.3	33.0
Private Banking	72.9	1.1	69.4	67.9	64.3	64.6
Institutional sales	51.3	-2.6	53.1	50.7	47.3	46.8
Life & Pensions	58.2	0.2	57.2	55.2	53.9	52.8
Total	**223.8**	**-0.4**	**218.3**	**210.9**	**199.8**	**197.2**

Private Banking

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

Business development

AuM in Private Banking increased EUR 3.5bn to EUR 72.9bn in the first quarter, up 5% from the previous quarter and up 13% from same quarter last year. The increase in AuM in the first quarter was a result of asset appreciation of EUR 2.4bn and a net inflow of EUR 1.1bn.

The number of Private Banking customers continues to increase. In the first quarter, the customer base increased by approx. 1,800 customers, up 2% from the previous quarter.

During the first quarter, International Private Banking further developed the wealth planning services for clients and resources were deployed to cover a greater share of the European markets.

Result

Private Banking income was EUR 141m in the first quarter, up 8% from the previous quarter and up 2% from the same quarter last year. The increase was mainly due to a strong net inflow and the focus on increasing the customer base. In combination with focus on costs, this resulted in operating profit of EUR 54m, up 42% from the previous quarter and marginally down (2%) from the same quarter last year.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	33	29	28	36	45	14%	-27%
Net fee and commission income	81	75	69	72	73	8%	11%
Net result from items at fair value	26	24	20	24	18	8%	44%
Equity method & other income	1	3	4	2	2	-67%	-50%
Total income incl. allocations	**141**	**131**	**121**	**134**	**138**	**8%**	**2%**
Staff costs	-42	-46	-38	-40	-39	-9%	8%
Other exp, excl. depreciations	-44	-44	-45	-41	-42	0%	5%
Total expenses incl. allocations	**-87**	**-92**	**-85**	**-83**	**-82**	**-5%**	**6%**
Profit before loan losses	**54**	**39**	**36**	**51**	**56**	**38%**	**-4%**
Net loan losses	0	-1	0	0	-1	-100%	-100%
Operating profit	**54**	**38**	**36**	**51**	**55**	**42%**	**-2%**
Cost/income ratio, %	62	71	70	62	60		
RAROCAR, %	40	34	24	33	33		
Economic capital (EC)	396	327	425	445	482	21%	-18%
Risk-weighted assets (RWA)	3,161	2,902	3,512	3,486	3,602	9%	-12%
Number of employees (FTEs)	1,220	1,208	1,195	1,207	1,218	1%	0%
Volumes, EURbn:							
AuM	72.9	69.4	67.9	64.3	64.6	5%	13%
Household mortgage lending	5.7	5.6	5.4	5.3	5.2	2%	10%
Consumer lending	3.2	3.4	3.1	3.1	3.1	-6%	3%
Total lending	**8.9**	**9.0**	**8.5**	**8.4**	**8.3**	**-1%**	**7%**
Household deposits	11.2	10.5	11.1	10.9	10.7	7%	5%
Total deposits	**11.2**	**10.5**	**11.1**	**10.9**	**10.7**	**7%**	**5%**

Asset Management

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

Business development

The investment performance in the first quarter could not maintain the momentum from the previous quarter, 65% of our composites outperformed their benchmarks. All our fixed-income composites continued to deliver value-adding performance to our clients. The performance of the equity composites in terms of delivering value added was weaker in the first quarter, with the exception of some local and stable products. Our balanced and allocation products were well positioned to benefit from the general positive performance of financial markets and 80% delivered value-adding performance. On a long-term horizon (36 months), Nordea's relative investment performance continues to be strong, with 77% of the investment composites outperforming their benchmarks.

There has been strong inflow into some of our newly launched equity and fixed income funds. In the first quarter, further product consolidation was carried out with additional cross border fund mergers between Nordic funds and close down of hedge funds taking place in Luxembourg.

Inflow was strong in retail funds with a net inflow of EUR 0.9bn. In particular, high net flows within equity and balanced funds products contributed to the strong inflow, while there was an outflow in fixed income funds. From a geographical perspective, all markets reported net inflows and with especially high inflows in Denmark, Finland and Sweden.

Institutional sales, comprising Institutional Asset Management and Global Fund Distribution, reported a negative net flow of EUR 2.6bn. Institutional Asset Management experienced a challenging quarter with an outflow of EUR 3.4bn. The outflow was non-performance related reflecting changes in the business strategy of our clients. The majority of the outflow was related to Denmark and Norway. As some of the outflow was in low-margin products the margin on the outflow was below the average.

Global Fund Distribution realised net inflows of EUR 0.7bn in the first quarter, maintaining the strong momentum from 2012. The net flows did not show any sign of great rotation as clients continue to prefer European and US credit products across all markets. However, more and more investors were allocating to the multi-assets solution during the first quarter in particular in Southern European countries. Finally, the traditional markets such as Germany and Benelux also made a positive contribution to the net flows.

Result

Asset Management income was EUR 116m in the first quarter, up 12% from the same quarter last year and down 16% from the previous quarter. The decrease from the previous quarter was largely due to periodically recurring performance fees in the fourth quarter.

The increase from same quarter last year was mainly the result of an increase in AuM due to positive investment performance and net inflow, combined with a change in asset mix in retail funds in favour of equities. Operating profit was EUR 61m, up 15% compared to the first quarter last year.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	0	0	0	0	1		-100%
Net fee and commission income	113	135	97	94	98	-16%	15%
Net result from items at fair value	-2	1	1	-2	4		
Equity method & other income	5	2	2	1	1	150%	
Total income incl. allocations	**116**	**138**	**100**	**93**	**104**	**-16%**	**12%**
Staff costs	-30	-29	-29	-33	-26	3%	15%
Other exp, excl. depreciations	-25	-26	-25	-24	-25	-4%	0%
Total expenses incl. allocations	**-55**	**-55**	**-54**	**-57**	**-51**	**0%**	**8%**
Profit before loan losses	**61**	**83**	**46**	**36**	**53**	**-27%**	**15%**
Net loan losses	0	0	0	0	0		
Operating profit	**61**	**83**	**46**	**36**	**53**	**-27%**	**15%**
Cost/income ratio, %	48	40	54	62	49		
Income, spread (basis points)	34	41	31	30	35		
Economic capital (EC)	140	115	82	91	104	22%	35%
AuM, EURbn	140.0	137.8	132.0	123.6	122.2	2%	15%
Number of employees (FTEs)	559	559	565	577	573	0%	-2%

Life & Pensions

Life & Pensions serves Nordea's Retail, Private Banking and corporate customers with a full range of pension, endowment and risk products as well as tailor-made advice for bank distribution. Life & Pensions operates in the Nordic countries, Poland, the Baltic countries, the Isle of Man and Luxembourg. In the Danish, Norwegian and Polish markets, sales are conducted through Life & Pensions' own sales force as well as through tied agents and insurance brokers.

Business development

In the first quarter, gross written premiums reached a record level for a single quarter at EUR 1,869m. Sales were up by 13% compared to the fourth quarter last year, due to a combination of seasonal effects and strong bancassurance sales of market return products.

Market return and risk products accounted for 82% of total gross written premiums, underscoring the success in the continuous shift of the product portfolio towards products with lower or no guarantees. Accordingly, the first quarter's net flow of EUR 0.5bn was entirely driven by a strong development within market return products, contributing with EUR 1.0bn to the inflow.

The Nordea bank channel accounted for 65% of total premium sales in the first quarter.

Market return products generated average customer return of 3.4%. In comparison, total average investment return in the traditional portfolio was 0.9% in the first quarter, ensuring sufficient coverage for customer guarantees.

Financial buffers in the traditional portfolios increased EUR 0.3bn in the first quarter to EUR 2.3bn, corresponding to 9.0% of technical provisions. This corresponds to an increase of 1.5 %-points from the end of the fourth quarter, driven primarily by strong portfolio investment return combined with increased market interest rates.

Result

Life & Pensions' operating profit in the first quarter amounted to EUR 61m, down 51% from the previous quarter and up 36% from same quarter last year. The decrease from the fourth quarter was largely due to fee income from the fee reservation account attributable to part of the traditional portfolio related to previous periods, which was recognised in the fourth quarter of 2012. The increase from the first quarter last year is primarily driven by higher volumes in market return products, increasing the profit contribution from market return products by 48%.

