

Interim Report 1st quarter 2013

Nordea Bank Norge Group

Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 1,000 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Key financial figures¹

Income statement

	Q1	Q4	Change	Q1	Change
NOKm	2013	2012	%	2012	%
Net interest income	2,200	2,184	1	2,305	-5
Net fee and commission income	550	646	-15	574	-4
Net result from items at fair value	171	174	-2	87	97
Profit from companies accounted for under the equity method	0	30		18	
Other operating income	60	30		57	
Total operating income	2,981	3,064	-3	3,041	-2
Staff costs ⁴	-711	-741	-4	-792	-10
Other expenses	-446	-506	-12	-454	-2
Depreciation, amortisation and impairment charges of tangible and intangible assets	-39	-73	-47	-42	-7
Total operating expenses	-1,196	-1,320	-9	-1,288	-7
Profit before loan losses	1,785	1,744	2	1,753	2
Net loan losses	-371	-403		-176	
Operating profit	1,414	1,341	5	1,577	-10
Income tax expense ⁴	-392	-355	10	-453	-13
Net profit for the period	1,022	986	4	1,124	-9

Business volumes, key items

	31 Mar	31 Dec	Change	31 Mar	Change
NOKbn	2013	2012	%	2012	%
Loans to the public	460.6	456.0	1	467.4	-1
Deposits and borrowings from the public	216.9	219.0	-1	228.7	-5
of which savings deposits	88.3	89.6	-1	91.9	-4
Equity ⁴	37.0	35.9	3	28.8	28
Total assets ⁴	573.1	581.9	-2	584.9	-2

Ratios and key figures

	Q1	Q4	Q1
	2013	2012	2012
EPS, rolling 12 months up to period end ⁴	7.9	8.1	6.9
Equity per share ^{2,4} , NOK	67.03	65.13	52.31
Shares outstanding ² , million	551	551	551
Return on equity ⁴ , %	11.2	11.8	15.5
Cost/income ratio ⁴ , %	40	43	42
Loan loss ratio, basis points	31	19	14
Core Tier 1 capital ratio, excluding transition rules ^{2,3} %	14.8	14.6	10.2
Tier 1 capital ratio, excluding transition rules ^{2,3} , %	16.9	16.7	12.1
Total capital ratio, excluding transition rules ^{2,3} , %	18.1	17.6	13.5
Core Tier 1 capital ratio including transition rules ^{2,3} %	10.6	10.7	8.0
Tier 1 capital ratio, including transition rules ^{2,3} , %	12.2	12.3	9.5
Total capital ratio, including transition rules ^{2,3} , %	13.0	13.0	10.5
Tier 1 capital ^{2,3} , NOKm	38,615	38,589	31,294
Risk-weighted assets excluding transition rules ² , NOKbn	228	232	258
Number of employees (full-time equivalents) ²	2,863	2,889	3,103

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

² End of period.

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

⁴ Figures for 2012 are restated, see Note 1 Accounting policies for further detail.

Throughout this report, "Nordea Bank Norge" and "NBN" refer to the parent company Nordea Bank Norge ASA, business identity code 911 044 110, with its subsidiaries. The registered office of the company is in Oslo. Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. The business operations of the Nordea Group have been organised in the following business areas, all of which operate across national boundaries: Retail Banking, Wholesale Banking and Wealth Management. In addition the Nordea Group has the following group functions: Group Human Resources, Group Identity & Communications, Group Operations & Other Lines of Business, Group Corporate Centre and Group Risk Management.

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

Nordea Bank Norge Group

Group result and development

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 continued its 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. Norway continued to signal a robust relative economic progress, although manufacturing sentiment fell back slightly in the first quarter.

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 extended the trend 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.

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

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

Business development

Total operating income remained at high levels although net interest income being negatively affected by low interest rates which put extreme pressure on deposit margins. Further negative impact relates to a payment of bank deposit guarantee fees to the Norwegian Bank’s Guarantee Fund, which in accordance with legislation passed in December 2012 is to be paid even if the plan is fully funded.

NBN has reduced its operating expenses by 9% compared to last quarter, and 7% compared to the same period one year ago. In fourth quarter 2012, NBN increased its capital by NOK 3bn and despite this increase in equity, NBN reports a ROE of 11.2%.

Adaption to future legal requirements and regulations continued during the quarter. As part of a company-wide risk pricing initiative, Risk Weighted Assets (RWA) excluding transition rules have fallen in comparative terms to last quarter and the same period last year.

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.

Within Retail corporate business activity remained modest. 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.

In Corporate Institutional Banking (CIB), overall customer activity level 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.

Wealth has been positively affected by increased savings in pension and funds and experienced improved market share the last quarter.

First quarter 2013

Income

Total income dipped 3% from the previous quarter to NOK 2,981m.

Net interest income

Net interest income increased 1% compared to the previous quarter to NOK 2,200m, and 3% normalised for fees paid to the Norwegian deposit guarantee fund.

Business increase has been driven by higher lending volumes and spreads.

Lending to the public was up 1% compared to the previous quarter to NOK 461bn.

Corporate lending

Corporate lending volumes grew in CIB and Shipping, slightly offset by a fall in Retail corporate volumes the last three months. Corporate lending spreads are up in all areas, with most increases in Retail.

Household lending

Household lending was relatively stable the last three months at NOK 218bn. The growth is mainly within mortgage lending. Household mortgage lending spreads rose over the last three months related to underlying cost of capital increases.

Corporate and household deposits

Total deposits from the public fell 1% to NOK 217bn compared to the previous quarter. The decrease in deposit volumes is driven by fierce competition and was concentrated in Shipping and Retail corporate with partial offset in CIB and Household. Deposit spreads have decreased in all areas with the largest fall in spreads driven by Household.

Net fee and commission income

Net fee and commission income decreased 15%, down 11% adjusted for one-time effects, from high levels last quarter ending at NOK 550m. In the fourth quarter NBN experienced high success related to Market activities across all product areas, while the first quarter remained strong, industry slowdown and reduced customer activity was experienced across product areas.

