

Interim Report 2nd 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 900 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Key financial figures¹

Income statements

	Q2	Q1	Change	Q2	Change	Jan-Jun	Jan-Jun	Change
NOKm	2013	2013	%	2012	%	2013	2012	%
Net interest income	2,317	2,200	5	2,266	2	4,517	4,571	-1
Net fee and commission income	641	550	17	596	8	1,191	1,170	2
Net result from items at fair value	187	171	9	74	153	358	161	122
Profit from the companies accounted for under the equity method	0	0		97		0	115	
Other operating income	30	60		54		90	111	
Total operating income	3,175	2,981	7	3,087	3	6,156	6,128	0
Staff costs ⁴	-701	-711	-1	-722	-3	-1,412	-1,514	-7
Other expenses	-457	-446	2	-450	2	-903	-904	0
Depreciation, amortisation and impairment charges of tangible and intangible assets	-37	-39	-5	-47	-21	-76	-89	-15
Total operating expenses	-1,195	-1,196	0	-1,219	-2	-2,391	-2,507	-5
Profit before loan losses	1,980	1,785	11	1,868	6	3,765	3,621	4
Net loan losses	-268	-371		-273		-639	-449	
Operating profit	1,712	1,414	21	1,595	7	3,126	3,172	-1
Income tax expense ⁴	-483	-392	23	-419	15	-875	-872	0
Net profit for the period	1,229	1,022	20	1,176	5	2,251	2,300	-2

Business volumes, key items¹

	30 Jun	31 Mar	Change	30 Jun	Change
NOKbn	2013	2013	%	2012	%
Loans to the public	460.3	460.6	0	474.9	-3
Deposits and borrowings from the public	218.2	216.9	1	216.6	1
of which savings deposits	86.2	88.3	-2	85.4	1
Equity ⁴	38.1	37.0	3	29.9	27
Total assets ⁴	578.0	573.1	1	612.1	-6

Ratios and key figures

	Q2	Q1	Q2	Jan-Jun	Jan-Jun
	2013	2013	2012	2013	2012
EPS, rolling 12 months up to period end ⁴	8.0	7.9	7.4	8.0	7.4
Equity per share ^{2,4} , NOK	69.07	67.03	54.31	69.07	54.31
Shares outstanding ² , million	551	551	551	551	551
Return on equity ⁴ , %	13.1	11.2	16.0	12.2	15.7
Cost/income ratio ⁴ , %	38	40	39	39	41
Loan loss ratio, basis points	23	31	22	27	18
Core Tier 1 capital ratio, excluding transition rules ^{2,3} %	15.1	14.8	10.2	15.1	10.2
Tier 1 capital ratio, excluding transition rules ^{2,3} , %	17.2	16.9	12.1	17.2	12.1
Total capital ratio, excluding transition rules ^{2,3} , %	18.5	18.1	13.5	18.5	13.5
Core Tier 1 capital ratio including transition rules ^{2,3} %	10.8	10.6	7.8	10.8	7.8
Tier 1 capital ratio, including transition rules ^{2,3} , %	12.3	12.2	9.3	12.3	9.3
Total capital ratio, including transition rules ^{2,3} , %	13.2	13.0	10.4	13.2	10.4
Tier 1 capital ^{2,3} , NOKm	38,949	38,615	31,169	38,949	31,169
Risk-weighted assets excluding transition rules ² , NOKbn	226	228	257	226	257
Number of employees (full-time equivalents)²	2,862	2,863	2,872	2,862	2,872

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

² End of period.

³ Excluding profit for the six first months.

⁴ Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, 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

Throughout this report the term “NBN” refers to Nordea Bank Norge ASA and its subsidiaries. The term “Nordea” refers to Nordea Bank AB (publ) and its subsidiaries. Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ), the parent company in the Nordea Group.

The second quarter has been characterised by an increase in financial market volatility and a general increase in core yields. The main drivers have been uncertainty related to the effect of the massive liquidity injections provided by Bank of Japan together with speculations about whether the US Federal Reserve will begin to reduce its asset purchase program. Despite the European Central Bank’s cut of its main refinancing rate to 0.5% in May, 2-year yields in core countries have still risen as European banks have continued to repay liquidity related to the long-term refinancing operation (LTRO).

Macroeconomic trend

The general economic outlook extended the trend of gradual improvement. Economic data in the US showed improvements, particularly in the service sector, while the unemployment rate rose marginally towards the end of the quarter, driven by increases in labour participation, which are fundamentally positive. In the Euro area, real GDP contracted by 0.2% in the first quarter of 2013. Output has declined for six consecutive quarters and the labour market remains very weak with Euro-zone unemployment at an all-time high of 12.2%. However, recent sentiment surveys have shown some improvement from low levels.

The Nordic economies have shown continued robustness, although with persisting internal divergences between countries. The Swedish and Norwegian economies extended the developments with positive growth, however manufacturing sentiment and retail sales over the quarter were more mixed. The Danish economy remains more affected by the European recession, but notably grew marginally in the first quarter. Also, the Danish housing market showed stabilisation with housing prices rising. Finland experienced economic contraction and rising unemployment in line with the Eurozone and continued the relative underperformance to Sweden and Norway.