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	0	0	0	0	0		
Net fee and commission income	63	69	46	49	41	-9%	54%
Net result from items at fair value	48	106	56	60	57	-55%	-16%
Equity method & other income	4	3	4	5	3	33%	33%
Total income incl. allocations	**115**	**178**	**106**	**114**	**101**	**-35%**	**14%**
Staff costs	-31	-25	-33	-31	-33	24%	-6%
Other exp, excl. depreciations	-23	-28	-22	-24	-23	-18%	0%
Total expenses incl. allocations	**-54**	**-53**	**-55**	**-55**	**-56**	**2%**	**-4%**
Profit before loan losses	**61**	**125**	**51**	**59**	**45**	**-51%**	**36%**
Net loan losses	0	0	0	0	0		
Operating profit	**61**	**125**	**51**	**59**	**45**	**-51%**	**36%**
Cost/income ratio, %	47	30	52	48	55		
Return on Equity YtD, %	11.3	14.2	10.7	11.0	9.7		
Equity	1,652	1,624	1,518	1,466	1,412	2%	17%
AuM, EURbn	52.5	51.3	49.8	48.7	47.6	2%	10%
Premiums	1,869	1,649	1,213	1,333	1,540	13%	21%
Number of employees (FTEs)	1,250	1,277	1,292	1,294	1,311	-2%	-5%
Profit drivers							
Profit Traditional products	17	80	9	17	13	-79%	31%
Profit Market Return products	34	34	31	28	23	0%	48%
Profit Risk products	11	13	14	15	14	-15%	-21%
Total product result	**62**	**127**	**54**	**60**	**50**	**-51%**	**24%**
Return on Shareholder equity, other profits and group adj.	-1	-2	-3	-1	-5	-50%	-80%
Operating profit	**61**	**125**	**51**	**59**	**45**	**-51%**	**36%**

Wealth Management other

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

EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	0	-1	-1	0	0		
Net fee and commission income	-1	0	0	0	0		
Net result from items at fair value	0	0	0	0	0		
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**-1**	**-1**	**-1**	**0**	**0**		
Staff costs	-18	-22	-15	-19	-17	-18%	6%
Other exp, excl. depreciations	18	11	20	13	17	64%	6%
Total expenses incl. allocations	**0**	**-11**	**5**	**-6**	**0**	**-100%**	
Profit before loan losses	**-1**	**-12**	**4**	**-6**	**0**		
Net loan losses	0	0	0	0	0		
Operating profit	**-1**	**-12**	**4**	**-6**	**0**		
Economic capital (EC)	1	1	0	1	5	0%	-80%
Number of employees (FTEs)	519	517	514	493	499	0%	4%

Net interest income restated between business units within each Business area, due to liquidity premium allocations to each unit.

Group Functions and other

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

Group Corporate Centre

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

At the end of the first quarter, the proportion of long-term funding of total funding was approx. 72%, up somewhat from 70% at the end of the fourth quarter.

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

For short-term liquidity risks, Nordea uses a measure close to the liquidity coverage ratio (LCR). The liquidity buffer is composed of highly liquid primarily Nordic government and covered bonds which all are central bank eligible securities with characteristics similar to Basel III/CRD IV. The liquidity buffer amounted to EUR 67bn at the end of the first quarter (EUR 64bn at the end of the fourth quarter). The LCR was 130% at the end of the first quarter and the LCR in EUR was 231% and in USD 154% at the end of the first quarter, with the definition in accordance with the Swedish FSA's LCR requirement. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even higher. The outstanding volume of short-term debt decreased from EUR 57bn at year-end 2012 to EUR 54bn at the end of the first quarter 2013.

Nordea issued approx. EUR 7.1bn of long-term funding in the first quarter excluding Danish covered bonds, of which approx. EUR 5.3bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

In the first quarter, Nordea's issues included a EUR 1.25bn 7-year fixed-rate covered bond, a GBP 400m 3-year FRN senior note and a CHF 225m 5.5-year senior note.

The average price risk on Group Treasury's interest-rate positions, calculated as VaR, was EUR 50m in the first quarter. The risk related to equities, calculated as VaR, was EUR 7m and the risk related to credit spreads (VaR) was EUR 5m. Interest rate risk increased while equity risk and credit spread risk were largely unchanged compared to the fourth quarter.

Result

Total operating income was EUR 93m in the first quarter. Net interest income decreased to EUR 74m in the first quarter compared to EUR 90m in the previous quarter mainly due to lower income on interest-rate positions as yield curves have flattened. Net result from items at fair value increased to EUR 19m compared to EUR 8m in the fourth quarter, mainly related to equity positions and interest related items. Operating profit was EUR 48m.

Group Corporate Centre								Group functions, Other & Eliminations						
EURm	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112	Q113	Q412	Q312	Q212	Q112	Q113 vs Q412	vs Q112
Net interest income	74	90	101	106	107	-18%	-31%	38	22	30	37	14	73%	171%
Net fee and commission income	0	-2	-2	-2	0			-23	-34	-31	-26	-25		
Net result from items at fair value	19	8	39	24	15	138%	27%	12	1	-80	49	-70		
Equity method & other income	0	0	1	1	1			31	1	14	12	24		29%
Total operating income	**93**	**96**	**139**	**129**	**123**	**-3%**	**-24%**	**58**	**-10**	**-67**	**72**	**-57**		
Staff costs	-18	-16	-18	-19	-18	13%	0%	-76	-69	-72	-65	-81	10%	-6%
Other exp, excl. depreciations	-27	-24	-27	-23	-18	12%	50%	40	96	41	46	47	-58%	-15%
Total operating expenses	**-45**	**-41**	**-45**	**-42**	**-36**			**-54**	**-17**	**-59**	**-46**	**-52**		
Net loan losses	0	0	0	0	0			-2	-4	-5	15	4		
Operating profit	**48**	**55**	**94**	**87**	**87**	**-12%**	**-45%**	**2**	**-31**	**-131**	**41**	**-105**		
Economic capital (EC)	596	691	609	718	490			611	389	631	561	519		
Risk-weighted assets (RWA)	4,623	4,631	4,883	4,509	5,012			6,926	5,187	5,491	6,157	4,888		
Number of employees (FTEs)	430	430	438	442	429									

Net interest income restated between business units within each Business area, due to liquidity premium allocations to each unit.
Economic Capital (EC) restated as the EC framework has been updated to reflect the regulatory capital in the Group.
Profit and other items restated between Business areas following organisational change regarding Nordea Finance.

Customer segments

Corporate customer segments and financial institutions, key figures

	Corporate & Institutional Banking			Large corporate customers (Nordic)			Other corporate customers (Nordic)			Poland & Baltic corporate customers		
	Q113	Q412	Q112	Q113	Q412	Q112	Q113	Q412	Q112	Q113	Q412	Q112
Number of customer '000 (EOP)	12	12	12	29	29	29				102	101	96
Income, EURm	**389**	**409**	**408**	**356**	**361**	**336**	**229**	**230**	**239**	**55**	**61**	**55**
Volumes, EURbn												
Lending	43.6	42.9	46.2	56.2	56.6	57.3	25.8	25.9	26.2	8.0	8.2	7.8
Deposit	38.2	39.8	40.8	20.9	20.6	20.8	21.1	22.7	20.5	4.1	4.1	3.2

	Russian corporate customers			Shipping customers						Corporate and financial institutions Total		
	Q113	Q412	Q112	Q113	Q412	Q112				Q113	Q412	Q112
Number of customer '000 (EOP)	5	6	6	2	2	2						
Income, EURm	**46**	**49**	**39**	**91**	**98**	**88**				**1,166**	**1,208**	**1,165**
Volumes, EURbn												
Lending	6.0	6.2	6.2	13.1	13.0	13.6				152.7	152.8	157.3
Deposit	1.3	2.2	2.7	3.7	4.8	4.5				89.3	94.2	92.5

Household customer segments, key figures

	Private Banking			Gold customers (Nordic)			Other household customers (Nordic)			Poland & Baltic household customers		
	Q113	Q412	Q112	Q113	Q412	Q112	Q113	Q412	Q112	Q113	Q412	Q112
Number of customer '000 (EOP)	107	106	104	2,990	2,974	2,932				987	974	939
Of which Gold+Private Banking										149	153	149
Income, EURm	**141**	**131**	**138**	**640**	**639**	**612**	**191**	**195**	**202**	**36**	**40**	**40**
Volumes, EURbn												
Lending	8.9	9.0	8.3	135.7	134.9	129.9	8.9	9.0	8.9	7.1	7.1	7.3
Deposit	11.2	10.5	10.8	58.5	57.8	54.8	16.8	16.8	16.4	2.1	2.0	2.0
Assets under Management	72.9	69.4	64.6									

	Russian household customers									Household customers Total		
	Q113	Q412	Q112							Q113	Q412	Q112
Number of customer '000 (EOP)	65	66	61									
Of which Gold+Private Banking										3,246	3,233	3,185
Income, EURm	**5**	**5**	**4**							**1,013**	**1,010**	**996**
Volumes, EURbn												
Lending	0.4	0.4	0.4							161.0	160.4	154.8
Deposit	0.2	0.2	0.2							88.8	87.3	84.2

Net interest income restated between business units within each Business area, due to liquidity premium allocations to each unit.