Net result from items at fair value

Net result on items at fair value decreased slightly compared to prior quarter. Compared to the last quarter, the reduced result was driven by interest related instruments and FX instruments, partially offset from positive effects from equity related instruments. The reduction from interest related derivatives was a result of a one-time effect in Shipping and decreases from Treasury activity.

Equity method

Net result for companies accounted for using the equity method netted NOK 0m, which mainly relates to the 23.21% holding in Eksportfinans ASA, driven by decreased credit spreads and a controlled run-off of the company's business activity. Nordea continues to apply its own valuation model towards the valuation of Eksportfinans' own debt.

Other operating income

Other income amounted to NOK 60m, compared to NOK 30m in the previous quarter.

Expenses

Total expenses decreased 9% compared to the previous quarter to NOK 1,196m, and a 3% reduction after adjustment for one-time effects in the prior quarter mainly related to pensions and impairment. The normalised reduction relates mainly to IT cost savings driven by the IT Service Entity setup incorporated in the second quarter of 2012. The number of employees (FTEs) has been reduced by 26 compared to the prior quarter and by 240 compared to the same quarter one year ago. Further reduction is driven by declining office, travel and external consultant expenses.

The cost/income ratio amounts to 40%, down from 43% last quarter.

Net loan losses

Net loan losses for the first quarter this year were NOK 371m, of which new collective provisions net were NOK 120m, mainly within CIB and Retail Banking. The annualised loan loss ratio was 31 basis points in the first quarter, compared to 33 basis points in the prior quarter. Individual net loan losses amounted to 21 basis points annualised and collective provisions net amounted to 10 basis points annualised this quarter.

Taxes

The effective tax rate for the first quarter was 27.72% compared to 26.46% in the previous quarter and 28.73% in the first quarter last year.

Net profit

Net profit increased to NOK 1,022m, up 4% compared to the previous quarter and down 9% compared to the first quarter last year. Return on equity for the period was 11.2%.

First quarter 2013 compared to the same quarter last year

Total income decreased 2% compared to the first quarter of 2012, and 1% when adjusted for the bank deposit guarantee fee. Total operating expenses were down 7% compared the same quarter last year, while operating profit fell 10%, due to higher net loan losses.

Income

Net interest income decreased 5% compared to the first quarter last year, explained by the bank deposit guarantee fee paid and lower average lending and deposit volumes from all areas other than Household. Volume reductions were partially offset from higher margins resulting from a combination of focused risk pricing and increases due to the underlying cost of capital related to increased regulatory costs.

Net fee and commission income dropped 4%, while fair value increased by 97% compared to the first quarter last year driven by positive effects from the bond portfolio in Markets and Treasury along with gains on equity instruments, partially offset by a reduced result in foreign exchange instruments from Treasury.

Expenses

Total expenses were reduced 7% compared to the first quarter of 2012. The reduction in staff costs is in line with both the New Normal initiative along with the transfer of staff to the IT Service Entity (ITSE) in Q2 2012. Further reduction in costs is driven by reduced IT costs when considering the increased costs related charges from the staff transferred to ITSE, as well as declining office, travel and external consultant expenses.

Net loan losses

Net loan loss provisions rose to NOK 371m, mainly from CIB, corresponding to a loan loss ratio of 31 basis points.

Net profit

Net profit was down 9% to NOK 1,022m, mainly due to higher loan losses.

Other information

Credit portfolio

Total lending to the public went up 1% to NOK 461bn compared to the previous quarter and fell 1% compared to one year ago.

Impaired loans gross have increased 4% in the last three months and ended at NOK 4,966m. 31% of impaired loans gross are performing loans and 69% are non-performing loans. Impaired loans net, after individually assessed allowances for impaired loans, amounted to NOK 3,116m, corresponding to 65 basis points of total loans at the end of the quarter.

The total allowance ratio increased to 50 basis points, compared to 44 basis points at the end of the fourth quarter. The industries with the largest provisions were Telecommunication operators, Industrial commercial services, Shipping & offshore and Real estate.

Balance Sheet

Total assets in the balance sheet were reduced 2% compared to previous quarter and one year ago. The main driver of change compared to the previous quarter is reduced levels of interest bearing securities held in Treasury as part of the NBNs liquidity buffer management. The current levels of which are well above target level and reinvestments have been lower than maturing amounts at period end.

Capital position and risk-weighted assets

At the end of the first quarter, NBN's risk-weighted assets (RWA) were NOK 228bn excluding transition rules, down 1,5% compared to the previous quarter and down 11,7% compared to one year ago, when RWA were NOK 258bn. Compared to the previous quarter the change in RWA was mainly related to exposures calculated under the internal rating based approach. There was a decrease in RWA in the retail portfolio which was offset by an increase in the corporate portfolio. RWA including transition rules amounted to NOK 317bn at the end of the first quarter.

The core tier 1 capital ratio excl. transition rules were 14.8%. The tier 1 capital ratio and the total capital ratio excl. transition rules were 16.9% respectively 18.1%. The capital base of NOK 41bn exceeds the capital requirements excl. transition rules by NOK 23bn. The tier 1 capital of NOK 39bn exceeds the capital requirements excl. transitions rules by NOK 20bn. Core tier 1 capital amounts to NOK 34bn. The hybrid capital constitutes 12.7% of tier 1 capital.

Nordea's funding and liquidity operations

The NBN group issued approximately NOK 2.8bn of covered bonds during the first quarter. For further information on liquidity management see the NBAB Group Q1 2013 report.

Quarterly development

NOKm	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest income	2,200	2,184	2,141	2,266	2,305
Net fee and commission income	550	646	596	596	574
Net result from items at fair value	171	174	121	74	87
Profit from companies accounted for under equity method	0	30	-9	97	18
Other operating income	60	30	42	54	57
Total operating income	2,981	3,064	2,891	3,087	3,041
General administrative expenses:					
Staff costs ¹	-711	-741	-675	-722	-792
Other expenses	-446	-506	-446	-450	-454
Depreciation, amortisation and impairment charges of tangible and intangible assets	-39	-73	-41	-47	-42
Total operating expenses	-1,196	-1,320	-1,162	-1,219	-1,288
Profit before loan losses	1,785	1,744	1,729	1,868	1,753
Net loan losses	-371	-403	-106	-273	-176
Operating profit	1,414	1,341	1,623	1,595	1,577
Income tax expense ¹	-392	-355	-469	-419	-453
Net profit for the period	1,022	986	1,154	1,176	1,124
Basic/diluted Earnings per share (EPS) ¹ , NOK	1.85	1.79	2.09	2.13	2.04
EPS, rolling 12 months up to period end ¹ , NOK	7.87	8.05	8.05	7.40	6.95

¹ Figures for 2012 are restated, see Note 1 Accounting policies for further detail

Income statements

NOKm	Note	Q1 2013	Q1 2012	Full year 2012
Operating income				
Interest income		4,718	5,030	20,072
Interest expense		-2,518	-2,725	-11,176
Net interest income		2,200	2,305	8,896
Fee and commission income		717	757	3,176
Fee and commission expense		-167	-183	-764
Net fee and commission income	3	550	574	2,412
Net result from items at fair value	4	171	87	456
Profit from associated undertakings accounted for under the equity method		0	18	136
Other operating income		60	57	183
Total operating income		2,981	3,041	12,083
Operating expenses				
General administrative expenses:				
Staff costs ¹		-711	-792	-2,930
Other expenses	5	-446	-454	-1,856
Depreciation, amortisation and impairment charges of tangible and intangible assets		-39	-42	-203
Total operating expenses		-1,196	-1,288	-4,989
Profit before loan losses		1,785	1,753	7,094
Net loan losses	6	-371	-176	-958
Operating profit		1,414	1,577	6,136
Income tax expense ¹		-392	-453	-1,696
Profit or loss		1,022	1,124	4,440
Attributable to:				
Shareholders of Nordea Bank Norge ASA		1,022	1,122	4,440
Non-controlling interests		0	2	0
Total		1,022	1,124	4,440
Basic/diluted earnings per share, NOK		1.85	2.04	8.05

¹ Figures for 2012 are restated, see Note 1 Accounting policies for further detail

Statements of comprehensive income

NOKm	Q1 2013	Q1 2012	Full year 2012
Net profit for the period¹	1,022	1,124	4,440
Currency translation differences during the period	-3	-2	0
Available-for-sale investments:			
Valuation gains/losses taken to equity	26	84	106
Tax on valuation gains/losses during the period	-7	-23	-30
Transferred to profit or loss on sale for the period	4	-4	0
Tax on transfers to profit or loss on sale for the period	-1	1	0
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans ¹	0	0	1,067
Tax on remeasurement of defined benefit plans ¹	0	0	-299
Other comprehensive income, net of tax	19	56	844
Total comprehensive income	1,041	1,180	5,284
Attributable to:			
Shareholder of Nordea Bank Norge ASA	1,041	1,178	5,284
Non-controlling interests	0	2	0
Total	1,041	1,180	5,284

¹ Figures for 2012 are restated, see Note 1 Accounting policies for further detail

Balance sheets

NOKm	Note	31 Mar 2013	31 Dec 2012	31 Mar 2012
Assets				
Cash and balances with central banks		6,524	3,836	5,502
Loans to central banks and credit institutions	7	12,875	17,798	17,975
Loans to the public	7	460,625	455,990	467,401
Interest-bearing securities		76,912	89,326	81,618
Financial instruments pledged as collateral		83	1,917	0
Shares		556	493	693
Derivatives	12	3,128	1,466	1,746
Fair value changes of the hedged items in portfolio hedge of interest rate risk		721	764	576
Investments in associated undertakings		1,413	1,413	1,295
Intangible assets		393	411	468
Property and equipment		301	298	311
Investment property		131	132	0
Deferred tax assets ¹		247	336	616
Current tax assets		44	43	0
Other assets		6,139	4,691	3,684
Prepaid expenses and accrued income		3,049	2,951	3,012
Total assets		573,141	581,865	584,897
Liabilities				
Deposits by credit institutions		227,464	228,997	242,111
Deposits and borrowings from the public		216,925	218,952	228,702
Debt securities in issue		68,651	65,793	59,104
Derivatives	12	1,674	2,075	2,695
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,093	1,123	555
Current tax liabilities		1,974	1,731	471
Other liabilities		4,931	14,904	6,764
Accrued expenses and prepaid income		3705	2,512	3,366
Provisions		284	317	484
Retirement benefit obligations ¹		1,355	1,673	2,683
Subordinated liabilities		8,128	7,879	9,120
Total liabilities		536,184	545,956	556,055
Equity				
Non-controlling interests		0	0	5
Share capital		4,411	4,411	3,860
Share premium reserve		3,402	3,402	953
Other reserves ¹		866	844	58
Retained earnings ¹		28,278	27,252	23,966
Total equity		36,957	35,909	28,842
Total liabilities and equity		573,141	581,865	584,897
Assets pledged as security for own liabilities		164,878	151,513	142,850
Contingent liabilities		1,789	1,801	1,643
Commitments		106,544	102,481	101,797

¹ Figures for 2012 are restated, see Note 1 Accounting policies for further detail

Statement of changes in equity

NOKm	Share capital ¹	Share pre- mium account	Other reserves		Retained earnings	Non-controlling interests	Total equity
			Available- for-sale	Defined benefit plans ³			
Opening balance at 1 Jan 2013	4,411	3,402	76	768	27,252	0	35,909
Total comprehensive income			22		1,019		1,041
Share-based payments ²					5		5
Other changes					2		2
Closing balance at 31 Mar 2013	4,411	3,402	98	768	28,278	0	36,957