Income statement

EURm	Note	Q1 2013	Q1 2012	Full year 2012
Operating income				
Interest income		*2,768*	*3,162*	*12,264*
Interest expense		*-1,368*	*-1,742*	*-6,512*
Net interest income		1,400	1,420	5,752
Fee and commission income		*857*	*787*	*3,306*
Fee and commission expense		*-225*	*-191*	*-802*
Net fee and commission income	3	632	596	2,504
Net result from items at fair value	4	444	469	1,784
Profit from companies accounted for under the equity method		35	23	93
Other operating income		47	23	103
Total operating income		**2,558**	**2,531**	**10,236**
Operating expenses				
General administrative expenses:				
Staff costs		-769	-771	-3,048
Other expenses	5	-475	-455	-1,860
Depreciation, amortisation and impairment charges of tangible and intangible assets		-55	-50	-278
Total operating expenses		**-1,299**	**-1,276**	**-5,186**
Profit before loan losses		**1,259**	**1,255**	**5,050**
Net loan losses	6	-199	-218	-933
Operating profit		**1,060**	**1,037**	**4,117**
Income tax expense		-264	-262	-991
Net profit for the period		**796**	**775**	**3,126**
Attributable to:				
Shareholders of Nordea Bank AB (publ)		794	773	3,119
Non-controlling interests		2	2	7
Total		**796**	**775**	**3,126**
Basic earnings per share, EUR		0.20	0.19	0.78
Diluted earnings per share, EUR		0.20	0.19	0.78

Statement of comprehensive income

EURm	Q1 2013	Q1 2012	Full year 2012
Net profit for the period	**796**	**775**	**3,126**
Items that may be reclassified subsequently to income statement			
Currency translation differences during the period	-9	189	409
Hedging of net investments in foreign operations:			
Valuation gains/losses during the period	32	-98	-254
Tax on valuation gains/losses during the period	-7	26	45
Available-for-sale investments:[1]			
Valuation gains/losses during the period	34	59	67
Tax on valuation gains/losses during the period	-9	-15	-17
Cash flow hedges:			
Valuation gains/losses during the period	-2	-47	-188
Tax on valuation gains/losses during the period	0	12	50
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	5	-	362
Tax on remeasurement of defined benefit plans	-2	-	-87
Other comprehensive income, net of tax	**42**	**126**	**387**
Total comprehensive income	**838**	**901**	**3,513**
Attributable to:			
Shareholders of Nordea Bank AB (publ)	836	899	3,506
Non-controlling interests	2	2	7
Total	**838**	**901**	**3,513**

[1]Valuation gains/losses related to hedged risks under fair value hedge accounting are accounted for directly in the income statement.

Balance sheet

EURm	Note	31 Mar 2013	31 Dec 2012	31 Mar 2012
Assets				
Cash and balances with central banks		31,565	36,060	3,346
Loans to central banks	7	7,834	8,005	25,390
Loans to credit institutions	7	11,575	10,569	15,788
Loans to the public	7	355,190	346,251	340,768
Interest-bearing securities		88,817	94,939	85,441
Financial instruments pledged as collateral		8,137	7,970	8,302
Shares		30,859	28,128	22,261
Derivatives	12	97,865	118,789	165,770
Fair value changes of the hedged items in portfolio hedge of interest rate risk		371	-711	-290
Investments in associated undertakings		667	585	584
Intangible assets		3,425	3,425	3,393
Property and equipment		483	474	469
Investment property		3,383	3,408	3,632
Deferred tax assets		248	266	260
Current tax assets		129	78	252
Retirement benefit assets		127	142	107
Other assets		19,300	16,372	15,656
Prepaid expenses and accrued income		2,662	2,559	2,883
Total assets		**662,637**	**677,309**	**694,012**
Of which assets customer bearing the risk		*21,864*	*20,361*	*17,886*
Liabilities				
Deposits by credit institutions		63,083	55,426	58,156
Deposits and borrowings from the public		204,272	200,678	193,488
Liabilities to policyholders		46,731	45,320	42,425
Debt securities in issue		186,069	184,340	170,671
Derivatives	12	93,145	114,203	162,709
Fair value changes of the hedged items in portfolio hedge of interest rate risk		3,152	1,940	1,163
Current tax liabilities		471	391	222
Other liabilities		24,760	33,472	26,283
Accrued expenses and prepaid income		4,498	3,903	4,141
Deferred tax liabilities		971	976	937
Provisions		367	389	424
Retirement benefit obligations		387	469	842
Subordinated liabilities		7,316	7,797	7,065
Total liabilities		**635,222**	**649,304**	**668,526**
Equity				
Non-controlling interests		4	5	85
Share capital		4,050	4,050	4,047
Share premium reserve		1,080	1,080	1,080
Other reserves		382	340	79
Retained earnings		21,899	22,530	20,195
Total equity		**27,415**	**28,005**	**25,486**
Total liabilities and equity		**662,637**	**677,309**	**694,012**
Assets pledged as security for own liabilities		180,006	164,902	156,162
Other assets pledged		4,593	4,367	5,187
Contingent liabilities		21,644	21,157	23,253
Credit commitments[1]		86,254	84,914	89,807
Other commitments		1,164	1,294	1,383

[1] Including unutilised portion of approved overdraft facilities of EUR 45,408m (31 Dec 2012: EUR 45,796m, 31 Mar 2012: EUR 46,722m).

Statement of changes in equity

	Attributable to shareholders of Nordea Bank AB (publ)									
			Other reserves:							
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Opening balance at 1 Jan 2013	**4,050**	**1,080**	**24**	**-15**	**56**	**275**	**22,530**	**28,000**	**5**	**28,005**
Total comprehensive income	-	-	16	-2	25	3	794	836	2	838
Share-based payments	-	-	-	-	-	-	5	5	-	5
Dividend for 2012	-	-	-	-	-	-	-1,370	-1,370	-	-1,370
Purchases of own shares[2]	-	-	-	-	-	-	-60	-60	-	-60
Other changes	-	-	-	-	-	-	-	-	-3	-3
Closing balance at 31 Mar 2013	**4,050**	**1,080**	**40**	**-17**	**81**	**278**	**21,899**	**27,411**	**4**	**27,415**

	Attributable to shareholders of Nordea Bank AB (publ)									
			Other reserves:							
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Reported opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**-**	**20,954**	**26,034**	**86**	**26,120**
Restatement due to changed accounting policy[4]	-	-	-	-	-	-	-475	-475	-	-475
Restated opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**-**	**20,479**	**25,559**	**86**	**25,645**
Total comprehensive income	-	-	200	-138	50	275	3,119	3,506	7	3,513
Issued C-shares[3]	3	-	-	-	-	-	-	3	-	3
Repurchase of C-shares[3]	-	-	-	-	-	-	-3	-3	-	-3
Share-based payments	-	-	-	-	-	-	14	14	-	14
Dividend for 2011	-	-	-	-	-	-	-1,048	-1,048	-	-1,048
Purchases of own shares[2]	-	-	-	-	-	-	-31	-31	-	-31
Change in non-controlling interests	-	-	-	-	-	-	-	-	-84	-84
Other changes	-	-	-	-	-	-	-	-	-4	-4
Closing balance at 31 Dec 2012	**4,050**	**1,080**	**24**	**-15**	**56**	**275**	**22,530**	**28,000**	**5**	**28,005**

	Attributable to shareholders of Nordea Bank AB (publ)									
			Other reserves:							
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Reported opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**-**	**20,954**	**26,034**	**86**	**26,120**
Restatement due to changed accounting policy[4]	-	-	-	-	-	-	-475	-475	-	-475
Restated opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**-**	**20,479**	**25,559**	**86**	**25,645**
Total comprehensive income	-	-	117	-35	44	-	773	899	2	901
Share-based payments	-	-	-	-	-	-	1	1	-	1
Dividend for 2011	-	-	-	-	-	-	-1,048	-1,048	-	-1,048
Purchases of own shares[2]	-	-	-	-	-	-	-10	-10	-	-10
Other changes	-	-	-	-	-	-	-	-	-3	-3
Closing balance at 31 Mar 2012	**4,047**	**1,080**	**-59**	**88**	**50**	**-**	**20,195**	**25,401**	**85**	**25,486**

[1] Total shares registered were 4,050 million (31 Dec 2012: 4,050 million, 31 Mar 2012: 4,047 million).