NOKm	Share capital ¹	Share pre- mium account	Other reserves		Retained earnings	Non-controlling interests	Total equity
			Available- for-sale	Defined benefit plans ³			
Reported Opening balance at 1 Jan 2012	3,860	953	0	0	25,590	9	30,412
Restatement due to changed accounting policy ³					-1,144		-1,144
Restated opening balance at 1 Jan 2012	3,860	953	0	0	24,446	9	29,268
Total comprehensive income ³			76	768	4,440		5,284
Increase of share capital and premium reserve	551	2,449					3,000
Share-based payments ²					13		13
Dividend for 2011					-1,600	-6	-1,606
Step-up purchase of Privatmegleren AS ⁴					-47	-3	-50
Closing balance at 31 Dec 2012	4,411	3,402	76	768	27,252	0	35,909

NOKm	Share capital ¹	Share pre- mium account	Other reserves		Retained earnings	Non-controlling interests	Total equity
			Available- for-sale	Defined benefit plans ³			
Reported Opening balance at 1 Jan 2012	3,860	953	0	0	25,590	9	30,412
Restatement due to changed accounting policy ³					-1,144		-1,144
Restated opening balance at 1 Jan 2012	3,860	953	0	0	24,446	9	29,268
Total comprehensive income ³			58		1,120	2	1,180
Share-based payments ²					1		1
Dividend for 2011					-1,600	-6	-1,606
Other changes					-1		-1
Closing balance at 31 Mar 2012	3,860	953	58	0	23,966	5	28,842

¹Total shares registered were 551m (31 Dec 2012: 551m, 31 Mar 2012: 551m).

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

³ Related to the amended IAS 19. See Note 1 for more information.

⁴ Refers to increase in investment in Privatmegleren AS from 67% to 100% ownership.

Cash flow statement

NOKm	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Operating activities			
Operating profit	1,414	1,577	6,116
Adjustments for items not included in cash flow	1,302	983	820
Income taxes paid	-66	-105	-207
Cash flow from operating activities before changes in operating assets and liabilities	2,650	2,455	6,729
Changes in operating assets and liabilities	-4,573	-3,068	-7,008
Cash flow from operating activities	-1,923	-613	-279
Investing activities			
Acquisition of property and equipment	-25	0	-79
Sale of property and equipment	24	0	0
Acquisition of Intangible assets	-2	1	76
Sale of intangible assets	1	-26	-71
Sale of other financial fixed assets	13	-2	-3
Cash flow from investing activities	11	-27	-77
Financing activities			
Other changes in equity	-312	52	-57
Issued/amortised subordinated liabilities	249	-275	-1,107
Increase in par value and share premium	0	0	3,000
Dividend paid	0	-1,600	-1,600
Cash flow from financing activities	-63	-1,823	236
Cash flow for the period	-1,975	-2,463	-120
Cash and cash equivalents at beginning of period	16,793	16,940	16,940
Translation difference	8	-12	-27
Cash and cash equivalents at end of period	14,826	14,465	16,793
Change	-1,975	-2,463	-120
Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (NOKm):	2013	2012	2012
Cash and balances with central banks	6,524	5,502	3,836
Loans to credit institutions, payable on demand	8,302	8,963	12,957

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

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

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

Notes to the financial statements

Note 1 - Accounting policies

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

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

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 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 impact on the measurement of assets or liabilities. The additional disclosures required by IFRS 13 on a quarterly basis are presented in Note 9 Fair value of financial assets and liabilities and Note 10 Financial assets and liabilities measured at fair value on the balance sheet.

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. There was no impact from the amendment to IAS 32, while the additional disclosures required by IFRS 7 are presented in Note 11 Financial instruments set off on balance or subject to master netting agreements.

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 1 Accounting policies section 3 Changes in IFRSs not yet applied by Nordea. The comparative figures have been restated accordingly and are disclosed in the below tables. The impact on the first quarter 2013 is not significant.

	Q1 2012		Full year 2012	
	New policy	Old policy	New policy	Old policy
NOKm				
Staff costs	792	799	2,930	2,982
Income tax expense	453	451	1,696	1,681
Other comprehensive income, net of tax	56	56	844	76

	31 Dec 2012		31 Mar 2012		1 Jan 2012	
	New policy	Old policy	New policy	Old policy	New policy	Old policy
NOKm						
Net retirement benefit obligations	1,673	1,204	2,683	1,102	2,676	1,087
Net deferred tax assets	336	206	616	174	714	269
Other comprehensive income, net of tax	844	76	56	56	0	0
Retained earnings	27,252	28,359	23,966	25,105	24,446	25,590

At transition 1 January 2013 the negative impact on equity was NOK 339m after deduction of income tax and the core tier 1 capital was reduced by NOK 469m, including the impact from changes in deferred tax assets.

Changes in IFRS not yet applied by Nordea

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. It is not expected that the new standards will have a significant impact on the capital adequacy.

Exchange rates

	Jan-Mar 2013	Full year 2012	Jan-Mar 2012
EUR 1 = NOK	2013	2012	2012
Income statement (average)	7.4323	7.4756	7.5874
Balance sheet (at end of period)	7.5120	7.3483	7.6040

USD 1 = NOK

Income statement (average)	5.6331	5.8186	5.7899
Balance sheet (at end of period)	5.8665	5.5694	5.6933

SEK 1 = NOK

Income statement (average)	0.8751	0.8590	0.8570
Balance sheet (at end of period)	0.8991	0.8563	0.8597

DKK 1 = NOK

Income statement (average)	0.9964	1.0043	1.0205
Balance sheet (at end of period)	1.0076	0.9849	1.0221

Note 2 - Segment reporting¹

	Wholesale Banking																Total Group			
	Retail Banking NO		CIB Total		Shipping, Offshore & Oil Services		Other Wholesale ³		Group Corporate Centre		Other segments ⁴		Total Operating segments		Reconcilia- tion ^{2,3}					
	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
Total operat- ing income, NOKm	2,118	1,912	471	620	340	413	161	138	641	391	-143	-102	3,588	3,372	-607	-331	2,981	3,041		
Operating profit, NOKm	978	772	77	496	234	255	23	-27	586	331	-96	-79	1,802	1,748	-388	-171	1,414	1,577		
Loans to the public, NOKbn	377	377	33	36	47	52	4	2	0	0	0	0	461	467	0	0	461	467		
Deposits and borrowings from the pub- lic, NOKbn	162	164	43	48	12	17	0	0	0	0	0	0	217	229	0	0	217	229		

Reconciliation between total operating segments and financial statements

	Total operating income, NOKm ^{1,3,4}		Operating profit, NOKm ^{1,3,4}		Loans to the public, NOKbn		Deposits and borrowings from the public, NOKbn	
	2013	2012	2013	2012	2013	2012	2013	2012
Total Operating segments	3,588	3,372	1,802	1,748	461	467	217	229
Reconciliation ²	-267	208	-244	187	0	0	0	0
Eliminations	-37	-40	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets	-303	-499	-144	-358	0	0	0	0
Total	2,981	3,041	1,414	1,577	461	467	217	229

¹ Segment reporting has been changed as a consequence of organisational changes throughout Q1 2013. Comparative information has been restated accordingly.

² Consists of Group Executive Management, Group Internal Audit, Group Risk Management, Group Human Resources, Group Identity and Communications, Sundry units incl Eksportfinans, eliminations and allocations related to Markets as per footnote 3 below.

³ In the segment reporting the results from Markets¹ and Savings and Assets Management operations are allocated to the operating segments as if they were the counterparts in the customer transactions. In the financial statements the results are recognised where the legal agreements with the customers have been established.

⁴ Other segments consists of Wealth Management and Group Operations (GO). In the reporting results, net interest income, net commission income and other income/expenses are presented after allocations from other operating segments for services received or rendered from Wealth and GO as if they were the counterparts in the transactions. In the financial statements the results are recognised where the legal agreements with the customer are established. This practice is also used within Transaction Products which is reported within Other Wholesale.

Note 2 - Segment reporting¹ cont.

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 (GEM)

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

Compared with the 2012 Annual Report there have been no changes in the measurement of segment profit or loss.

Changes in basis of segmentation

Nordea's organisation is developed around the three main business areas Retail Banking, Wholesale Banking and Wealth Management and around the business unit Group Operations (GO). The separate divisions within these main business areas and business unit have been identified as operating segments. Also Group Corporate Centre has been identified as an operating segment.

Financial results are presented for the two main business areas Retail Banking and Wholesale Banking, with further breakdown on operating segments, and for 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.

Reportable Operating segments

Retail Banking conducts a full service banking operation. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic market. Customers within Retail Banking are offered a complete range of banking products and services including account products, transaction products, market products and insurance products. Wholesale banking provides banking and other financial solutions to large nordic and international corporate, institutional and public companies. Corporate & Institutional Banking is a customer oriented division serving the largest globally operating corporates. The division Shipping Offshore & Oil Services is responsible for Nordea's customers within the shipping, offshore and oil services industries. Nordea provides tailor-made solutions and syndicated loan transactions within this area. The segment Wealth Management is responsible for delivering savings, products and services in private banking, institutional asset management and large corporate pension customers. The division GO supports the Group in realizing greater efficiencies and governs Nordea Finance. The segment Group Corporate Center is responsible for strategy, the finance function and obtaining funding for the Group.

Note 3 - Net fee and commission income

NOKm	Q1 2013	Q1 2012	Full year 2012
Asset management commissions	3	16	78
Life insurance	18	17	68
Brokerage, securities issues and corporate finance	101	114	458
Custody and issuer services	45	48	203
Deposits	15	14	79
Total savings and investments	182	209	886
Payments	94	93	373
Cards	187	191	815
Total payment and cards	281	284	1,188
Lending	212	224	928
Guarantees and documentary payments	20	19	75
Total lending related to commissions	232	243	1,003
Other commission income	22	21	99
Fee and commission income	717	757	3,176
Savings and investments	-32	-32	-126
Payments	-51	-53	-254
Cards	-72	-83	-335
Lending	-1	-1	-2
Other commission expenses	-11	-14	-47
Fee and commission expense	-167	-183	-764
Net fee and commission income	550	574	2,412

Note 4 - Net result from items at fair value

NOKm	Q1 2013	Q1 2012	Full year 2012
Shares/participations and other share-related instruments	40	7	6
Interest-bearing securities and other interest-related instruments	99	18	302
Foreign exchange gains/losses	30	62	141
Investment properties	2	0	7
Total	171	87	456

Note 5 - Other expenses

NOKm	Q1 2013	Q1 2012	Full year 2012
Information technology	144	139	587
Marketing and representation	36	28	148
Postage, transportation, telephone and office expenses	49	56	208
Rents, premises and real estate expenses	97	105	420
Other	120	126	493
Total	446	454	1,856

Note 6 - Net loan losses

NOKm	Q1 2013	Q1 2012	Full year 2012
Loan losses divided by class			
Loans to credit institutions	0	0	0
Loans to the public	-371	-174	-950
- of which provisions	-436	-256	-1,112
- of which write-offs	-111	-130	-884
- of which allowances used for covering write-offs	95	110	691
- of which reversals	71	91	305
- of which recoveries	10	11	50
Off-balance sheet items	0	-2	-8
- of which provisions	0	-5	-26
- of which reversals	0	3	18
Total	-371	-176	-958

Key ratios

	Q1 2013	Q1 2012	Full year 2012
Loan loss ratio, basis points ¹	31	14	19
- of which individual	21	5	17
- of which collective	10	9	2

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

Note 7 - Loans and impairment

NOKm	Total		
	31 Mar 2013	31 Dec 2012	31 Mar 2012
Loans, not impaired	470,909	471,124	483,685
Impaired loans	4,966	4,746	3,734
– Performing	1,556	1,308	1,498
– Non-performing	3,410	3,438	2,236
Loans before allowances	475,875	475,870	487,419
Allowances for individually assessed impaired loans	-1,850	-1,677	-1,644
– Performing	-516	-411	-494
– Non-performing	-1,334	-1,266	-1,150
Allowances for collectively assessed impaired loans	-525	-405	-399
Allowances	-2,375	-2,082	-2,043
Loans, carrying amount	473,500	473,788	485,376