[2] Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 31 Mar 2013 were 33.8 million (31 Dec 2012: 26.9 million, 31 Mar 2012: 22.1 million).

[3] Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares, the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 20.2 million (31 Dec 2012: 20.3 million, 31 Mar 2012: 18.0 million).

[4] Related to the amended IAS 19. See Note 1 for more information.

Cash flow statement, condensed

EURm	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Operating activities			
Operating profit	1,060	1,037	4,117
Adjustments for items not included in cash flow	4,022	1,273	3,178
Income taxes paid	-236	-274	-662
Cash flow from operating activities before changes in operating assets and liabilities	4,846	2,036	6,633
Changes in operating assets and liabilities	-6,318	-3,586	13,121
Cash flow from operating activities	-1,472	-1,550	19,754
Investing activities			
Property and equipment	-30	-27	-114
Intangible assets	-34	-43	-175
Net investments in debt securities, held to maturity	-4	465	1,047
Other financial fixed assets	-13	-	16
Cash flow from investing activities	-81	395	774
Financing activities			
New share issue	-	-	3
Issued/amortised subordinated liabilities	-	750	906
Divestment/repurchase of own shares incl change in trading portfolio	-60	-10	-31
Dividend paid	-1,370	-1,048	-1,048
Cash flow from financing activities	-1,430	-308	-170
Cash flow for the period	**-2,983**	**-1,463**	**20,358**
Cash and cash equivalents at beginning of the period	**42,808**	**22,606**	**22,606**
Translation difference	1,280	-557	-156
Cash and cash equivalents at end of the period	**41,105**	**20,586**	**42,808**
Change	**-2,983**	**-1,463**	**20,358**

Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (EURm):	2013	2012	2012
Cash and balances with central banks	31,565	3,346	36,060
Loans to central banks	7,696	14,983	5,938
Loans to credit institutions, payable on demand	1,842	2,257	810

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

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

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

Notes to the financial statements

Note 1 Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1 "Supplementary Accounting Rules for Groups" and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2) have also been applied.

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report, except for the presentation of defined benefit plans as described below.

The new standard IFRS 13 "Fair Value Measurement" was implemented in the first quarter 2013 but has not had any significant impact on the measurement of assets or liabilities. The additional disclosures required by IFRS 13 on a quarterly basis are presented in Note 9 and Note 10.

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. Nordea has implemented these changes in the first quarter 2013 (IAS 32 early adopted). There was no impact from the amendment to IAS 32, while the additional disclosures required by IFRS 7 are presented in Note 11.

IAS 19 "Employee Benefits"

The amended IAS 19 "Employee Benefits" was implemented 1 January 2013. A detailed description of these changes is included in the Annual Report 2012, note G1 "Accounting policies" section 3 "Changes in IFRSs not yet applied by Nordea". The comparative figures on the balance sheet have been restated accordingly and are disclosed in the table below. The impact on the comparative figures in the income statement was not significant and the income statement has therefore not been restated. The impact on the first quarter 2013 was not significant.

At transition 1 January 2013 the negative impact on equity was EUR 211m, after special wage tax and income tax (EUR 280m before income tax), and the core tier 1 capital was reduced by EUR 258m, including the impact from changes in deferred tax assets.

Impact on capital adequacy from new or amended IFRS standards

Two IFRS standards potentially affecting capital adequacy have been adopted by IASB but have not yet been implemented by Nordea.

IFRS 9 "Financial Instruments" (Phase I) is not expected to have a significant impact on Nordea's income statement and balance sheet as the mixed measurement model will be maintained. No significant reclassifications between fair value and amortised cost or impact on the capital adequacy are expected, but this is naturally dependent on the financial instruments on Nordea's balance sheet at transition. It is furthermore expected that changes will be made to the standard before the standard becomes effective.

Nordea's current assessment is that no additional entities that significantly affect Nordea's income statement, balance sheet or equity will have to be consolidated when IFRS 10 "Consolidated Financial Statements" is implemented, although some uncertainty still remains around some mutual funds. If the funds have to be consolidated it will not affect the income statement, but it will have an impact on Nordea's balance sheet and if those entities hold Nordea shares that will have to be eliminated in the Nordea Group there will be an impact on equity. It is not expected that the new standards will have a significant impact on the capital adequacy.

	31 Dec 2012		31 Mar 2012		1 Jan 2012	
EURm	New policy	Old policy	New policy	Old policy	New policy	Old policy
Net retirement benefit obligations	327	47	735	101	732	102
Net deferred tax liabilities	710	779	677	833	694	849
Other reserves[1]	340	76	79	82	-47	-47
Retained earnings	22,530	23,005	20,195	20,670	20,479	20,954

[1]Impact through "Other comprehensive income". The direct impact from defined benefit plans was EUR 275m at 31 December 2012, which is slightly offset by FX translation differences of EUR 11m arising during the year.

Exchange rates

	Jan-Mar 2013	Jan-Dec 2012	Jan-Mar 2012
EUR 1 = SEK			
Income statement (average)	8.4955	8.7052	8.8534
Balance sheet (at end of period)	8.3553	8.5820	8.8455
EUR 1 = DKK			
Income statement (average)	7.4589	7.4438	7.4350
Balance sheet (at end of period)	7.4553	7.4610	7.4399
EUR 1 = NOK			
Income statement (average)	7.4323	7.4758	7.5874
Balance sheet (at end of period)	7.5120	7.3483	7.6040
EUR 1 = PLN			
Income statement (average)	4.1551	4.1836	4.2326
Balance sheet (at end of period)	4.1804	4.0740	4.1522
EUR 1 = RUB			
Income statement (average)	40.1528	39.9253	39.5678
Balance sheet (at end of period)	39.7617	40.3295	39.2950

Note 2 Segment reporting

	Operating segments													
	Retail Banking Jan-Mar		Wholesale Banking Jan-Mar		Group Corporate Centre Jan-Mar		Other Operating segments[1] Jan-Mar		Total operating segments Jan-Mar		Recon-ciliation Jan-Mar		**Total Group Jan-Mar**	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Total operating income, EURm	1,501	1,493	627	749	94	116	290	292	2,512	2,650	46	-119	**2,558**	**2,531**
- of which internal transactions[2], EURm	-446	-596	-82	-111	503	714	25	-7	0	0	-	-	-	-
Operating profit, EURm	552	525	332	450	49	80	136	108	1,069	1,163	-9	-126	**1,060**	**1,037**
Loans to the public[3], EURbn	229	228	61	66	-	-	9	8	299	302	56	39	**355**	**341**
Deposits and borrowings from the public[3], EURbn	113	111	44	47	-	-	11	11	168	169	36	24	**204**	**193**

[1] Including the main business area Wealth Management.

[2] IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Corporate Centre.

[3] The volumes are only disclosed separate for operating segments if separately reported to the Chief Operating Decision Maker.