NOKm	Central banks and credit institutions			The public		
	31 Mar 2013	31 Dec 2012	31 Mar 2012	31 Mar 2013	31 Dec 2012	31 Mar 2012
Loans, not impaired	12,875	17,798	17,975	458,034	453,326	465,710
Impaired loans	0	0	0	4,966	4,746	3,734
– Performing	0	0	0	1,556	1,308	1,498
– Non-performing	0	0	0	3,410	3,438	2,236
Loans before allowances	12,875	17,798	17,975	463,000	458,072	469,444
Allowances for individually assessed impaired loans	0	0	0	-1850	-1677	-1644
– Performing	0	0	0	-516	-411	-494
– Non-performing	0	0	0	-1,334	-1,266	-1,150
Allowances for collectively assessed impaired loans	0	0	0	-525	-405	-399
Allowances	0	0	0	-2,375	-2,082	-2,043
Loans, carrying amount	12,875	17,798	17,975	460,625	455,990	467,401

Allowances and provisions

NOKm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Allowances for items in the balance sheet	-2,375	-2,082	-2,043
Provisions for off balance sheet items	-17	-17	-16
Total allowances and provisions	-2,392	-2,099	-2,059

Key ratios

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Impairment rate, gross ¹ , basis points	104	100	77
Impairment rate, net ² , basis points	65	64	43
Total allowance rate ³ , basis points	50	44	42
Allowances in relation to impaired loans ⁴ , %	37	35	44
Total allowances in relation to impaired loans ⁵ , %	48	44	55
Non-performing, not impaired ⁶ , NOKm	654	691	1,620

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

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

³ Total allowances divided by total loans before allowances.

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

⁵ Total allowances divided by total impaired loans before allowances.

⁶ The comparative figures regarding non-performing, not impaired have been restated to align with group policy.

Note 8 - Classification of financial instruments

	Financial assets at fair value through profit or loss								
	Loans and receivables	Held to maturity	Held for trading	Desig- nated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non- financial assets	Total	
NOKm									
Assets									
Cash and balances with central banks	6,524							6,524	
Loans to central banks and credit institutions	12,498			377				12,875	
Loans to the public	456,878		816	2,931				460,625	
Interest-bearing securities		6,899	47,230	3		22,780		76,912	
Financial instruments pledged as collateral			83					83	
Shares			449	55		52		556	
Derivatives			995		2,133			3,128	
Fair value changes of the hedged items in portfolio hedge of interest rate risk	721							721	
Investments in associated undertakings							1,413	1,413	
Intangible assets							393	393	
Property and equipment							301	301	
Investment property							131	131	
Deferred tax assets							247	247	
Current tax assets							44	44	
Other assets	5,804						335	6,139	
Prepaid expenses and accrued income	2,813		200				36	3,049	
Total 31 Mar 2013	485,238	6,899	49,773	3,366	2,133	22,832	2,900	573,141	
Total 31 Dec 2012	481,057	6,912	51,967	2,661	1,217	35,406	2,645	581,865	
Total 31 Mar 2012	492,646	9,441	47,579	4,722	945	26,783	2,781	584,897	

	Financial liabilities at fair value through profit or loss					
	Held for trading	Desig- nated at fair value through profit or loss	Derivatives used for hedging	Other finan- cial liabilities	Non- financial liabilities	Total
NOKm						
Liabilities						
Deposits by credit institutions	353	454		226,657		227,464
Deposits and borrowings from the public				216,925		216,925
Debt securities in issue				68,651		68,651
Derivatives	559		1,115			1,674
Fair value changes of the hedged items in portfolio hedge of interest rate risk				1,093		1,093
Current tax liabilities					1,974	1,974
Other liabilities	596			3,910	425	4,931
Accrued expenses and prepaid income	244			2,584	877	3,705
Provisions					284	284
Retirement benefit obligations					1,355	1,355
Subordinated liabilities				8,128		8,128
Total 31 Mar 2013	1,752	454	1,115	527,948	4,915	536,184
Total 31 Dec 2012	3,409	985	1,347	535,515	4,700	545,956
Total 31 Mar 2012	2,550	8,629	852	539,514	4,510	556,055

Note 9 - Fair value of financial assets and liabilities

NOKm	31 Mar 2013	
	Carrying amount	Fair value
Financial Assets		
Cash and balances with central banks	6,524	6,524
Loans to central banks and credit institutions	12,875	12,875
Loans to the public	460,625	460,625
Interest-bearing securities	76,912	76,963
Financial instruments pledged as collateral	83	83
Shares	556	556
Derivatives	3,128	3,128
Fair value changes of the hedged items in portfolio hedge of interest rate risk	721	721
Investments in associated undertakings	1,413	1,413
Intangible assets	393	393
Property and equipment	301	301
Investment property	131	131
Deferred tax assets	247	247
Current tax assets	44	44
Other assets	6,139	6,139
Prepaid expenses and accrued income	3,049	3,049
Total	573,141	573,192
	Carrying amount	Fair value
Financial Liabilities		
Deposits by credit institutions	227,464	229,648
Deposits and borrowings from the public	216,925	216,925
Debt securities in issue	68,651	68,651
Derivatives	1,674	1,674
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,093	1,093
Current tax liabilities	1,974	1,974
Other liabilities	4,931	4,931
Accrued expenses and prepaid income	3,705	3,705
Provisions	284	284
Retirement benefit obligations	1,355	1,355
Subordinated liabilities	8,128	8,123
Total	536,184	538,363

The determination of fair value is described in the annual report 2012, Note 40 Assets and liabilities at fair value.

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

Categorisation into the fair value hierarchy

NOKm	31 Mar 2013		
	Quoted prices in active markets for same instrument (Level 1)	Valuation technique us- ing observable data (Level 2)	Valuation technique using non-observable data (Level 3)
Financial Assets¹			
Loans to central banks and credit institutions		377	
Loans to the public		3,747	
Debt securities ²	37,218	32,833	
Shares ³	493		107
Derivatives	4	3,124	
Other assets			
Prepaid expenses and accrued income		200	
Financial Liabilities¹			
Deposits by credit institutions		807	
Deposits and borrowings from the public			
Derivatives	5	1,669	
Other liabilities		596	
Accrued expenses and prepaid income		244	

¹ Are measured at fair value on a recurring basis at the end of each reporting period.

² Of which NOK 70,013m in Interest-bearing securities (the portion held at fair value in Note 8 Classification of financial instruments). NOK 39m relates to the balance sheet item Financial instruments pledged as collateral.

Financial assets and liabilities with offsetting positions in markets risk and counterparty risk are measured on the basis of the price that would be received to sell the net asset position or paid to transfer the net liability position for that risk exposure. For more information about valuation techniques and inputs used in the fair value measurement, see the annual report 2012, Note 40 Asset and liabilities at fair value.

Transfers between level 1 and 2

The following table shows transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value. 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 quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

31 Mar 2013, NOKm	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Assets		
Debt securities	3,702	8,345

The above financial assets and liabilities were transferred from level 1 to level 2 as they ceased to be actively traded during the year and fair values were consequently obtained using valuation techniques using observable market inputs.

Note 10 - Financial assets and liabilities measured at fair value on the balance sheet cont.

Movements in level 3

The following table shows a reconciliation of the opening and closing carrying amount of level 3 financial assets and liabilities recognised at fair value.

31 Mar 2013, NOKm	1 jan 2013	Purchases	Sales	31 Mar 2013
Assets				
Shares	124	1	-18	107

Unrealised gains/losses related to those assets and liabilities held at the end of the reporting period. Transfers between categories are measured at the end of the reporting period. Fair value gains/losses in the income statement during the year are included in "Net results from items at fair value".

During the year NBN Group had no transfers from level 1 and level 2 to level 3 of the fair value hierarchy.

Sensitivity of level 3 financial instruments

31 Mar 2013, NOKm	Carrying amount	Effect of reasonably possible alternative assumptions	
		Favourable	Unfavourable
Assets			
Shares	107	0	0

In order to calculate the effect on level 3, fair values from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed.

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

	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			Net amount
			Financial instruments	Financial collateral received	Cash collateral received	
31 March 2013, NOKm	Gross recognised financial assets ¹⁾					
Assets						
Derivatives	3,107	0	3,107	-1,141	0	-757
Reverse repurchase agreements	816	0	816	0	-816	0
Securities borrowing agreements	3,308	0	3,308	0	-3,308	0
Loans	0	0	0	0	0	0
Variation margin	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	7,231	0	7,231	-1,141	-4,124	-757

31 March 2013, NOKm	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			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	1,320	0	1,320	-1,141	0	-179	0
Repurchase agreements	352	0	352	0	-352	0	0
Securities lending agreements	443	0	443	0	-443	0	0
Deposits	0	0	0	0	0	0	0
Variation margin	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	2,115	0	2,115	-1,141	-795	-179	0

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 March 2012, NOKm	Gross recognised financial assets ¹⁾	Gross recognised 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	1,665	0	1,665	-1,150	0	-406	109
Reverse repurchase agreements	694	0	694	0	-694	0	0
Securities borrowing agreements	1,571	0	1,571	0	-1,571	0	0
Loans	0	0	0	0	0	0	0
Variation margin	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	3,930	0	3,930	-1,150	-2,265	-406	109

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

31 March 2012, NOKm	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			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	2,095	0	2,095	-1,150	0	-289	656
Repurchase agreements	0	0	0	0	0	0	0
Securities lending agreements	620	0	620	0	-620	0	0
Deposits	0	0	0	0	0	0	0
Variation margin	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	2,715	0	2,715	-1,150	-620	-289	656

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 NOKm	31 Mar 2013		31 Dec 2012		31 Mar 2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	119	268	194	377	262	646
Equity derivatives	16	7	7	3	37	34
Foreign exchange derivatives	860	284	48	348	485	1,146
Other derivatives	0	0	0	0	17	17
Total	995	559	249	728	801	1,843

Derivatives used for hedging						
Interest rate derivatives	1,327	1,111	1,203	1,284	631	852
Foreign exchange derivatives	806	4	14	63	314	0
Total	2,133	1,115	1,217	1,347	945	852

Total fair value						
Interest rate derivatives	1,446	1,379	1,397	1,661	893	1,498
Equity derivatives	16	7	7	3	37	34
Foreign exchange derivatives	1,666	288	62	411	799	1,146
Other derivatives	0	0	0	0	17	17
Total	3,128	1,674	1,466	2,075	1,746	2,695

Nominal amount	31 Mar	31 Dec	31 Mar
NOKm	2013	2012	2012
Derivatives held for trading			
Interest rate derivatives	203,505	190,511	362,454
Equity derivatives	466	396	1,100
Foreign exchange derivatives	108,544	122,645	120,417
Other derivatives	0	0	200
Total	312,515	313,552	484,171

Derivatives used for hedging						
Interest rate derivatives	87,473		91,836		62,558	
Foreign exchange derivatives	16,759		18,430		17,070	
Total	104,232		110,266		79,628	

Total nominal amount						
Interest rate derivatives	290,978		282,347		425,012	
Equity derivatives	466		396		1,100	
Foreign exchange derivatives	125,303		141,075		137,487	
Other derivatives	0		0		200	
Total	416,747		423,818		563,799	

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

	31 Mar 2013	31 Dec 2012	31 Mar 2012
NOKm			
Core tier 1 capital ¹	33 713	33 774	26 444
Tier 1 capital ¹	38 615	38 589	31 294
Capital base ¹	41 276	40 771	34 880