Break-down of Retail Banking and Wholesale Banking

	Retail Banking Nordic[1] Jan-Mar		Retail Banking Poland Jan-Mar		Retail Banking Baltic countries[2] Jan-Mar		Retail Banking Other[3] Jan-Mar		**Retail Banking Jan-Mar**	
	2013	2012	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Total operating income, EURm	1,438	1,437	52	64	40	57	-29	-65	**1,501**	**1,493**
- of which internal transactions, EURm	-384	-529	-8	-10	-11	-12	-43	-45	**-446**	**-596**
Operating profit, EURm	562	542	21	31	16	34	-47	-82	**552**	**525**
Loans to the public, EURbn	214	214	7	7	8	7	0	0	**229**	**228**
Deposits and borrowings from the public, EURbn	107	105	3	3	3	3	0	0	**113**	**111**

	Corporate & Institutional Banking Jan-Mar		Shipping, Offshore & Oil Services Jan-Mar		Nordea Bank Russia Jan-Mar		Capital Markets unallocated Jan-Mar		Wholesale Banking Other[4] Jan-Mar		**Wholesale Banking Jan-Mar**	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Total operating income, EURm	388	445	92	99	66	52	97	188	-16	-35	**627**	**749**
- of which internal transactions, EURm	-56	-84	-22	-27	-11	-13	29	22	-22	-9	**-82**	**-111**
Operating profit, EURm	228	319	33	21	47	27	47	122	-23	-39	**332**	**450**
Loans to the public, EURbn	42	46	13	14	6	6	-	-	-	-	**61**	**66**
Deposits and borrowings from the public, EURbn	39	40	4	5	1	2	-	-	-	-	**44**	**47**

[1] Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden.

[2] Retail Banking Baltic countries includes banking operations in Estonia, Latvia and Lithuania.

[3] Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT.

[4] Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT.

Reconciliation between total operating segments and financial statements

	Operating profit, EURm Jan-Mar		Loans to the public, EURbn 31 Mar		Deposits and borrowings from the public, EURbn 31 Mar	
	2013	2012	2013	2012	2013	2012
Total Operating segments	1,069	1,163	299	302	168	169
Group functions[1]	-42	-41	-	-	-	-
Unallocated items	34	-73	54	43	35	26
Differences in accounting policies[2]	-1	-12	2	-4	1	-2
Total	**1,060**	**1,037**	**355**	**341**	**204**	**193**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources and Group Executive Management.

[2] Impact from plan exchange rates used in the segment reporting.

Measurement of operating segments' performance

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

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

Note 3 Net fee and commission income

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Asset management commissions	232	231	200	832
Life insurance	90	95	68	301
Brokerage, securities issues and corporate finance	65	75	77	289
Custody and issuer services	21	31	21	117
Deposits	12	15	12	54
Total savings and investments	420	447	378	1,593
Payments	101	107	103	416
Cards	119	130	109	487
Total payment and cards	220	237	212	903
Lending	124	115	108	463
Guarantees and documentary payments	55	59	57	225
Total lending related commissions	179	174	165	688
Other commission income	38	32	32	122
Fee and commission income	**857**	**890**	**787**	**3,306**
Savings and investments	-76	-63	-66	-276
Payments	-22	-25	-22	-92
Cards	-58	-63	-56	-238
State guarantee fees	-33	-19	-20	-89
Other commission expenses	-36	-28	-27	-107
Fee and commission expenses	**-225**	**-198**	**-191**	**-802**
Net fee and commission income	**632**	**692**	**596**	**2,504**

Note 4 Net result from items at fair value

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Shares/participations and other share-related instruments	952	314	1,243	1,657
Interest-bearing securities and other interest-related instruments	38	675	79	2,638
Other financial instruments	133	90	50	484
Foreign exchange gains/losses	294	54	277	253
Investment properties	23	20	30	135
Change in technical provisions[1], Life insurance	-694	-626	-985	-2,935
Change in collective bonus potential, Life insurance	-321	-125	-238	-544
Insurance risk income, Life insurance	53	49	45	188
Insurance risk expense, Life insurance	-34	-7	-32	-92
Total	**444**	**444**	**469**	**1,784**

Of which Life insurance

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Shares/participations and other share-related instruments	940	263	1,230	1,245
Interest-bearing securities and other interest-related instruments	124	479	-48	2,243
Other financial instruments	1	0	0	0
Foreign exchange gains/losses	-42	52	56	41
Investment properties	24	22	30	136
Change in technical provisions[1], Life insurance	-694	-626	-985	-2,935
Change in collective bonus potential, Life insurance	-321	-125	-238	-544
Insurance risk income, Life insurance	53	49	45	188
Insurance risk expense, Life insurance	-34	-7	-32	-92
Total	**51**	**107**	**58**	**282**

[1] Premium income amounts to EUR 697m for Q1 2013 (Q4 2012: EUR 754m, Q1 2012: EUR 736m, Jan-Dec 2012: EUR 2,601m).

Note 5 Other expenses

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Information technology	-147	-174	-158	-639
Marketing and representation	-29	-37	-23	-121
Postage, transportation, telephone and office expenses	-55	-55	-59	-224
Rents, premises and real estate expenses	-101	-98	-104	-421
Other	-143	-109	-111	-455
Total	**-475**	**-473**	**-455**	**-1,860**

Note 6 Net loan losses

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Loan losses divided by class				
Loans to credit institutions	0	0	0	-1
Loans to the public	-214	-267	-204	-939
- of which provisions	-314	-357	-298	-1,438
- of which write-offs	-143	-236	-107	-643
- of which allowances used for covering write-offs	112	185	72	453
- of which reversals	111	114	112	611
- of which recoveries	20	27	17	78
Off-balance sheet items	15	23	-14	7
Total	**-199**	**-244**	**-218**	**-933**

Key ratios

	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Loan loss ratio, basis points	23	29	26	28
- of which individual	19	31	26	31
- of which collective	4	-2	0	-3

Note 7 Loans and impairment

	Total		
EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Loans, not impaired	370,714	360,768	378,874
Impaired loans	6,827	6,905	5,668
- Performing	3,906	4,023	3,473
- Non-performing	2,921	2,882	2,195
Loans before allowances	**377,541**	**367,673**	**384,542**
Allowances for individually assessed impaired loans	-2,494	-2,400	-2,034
- Performing	-1,375	-1,332	-1,191
- Non-performing	-1,119	-1,068	-843
Allowances for collectively assessed impaired loans	-448	-448	-562
Allowances	**-2,942**	**-2,848**	**-2,596**
Loans, carrying amount	**374,599**	**364,825**	**381,946**

	Central banks and credit institutions			The public		
EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012	31 Mar 2013	31 Dec 2012	31 Mar 2012
Loans, not impaired	19,413	18,578	41,173	351,301	342,190	337,701
Impaired loans	24	24	34	6,803	6,881	5,634
- Performing	-	-	9	3,906	4,023	3,464
- Non-performing	24	24	25	2,897	2,858	2,170
Loans before allowances	**19,437**	**18,602**	**41,207**	**358,104**	**349,071**	**343,335**
Allowances for individually assessed impaired loans	-24	-24	-26	-2,470	-2,376	-2,008
- Performing	-	-	-1	-1,375	-1,332	-1,190
- Non-performing	-24	-24	-25	-1,095	-1,044	-818
Allowances for collectively assessed impaired loans	-4	-4	-3	-444	-444	-559
Allowances	**-28**	**-28**	**-29**	**-2,914**	**-2,820**	**-2,567**
Loans, carrying amount	**19,409**	**18,574**	**41,178**	**355,190**	**346,251**	**340,768**

Allowances and provisions

EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Allowances for items in the balance sheet	-2,942	-2,848	-2,596
Provisions for off balance sheet items	-72	-84	-107
Total allowances and provisions	**-3,014**	**-2,932**	**-2,703**

Key ratios

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Impairment rate, gross, basis points	181	188	147
Impairment rate, net, basis points	115	123	95
Total allowance rate, basis points	78	77	68
Allowances in relation to impaired loans, %	37	35	36
Total allowances in relation to impaired loans, %	43	41	46
Non-performing, not impaired, EURm	471	614	402

Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	31,565	-	-	-	-	-	31,565
Loans to central banks	7,697	-	137	-	-	-	7,834
Loans to credit institutions	4,268	-	6,050	1,257	-	-	11,575
Loans to the public	267,489	-	34,427	53,274	-	-	355,190
Interest-bearing securities	728	6,555	37,604	20,687	-	23,243	88,817
Financial instruments pledged as collateral	-	-	8,137	-	-	-	8,137
Shares	-	-	9,735	21,117	-	7	30,859
Derivatives	-	-	94,924	-	2,941	-	97,865
Fair value changes of the hedged items in portfolio hedge of interest rate risk	371	-	-	-	-	-	371
Other assets	11,278	-	-	6,964	-	-	18,242
Prepaid expenses and accrued income	2,191	-	24	-	-	-	2,215
Total 31 Mar 2013	**325,587**	**6,555**	**191,038**	**103,299**	**2,941**	**23,250**	**652,670**
Total 31 Dec 2012	322,861	6,497	205,788	101,875	3,083	27,374	667,478
Total 31 Mar 2012	312,496	7,159	249,258	96,096	2,360	17,322	684,691

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	21,317	2,403	-	39,363	63,083
Deposits and borrowings from the public	23,078	7,894	-	173,300	204,272
Liabilities to policyholders, investment contracts	-	13,048	-	-	13,048
Debt securities in issue	7,630	34,214	-	144,225	186,069
Derivatives	92,031	-	1,114	-	93,145
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	3,152	3,152
Other liabilities	8,524	5,440	-	8,319	22,283
Accrued expenses and prepaid income	33	304	-	2,719	3,056
Subordinated liabilities	-	-	-	7,316	7,316
Total 31 Mar 2013	**152,613**	**63,303**	**1,114**	**378,394**	**595,424**
Total 31 Dec 2012	161,149	59,578	1,001	388,365	610,093
Total 31 Mar 2012	212,716	56,595	653	363,410	633,374

Note 9 Fair value of financial assets and liabilities

	31 Mar 2013	
EURm	Carrying amount	Fair value
Financial assets		
Cash and balances with central banks	31,565	31,565
Loans to central banks	7,834	7,834
Loans to credit institutions	11,575	11,575
Loans to the public	355,190	356,084
Interest-bearing securities	88,817	88,893
Financial instruments pledged as collateral	8,137	8,137
Shares	30,859	30,859
Derivatives	97,865	97,865
Fair value changes of the hedged items in portfolio hedge of interest rate risk	371	371
Other assets	18,242	18,242
Prepaid expenses and accrued income	2,215	2,215
Total	**652,670**	**653,640**
Financial liabilities		
Deposits by credit institutions	63,083	63,080
Deposits and borrowings from the public	204,272	204,245
Liabilities to policyholders	13,048	13,048
Debt securities in issue	186,069	185,241
Derivatives	93,145	93,145
Fair value changes of the hedged items in portfolio hedge of interest rate risk	3,152	3,152
Other liabilities	22,283	22,283
Accrued expenses and prepaid income	3,056	3,056
Subordinated liabilities	7,316	7,330
Total	**595,424**	**594,580**

The determination of fair value is described in the Annual report 2012, Note G42 "Assets and liabilities at fair value".

Note 10 Financial assets and liabilities at fair value on the balance sheet

Categorisation into the fair value hierarchy

31 Mar 2013, EURm	Quoted prices in active markets for the same instrument (Level 1)	*Of which Life*	Valuation technique using observable data (Level 2)	*Of which Life*	Valuation technique using non-observable data (Level 3)	*Of which Life*	Total
Financial assets[1]							
Loans to central banks	-	-	137	-	-	-	137
Loans to credit institutions	-	-	7,307	-	-	-	7,307
Loans to the public	-	-	87,701	-	-	-	87,701
Interest-bearing securities[2]	63,767	*14,787*	24,811	*5,182*	1,087	*718*	89,665
Shares[3]	27,515	*18,749*	-	-	3,350	*2,301*	30,865
Derivatives	120	*55*	95,768	*1*	1,977	-	97,865
Other assets	-	-	6,964	-	-	-	6,964
Prepaid expenses and accrued income	-	-	24	-	-	-	24
Financial liabilities[1]							
Deposits by credit institutions	-	-	23,720	-	-	-	23,720
Deposits and borrowings from the public	-	-	30,972	-	-	-	30,972
Liabilities to policyholders	-	-	13,048	*13,048*	-	-	13,048
Debt securities in issue	34,214	-	7,630	-	-	-	41,844
Derivatives	76	*18*	91,330	*135*	1,739	-	93,145
Other liabilities	5,900	-	8,063	-	1	-	13,964
Accrued expenses and prepaid income	-	-	337	-	-	-	337

[1] Are measured at fair value on a recurring basis at the end of each reporting period.
[2] Of which EUR 8,131m relates to the balance sheet item Financial instruments pledged as collateral.
[3] Of which EUR 6m relates to the balance sheet item Financial instruments pledged as collateral.

Measurement of offsetting positions

Financial assets and liabilites with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed for that particular risk or paid to transfer the net liability exposed for that particular risk. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2012, Note G42 "Asset and liabilities at fair value".

Transfers between Level 1 and 2

During the period, Nordea transferred intererst beraring securities (including financial instruments pledged as collateral) of EUR 2,332m from Level 1 to Level 2 and EUR 7,695m from Level 2 to Level 1 of the fair value hierarchy. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable qouted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10, continued

Movements in Level 3

31 Mar 2013, EURm	1 Jan 2013	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Purchases	Sales	Settlements	Translation differences	31 Mar 2013
Intererest-bearing securities	1,118	19	2	76	-122	-6	-	1,087
- of which Life	*719*	*18*	*5*	*54*	*-73*	*-5*	-	*718*
Shares	3,374	61	67	100	-255	-19	22	3,350
- of which Life	*2,210*	*58*	*54*	*58*	*-61*	*-19*	*1*	*2,301*
Derivatives (net)	332	104	-94	-	-	-104	-	238

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. There have been no transfers in or out of Level 3. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

Valuation principles in Nordea are determined in and approved by the Group Valuation Committee (GVC). GVC issues guiding policies to the business units on how to establish a robust valuation process and minimise the valuation uncertainty. The GVC also serves as escalation point.

The valuation process in Nordea consists of several steps. The first step is the initial end of day (EOD) marking of mid-prices. The mid-prices are either fixed by front office or received from external sources. The second step is the control part, which is performed by independent control units. The cornerstone in the control is the independent price verification (IPV). The IPV test comprises verification of the correctness of prices and other parameters used in the net present value (NPV) calculation, the adequacy of the valuation models, including an assessment of whether to use quoted prices or valuation models, and the reliability of the assumptions and parameters used in the fair value adjustments (FVA) covering mainly liquidity (bid/offer spread) and credit adjustments.

The verification of the correctness of prices and other parameters is carried out daily. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis. This quality assessment is used in the measurement of the valuation uncertainty.

The FVAs and the deferrals of day 1 P/L on level 3 trades are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

Valuation techniques and inputs used in the fair value measurements in Level 3

31 Mar 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Derivatives				
Interest rate derivatives	267	Option model	Correlations	-5/5
			Volatilities	
Equity derivatives	-7	Option model	Correlations	-15/8
			Volatilities	
			Dividend	
Foreign exchange derivatives	31	Option model	Correlations	+/-0
			Volatilities	
Credit derivatives	-56	Credit derivat model	Correlations	-6/8
			Recovery rates	
Other	3	Option model	Correlations	+/-0
			Volatilities	
Total	**238**			**-26/21**

The valuation of derivatives relies on a number of assumptions and modelling choices. For instruments categorised as level 3 these assumptions lead to uncertainty about the valuation. To account for this a range of different modelling approaches are applied to determine an uncertainty interval around the reported fair value. The different approaches applied target various aspects of derivatives pricing. Two common components of derivative valuation models are volatility of underlying risk factors and correlation between the relevant risk factors. Each of these is addressed by applying different assumptions to input and/or the choice of modelling approach. Besides these common factors a number of asset class specific factors are addressed. These include equity dividend expectations, recovery assumptions for credit derivatives and inflation expectations. The above table shows for each class of derivatives the reasonable ranges around fair value for level 3 products. The fair values are presented as the net of assets and liabilities.

Note 10, continued

31 Mar 2013, EURm	Fair value	*Of which Life* [2]	Valuation techniques	Unobservable input	Range of fair value
Shares					
Private equity fund investments	2,545	*2,023*	Net asset value[1]	-	-
Other fund investments	643	*225*	Net asset value[1]	-	-
Other	162	*53*	-	-	-
Total	**3,350**	***2,301***			
Interest-bearing securities					
Hedge funds	283	*283*	Net asset value[1]	-	-
Structured Credit Funds	430	*430*	Net asset value[1]/ market consensus	-	-
Other bond investments[3]	329	-	Discounted cash flow	Credit spread	-17/17
Other	45	*5*	-	-	-
Total	**1,087**	***718***			**-17/17**

[1] The fair values are based on prices and net assets values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. The dominant measurement methology, used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investment are internally adjusted/valued based the IPEV guidelines. These carrying amounts are in a range of -100% to +13% compared to the values received from suppliers/custodians.

[2] Investment in financial instruments is a major part of the life insurance business, aquired to fulfill the obligations behind the insurance- and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and do consistantly not affect Nordea's equity.

[3] Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LIBOR) of 1.45% and a resonable change of this credit spread would not affect the fair value due to callability features.

Sensitivity analysis of Level 3 financial instruments

		Effect of reasonably possible alternative assumptions	
31 Mar 2013, EURm	Carrying amount	Favourable	Unfavourable
Assets			
Interest-bearing securities	1,087	62	-62
- of which Life	*718*	*42*	*-42*
Shares	3,350	335	-335
- of which Life	*2,301*	*251*	*-251*
Derivatives (net)	238	21	-26

The method used to calculate the sensitivities is described in the Annual report 2012, Note G42 "Assets and liabilities at fair value".

Deferred Day 1 profit

31 Mar 2013, EURm	Derivatives (net)
Opening balance at 1 Jan 2013	24
Deferred profit on new transactions	19
Recognised in the income statement during the year	-3
Closing balance at 31 Mar 2013	**40**

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. In such cases valuation models are applied to estimate the exit price and if significant unobservable parameters are used such instruments are categorised as level 3 instruments and any day-1 profit is deferred. If exit prices are available in active markets for the same instrument such prices are used. For more information see the annual report 2012, Note G1 "Accounting policies".

Note 11 Financial instruments set off on balance or subject to netting agreements

31 Mar 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	166,934	-70,851	96,083	-79,049	-	-7,523	9,511
Reverse repurchase agreements	40,212	-	40,212	-19,994	-19,315	-	903
Securities borrowing agreements	4,400	-	4,400	-	-4,400	-	0
Other	1	-1	0	-	-	-	0
Total	**211,547**	**-70,852**	**140,695**	**-99,043**	**-23,715**	**-7,523**	**10,414**

31 Mar 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	161,791	-70,851	90,940	-79,049	-	-6,440	5,451
Repurchase agreements	46,266	-	46,266	-19,994	-25,675	-	597
Securities lending agreements	59	-	59	-	-59	-	0
Other	47	-1	46	-	-	-	46
Total	**208,163**	**-70,852**	**137,311**	**-99,043**	**-25,734**	**-6,440**	**6,094**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

31 Mar 2012, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	163,243	-	163,243	-149,929	-	-5,805	7,509
Reverse repurchase agreements	30,908	-	30,908	-11,411	-19,153	-	344
Securities borrowing agreements	207	-	207	-	-207	-	0
Other	4	-4	0	-	-	-	0
Total	**194,362**	**-4**	**194,358**	**-161,340**	**-19,360**	**-5,805**	**7,853**

31 Mar 2012, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	159,196	-	159,196	-149,929	-	-4,856	4,411
Repurchase agreements	34,944	-	34,944	-11,411	-23,362	-	171
Securities lending agreements	82	-	82	-	-	-	82
Other	4	-4	0	-	-	-	0
Total	**194,226**	**-4**	**194,222**	**-161,340**	**-23,362**	**-4,856**	**4,664**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Enforceable master netting arrangements and similar agreements

The fact that financial instruments are being accounted for on a gross basis on the balance sheet, would not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally financial instruments (derivatives, repos and securities lending transactions), would be subject to master netting agreements, and as a consequence Nordea would be allowed to benefit from netting both in the ordinary course of business and in the case of default towards its counter parties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

Note 12 Derivatives

Fair value	31 Mar 2013		31 Dec 2012		31 Mar 2012	
EURm	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	79,401	73,854	102,558	97,014	149,458	146,069
Equity derivatives	688	1,965	623	568	686	849
Foreign exchange derivatives	13,766	15,054	11,300	14,450	10,871	12,831
Credit derivatives	662	707	637	655	1,003	1,000
Commodity derivatives	378	344	528	487	1,356	1,294
Other derivatives	29	107	60	28	36	13
Total	**94,924**	**92,031**	**115,706**	**113,202**	**163,410**	**162,056**
Derivatives used for hedging						
Interest rate derivatives	2,506	559	2,281	594	1,840	484
Foreign exchange derivatives	435	555	802	407	520	169
Total	**2,941**	**1,114**	**3,083**	**1,001**	**2,360**	**653**
Total fair value						
Interest rate derivatives	81,907	74,413	104,839	97,608	151,298	146,553
Equity derivatives	688	1,965	623	568	686	849
Foreign exchange derivatives	14,201	15,609	12,102	14,857	11,391	13,000
Credit derivatives	662	707	637	655	1,003	1,000
Commodity derivatives	378	344	528	487	1,356	1,294
Other derivatives	29	107	60	28	36	13
Total	**97,865**	**93,145**	**118,789**	**114,203**	**165,770**	**162,709**

Nominal amount	31 Mar	31 Dec	31 Mar
EURm	2013	2012	2012
Derivatives held for trading			
Interest rate derivatives	5,410,487	5,622,598	5,991,798
Equity derivatives	18,385	17,811	21,790
Foreign exchange derivatives	922,683	910,396	959,786
Credit derivatives	51,072	47,052	67,742
Commodity derivatives	6,129	7,817	14,295
Other derivatives	2,279	2,583	2,346
Total	**6,411,035**	**6,608,257**	**7,057,757**
Derivatives used for hedging			
Interest rate derivatives	101,764	59,858	43,897
Foreign exchange derivatives	10,063	8,871	2,835
Total	**111,827**	**68,729**	**46,732**
Total nominal amount			
Interest rate derivatives	5,512,251	5,682,456	6,035,695
Equity derivatives	18,385	17,811	21,790
Foreign exchange derivatives	932,746	919,267	962,621
Credit derivatives	51,072	47,052	67,742
Commodity derivatives	6,129	7,817	14,295
Other derivatives	2,279	2,583	2,346
Total	**6,522,862**	**6,676,986**	**7,104,489**

Note 13 Capital adequacy

The capital base figures for 2012 have not been restated due to the implementation of IAS 19 Employee Benefits.

Capital Base

EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core Tier 1 capital	22,208	21,961	21,080
Tier 1 capital	23,619	23,953	23,039
Total capital base	27,837	27,274	25,900

Capital requirement

EURm	31 Mar 2013 Capital requirement	31 Mar 2013 RWA	31 Dec 2012 Capital requirement	31 Dec 2012 RWA	31 Mar 2012 Capital requirement	31 Mar 2012 RWA
Credit risk	**11,587**	**144,847**	**11,627**	**145,340**	**12,622**	**157,776**
IRB	9,725	121,573	9,764	122,050	10,412	130,156
- of which corporate	7,376	92,211	7,244	90,561	7,384	92,299
- of which institutions	554	6,922	671	8,384	981	12,266
- of which retail	1,679	20,992	1,737	21,710	1,943	24,285
- of which other	116	1,448	112	1,395	104	1,306
Standardised	1,862	23,274	1,863	23,290	2,210	27,620
- of which sovereign	36	448	34	426	41	514
- of which retail	853	10,664	860	10,752	789	9,857
- of which other	973	12,162	969	12,112	1,380	17,249
Market risk	**535**	**6,684**	**506**	**6,323**	**662**	**8,276**
- of which trading book, Internal Approach	311	3,890	312	3,897	420	5,250
- of which trading book, Standardised Approach	143	1,788	138	1,727	175	2,189
- of which banking book, Standardised Approach	81	1,006	56	699	67	837
Operational risk	**1,344**	**16,796**	**1,298**	**16,229**	**1,298**	**16,229**
Standardised	1,344	16,796	1,298	16,229	1,298	16,229
Sub total	**13,466**	**168,327**	**13,431**	**167,892**	**14,582**	**182,281**
Adjustment for transition rules						
Additional capital requirement according to transition rules	3,938	49,225	3,731	46,631	3,312	41,390
Total	**17,404**	**217,552**	**17,162**	**214,523**	**17,894**	**223,671**

Capital ratio

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core Tier I ratio, %, incl profit	10.2	10.2	9.4
Tier I ratio, %, incl profit	10.9	11.2	10.3
Total capital ratio, %, incl profit	12.8	12.7	11.6

Analysis of capital requirements

Exposure class, 31 Mar 2013	Average risk weight (%)	Capital requirement (EURm)
Corporate	52%	7,376
Institutions	15%	554
Retail IRB	13%	1,679
Sovereign	1%	36
Other	72%	1,942
Total credit risk		**11,587**

Note 14 Risks and uncertainties

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

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

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

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.