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

	31 Mar 2013	31 Mar 2013	31 Dec 2012	31 Dec 2012	31 Mar 2012	31 Mar 2012
Capital requirement						
NOKm	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA
Credit risk	16,416	205,199	16,664	208,297	18,705	233,806
IRB	15,033	187,907	15,177	189,716	17,012	212,656
– of which corporate	12,710	158,874	12,413	155,166	12,985	162,310
– of which institutions	386	4,821	442	5,523	545	6,817
– of which retail	1,821	22,767	2,201	27,520	3,385	42,315
of which retail SME	115	1,433	127	1,589	104	1,299
of which retail real estate	1,229	15,359	1,473	18,417	2,492	31,151
of which retail other	478	5,975	601	7,514	789	9,865
– of which other	116	1,445	121	1,507	97	1,214
Standardised	1,383	17,292	1,487	18,581	1,693	21,150
– of which sovereign	17	215	30	372	22	270
– of which retail	517	6,462	498	6,226	461	5,760
– of which other	849	10,615	959	11,983	1,210	15,120
Market risk	154	1,929	172	2,153	259	3,240
– of which trading book, Internal Approach	79	983	59	735	94	1,175
– of which trading book, Standardised Approach	76	946	113	1,418	165	2,065
Operational risk	1,677	20,957	1,690	21,125	1,690	21,125
Standardised	1,677	20,957	1,690	21,125	1,690	21,125
Sub total	18,247	228,085	18,526	231,575	20,654	258,171
Adjustment for transition rules						
Additional capital requirement according to transition rules	7,094	88,674	6,625	82,815	5,810	72,623
Total	25,341	316,759	25,151	314,390	26,464	330,794

Capital ratio excl. transition rules

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core tier 1 capital ratio ¹ , %	14.8	14.6	10.2
Tier 1 capital ratio ¹ , %	16.9	16.7	12.1
Capital base ratio ¹ , %	18.1	17.6	13.5

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

Capital ratio incl. transition rules

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core tier 1 capital ratio ¹ , %	10.6	10.7	8.0
Tier 1 capital ratio ¹ , %	12.2	12.3	9.5
Capital base ratio ¹ , %	13.0	13.0	10.5

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

Analysis of capital requirements

Exposure class, 31 Mar 2013	Average risk weight (%)	Capital requirement (NOKm)
Corporate IRB	57	12,710
Institutions IRB	11	386
Retail IRB	10	1,821
Sovereign	0	17
Other	33	1,482
Total credit risk	32	16,416

Note 14 - Risks and uncertainties

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

Nordea's main risk exposure is credit risk. The Group also assumes risks such as market risk, liquidity risk and operational risk. For further information on risk composition, see the Annual Report 2012.

The financial crisis and the deteriorating macroeconomic situation have not had a material impact on Nordea's financial position. However, the macroeconomic development remains uncertain, as communicated on page 3.

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

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

Nordea Bank Norge ASA

Income statement

NOKm	Q1 2013	Q1 2012	Full year 2012
Operating income			
Interest income	3,735	4,240	16,573
Interest expense	-2,105	-2,281	-9,439
Net interest income	1,630	1,959	7,134
Fee and commission income	672	715	3,003
Fee and commission expense	-165	-181	-756
Net fee and commission income	507	534	2,247
Net result from items at fair value	168	85	460
Dividends and group contributions	0	12	312
Other operating income	70	70	256
Total operating income	2,375	2,660	10,409
Operating expenses			
General administrative expenses:			
Staff costs ¹	-675	-757	-2,784
Other expenses	-421	-433	-1,779
Depreciation of tangible and intangible assets	-38	-40	-197
Total operating expenses	-1,134	-1,230	-4,760
Profit before loan losses	1,241	1,430	5,649
Net loan losses	-356	-157	-833
Operating profit	885	1,273	4,816
Income tax expense ¹	-244	-370	-1,357
Net profit for the period	641	903	3,459

¹ Restated 2012 to the amended IAS 19. See Note 1 Accounting policies for more information.

Nordea Bank Norge ASA

Balance sheet

NOKm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Assets			
Cash and balances with central banks	6,521	3,836	5,492
Loans to central banks and credit institutions	51,774	55,519	51,203
Loans to the public	325,027	324,054	350,020
Interest-bearing securities	98,122	110,536	102,628
Financial instruments pledged as collateral	83	1,917	0
Shares	556	493	693
Derivatives	3,343	1,790	1,895
Fair value changes of the hedged items in portfolio hedge of interest rate risk	398	411	186
Investments in group undertakings	4,646	4,646	2,845
Investments in associated undertakings	417	417	417
Intangible assets	341	358	412
Property and equipment	300	297	309
Investment Property	27	28	0
Deferred tax assets ¹	578	669	944
Current tax assets	44	43	0
Other assets	6,089	4,657	3,578
Prepaid expenses and accrued income	2,150	2,143	2,135
Total assets	500,416	511,814	522,757
Liabilities			
Deposits by credit institutions	227,519	229,002	242,137
Deposits and borrowings from the public	216,930	218,972	228,715
Debt securities in issue	1,999	2,000	2,103
Derivatives	3,585	3,029	3,282
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1	2	4
Current tax liabilities	1,538	1,375	340
Other liabilities	4,768	14,960	6,911
Accrued expenses and prepaid income	2,421	1,388	2,119
Provisions	274	305	472
Retirement benefit obligations ¹	1,326	1,639	2,635
Subordinated liabilities	8,128	7,879	9,120
Total liabilities	468,489	480,551	497,838
Equity			
Share capital	4,411	4,411	3,860
Share premium account	3,402	3,402	953
Other reserves ¹	852	831	58
Retained earnings ¹	23,262	22,619	20,048
Total equity	31,927	31,263	24,919
Total liabilities and equity	500,416	511,814	522,757
Assets pledged as security for own liabilities	73,184	62,683	67,118
Contingent liabilities	1,789	1,801	1,643
Commitments	106,544	102,481	101,797

¹ Figures for 2012 are restated, see Note 1 Accounting policies for further detail

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