Business definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nordea Bank AB (publ)

Accounting policies

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments compared to IFRS.

The disclosures in this interim report follow the interim reporting requirements in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2). More information can be found in the Group's interim report.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report. The new standard IFRS 13 "Fair Value Measurement" and the amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" as regards offsetting of financial assets and liabilities have been implemented in the first quarter 2013, but have not had any significant impact on the financial statements. More information on the new and amended standards can be found in Note 1 for the Group.

Income statement

EURm	Q1 2013	Q1 2012	Jan-Dec 2012
Operating income			
Interest income	*566*	*715*	*2,656*
Interest expense	*-391*	*-520*	*-1,932*
Net interest income	175	195	724
Fee and commission income	*355*	*194*	*853*
Fee and commission expense	*-53*	*-57*	*-230*
Net fee and commission income	302	137	623
Net result from items at fair value	29	57	189
Dividends	300	283	3,554
Other operating income	157	30	501
Total operating income	**963**	**702**	**5,591**
Operating expenses			
General administrative expenses:			
Staff costs	-250	-210	-938
Other expenses	-224	-136	-842
Depreciation, amortisation and impairment charges of tangible and intangible assets	-24	-21	-105
Total operating expenses	**-498**	**-367**	**-1,885**
Profit before loan losses	**465**	**335**	**3,706**
Net loan losses	-25	-9	-19
Impairment of securities held as financial non-current assets	-	0	-15
Operating profit	**440**	**326**	**3,672**
Appropriations	-	-	-103
Income tax expense	-34	-15	-95
Net profit for the period	**406**	**311**	**3,474**

Nordea Bank AB (publ)

Balance sheet

EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Assets			
Cash and balances with central banks	108	180	156
Treasury bills	4,130	5,092	3,987
Loans to credit institutions	70,393	68,006	58,689
Loans to the public	37,811	36,214	35,934
Interest-bearing securities	11,973	11,594	12,285
Financial instruments pledged as collateral	914	104	1,286
Shares	4,926	4,742	1,265
Derivatives	5,577	5,852	4,290
Fair value changes of the hedged items in portfolio hedge of interest rate risk	5	-1,157	-620
Investments in group undertakings	17,662	17,659	16,712
Investments in associated undertakings	8	8	5
Intangible assets	681	670	660
Property and equipment	126	121	85
Deferred tax assets	22	19	18
Current tax assets	49	41	40
Other assets	1,131	1,713	985
Prepaid expenses and accrued income	1,326	1,272	1,290
Total assets	**156,842**	**152,130**	**137,067**
Liabilities			
Deposits by credit institutions	23,987	19,342	14,352
Deposits and borrowings from the public	50,203	50,263	47,397
Debt securities in issue	46,735	48,285	45,013
Derivatives	5,455	4,166	2,979
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,485	16	139
Current tax liabilities	3	3	0
Other liabilities	2,008	1,635	2,911
Accrued expenses and prepaid income	1,390	1,468	1,047
Deferred tax liabilities	11	8	3
Provisions	159	148	44
Retirement benefit obligations	185	182	156
Subordinated liabilities	6,721	7,131	6,819
Total liabilities	**138,342**	**132,647**	**120,860**
Untaxed reserves	**111**	**108**	**5**
Equity			
Share capital	4,050	4,050	4,047
Share premium reserve	1,080	1,080	1,080
Other reserves	11	12	9
Retained earnings	13,248	14,233	11,066
Total equity	**18,389**	**19,375**	**16,202**
Total liabilities and equity	**156,842**	**152,130**	**137,067**
Assets pledged as security for own liabilities	4,081	4,230	3,558
Other assets pledged	6,427	6,225	6,293
Contingent liabilities	87,049	86,292	24,698
Credit commitments[1]	26,561	26,270	25,076

[1] Including unutilised portion of approved overdraft facilities of EUR 12,210m (31 Dec 2012: EUR 12,952m, 31 Mar 2012: EUR 11,946m).

Note 1 Capital adequacy

Capital Base

EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core Tier 1 capital[1]	17,215	17,252	15,180
Tier 1 capital[1]	19,243	19,244	17,140
Total capital base[1]	23,955	23,898	21,047

Capital requirement

EURm	31 Mar 2013 Capital requirement	31 Mar 2013 RWA	31 Dec 2012 Capital requirement	31 Dec 2012 RWA	31 Mar 2012 Capital requirement	31 Mar 2012 RWA
Credit risk[2]	**7,427**	**92,838**	**7,494**	**93,670**	**4,465**	**55,808**
IRB	4,630	57,878	4,752	59,394	2,145	26,807
- of which corporate	4,256	53,203	4,404	55,051	1,754	21,925
- of which institutions	146	1,829	140	1,751	188	2,350
- of which retail	198	2,473	188	2,345	190	2,375
- of which other	30	373	20	247	13	157
Standardised	2,797	34,960	2,742	34,276	2,320	29,001
- of which retail	105	1,314	106	1,327	-	-
- of which sovereign	2	27	2	21	0	0
- of which other	2,690	33,619	2,634	32,928	2,320	29,001
Market risk	**98**	**1,227**	**123**	**1,539**	**93**	**1,157**
- of which trading book, Internal Approach	28	347	39	484	15	186
- of which trading book, Standardised Approach	8	97	20	246	9	113
- of which banking book, Standardised Approach	62	783	64	809	69	858
Operational risk	**250**	**3,121**	**219**	**2,739**	**219**	**2,739**
Standardised	250	3,121	219	2,739	219	2,739
Sub total	**7,775**	**97,186**	**7,836**	**97,948**	**4,777**	**59,704**
Adjustment for transition rules						
Additional capital requirement according to transition rules	-	-	-	-	-	-
Total	**7,775**	**97,186**	**7,836**	**97,948**	**4,777**	**59,704**

Capital ratio

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core Tier I ratio, %[1]	17.7	17.6	25.4
Tier I ratio, %[1]	19.8	19.6	28.7
Total capital ratio, %[1]	24.6	24.4	35.3

Analysis of capital requirements

Exposure class, 31 Mar 2013	Average risk weight (%)	Capital requirement (EURm)
Corporate	59%	4,256
Institutions	12%	146
Retail IRB	35%	198
Sovereign	0%	2
Other	35%	2,825
Total credit risk		**7,427**

[1] The Capital Base figures and the Capital ratios for the 31 March 2013 and the 31 March 2012 are excluding unaudited result for the first three months each year (according to Swedish FSA rules).

[2] The increase in credit risk during the last quarter 2012 is related to the guarantee between Nordea Bank AB (publ) and Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees the majority of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The RWA effect of the guarantee in Nordea Bank AB (publ) by 31 Dec 2012 was approx. EUR 34bn.

For further information:

- A press conference with management will be held on 24 April at 09.30 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be held on 24 April at 14.30 CET. (Please dial +44 20 3427 1912, confirmation code 6639674#, no later than ten minutes in advance.) The telephone conference can be viewed live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will be available through 1 May, by dialling +44 20 3427 0598, access code 6639674#.
- An analyst and investor presentation will be held in London on 25 April at 12.30 local time at The Langham Hotel, 1C Portland Place, Regent Street, London W1B 1JA. To attend, please contact Alicia von Sobbe-Grimberg, Credit Suisse, alicia.vonsobbe-grimberg@credit-suisse.com
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.

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Financial calendar

5 July 2013 – Silent period second quarter starts
17 July 2013 – Second quarter report 2013
7 October 2013 – Silent period third quarter starts
23 October 2013 – Third quarter report 2013

Stockholm 24 April 2013

Christian Clausen
President and Group CEO

This report has not been subject to review by the Auditors.

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

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

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

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