Financial market development

The development in financial markets was characterised by increased volatility. The positive sentiment from the first quarter extended into the second quarter with equities rising both in the US, Europe and particularly in Japan in April and May. Also credit-spread tightening continued and core yields fell initially in the quarter. Towards the end of May, risk aversion in financial markets became more pronounced.

This was driven by uncertainty related to Bank of Japan’s new liquidity stimulus and expectations that the US Federal Reserve will begin to reduce its asset purchase program causing core yields to rise and resulted in significant setbacks in risky assets, including equities. Peripheral interest rates initially continued lower and demonstrated robustness through the political turmoil. Peripheral markets were however hit by increased market uncertainty and rising core yields which reversed some of the recent performance towards the end of the quarter.

Business development

Total operating income remained at high levels despite net interest income being negatively affected by payments of bank deposit guarantee fees to the Norwegian Bank’s Guarantee Fund (BSF).

NBN’s operating expenses are stable compared to last quarter, and reduced by 5% 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 Q2 annualised Return On Equity (ROE) of 13.1%.

In Retail Banking the number of externally acquired Gold and Premium customers increased by 46% compared to the first quarter and amounted to 2,600 in the quarter. The increase was supported by an increased number of meetings. A mortgage lending campaign was initiated early in the quarter and contributes to increasing growth in mortgage lending. During the quarter, margin effects from the earlier communicated increase in household mortgage interest rates were implemented to counterweigh increased underlying costs of capital. Risk-weighted assets were down compared to the first quarter.

Customer activity in Corporate Institutional Banking (CIB) increased from a subdued first quarter, driven by higher demand for event-driven business and capital markets products. However, the large Nordic corporate and institutional customers remained affected by the continued challenging economic environment.

In Shipping, overall customer activity was moderate in the quarter, with the demand for bond issuance remaining solid. 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.

Second quarter 2013 Income

Total income climbed 7% from the previous quarter to NOK 3,175m.

Net interest income

Net interest income increased 5% compared to the previous quarter to NOK 2,317m. The growth has been driven by higher spreads, increased deposit volumes and one additional day compared to the previous period.

Lending to the public was stable while deposits from the public rose 1% from previous quarter to NOK 218bn.

Corporate lending

Corporate lending volumes were relatively stable with a slight fall in CIB and Shipping, offset mainly by a rise in Retail corporate volumes the last three months. Corporate lending spreads are up in CIB and Retail, while Shipping experienced a slight decrease.

Household lending

Household lending volume was stable while product mix changed. Spreads were increased over the last three months to counterweigh underlying cost of capital increases.

Corporate and household deposits

Total deposits from the public grew 1% to NOK 218bn compared to the previous quarter. Increases to deposit volumes are driven by vacation pay for Household customers and further increases in Retail corporate, partially offset by a fall in deposits from Energy customers in CIB. The average deposit volumes in CIB decreased to a much lesser effect. Deposit spreads have increased in all areas with the exception of Household. Deposits remain a fierce point of competition.

Net fee and commission income

Net fee and commission income increased 17%, ending at NOK 641m. Second quarter has been a successful quarter with strong results from CIB driven by syndicated loans and Markets fixed income, advisory and equity sales, whereas first quarter was a relatively slow quarter with reduced market activity.

Net result from items at fair value

Net result on items at fair value climbed 9% compared to prior quarter to NOK 187m. The main driver of the increase was foreign exchange gains from customer driven activities in Markets and Retail Banking along with positive effects from Treasury. Increases in interest related instruments were driven by Treasury, while equity related gains dropped from high one-time effects last quarter.

Equity method

Net result for companies accounted for using the equity method remained stable netting NOK 0m, which mainly relates to the 23.21% holding in Eksportfinans ASA. This is driven by a continued slight decrease in 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 decreased to NOK 30m, compared to NOK 60m in the previous quarter.

Expenses

Total expenses were stable compared to the previous quarter at NOK 1,195m, and down 2% compared to the second quarter last year. Staff costs fell 1% to NOK 701m. Other expenses increased 2% compared to last quarter, driven by IT consulting costs and rental costs.

The number of employees (FTEs) is stable at 2,862 compared to the previous quarter and reduced by 2% compared to the same quarter one year ago.

The cost/income ratio amounts to 38%, improved from 40% last quarter.

Net loan losses

Net loan losses for the second quarter this year were NOK 268m, of which net collective reversal amounted to NOK 25m. Loan loss provisions were mainly within CIB. The annualised loan loss ratio was 23 basis points in the second quarter, compared to 31 basis points in the prior quarter. Individual net loan losses amounted to 25 basis points annualised and net collective reversal amounted to -2 basis points annualised this quarter.

Overall credit quality is solid with strongly rated customers for both corporate and retail portfolios.

Taxes

The effective tax rate for the first quarter was 28.2% compared to 27.7% in the previous quarter and 26.3% in the second quarter last year.

Net profit

Net profit increased to NOK 1,229m, up 20% compared to the previous quarter and 5% compared to the second quarter last year. Return on equity for the period annualised was 13.1 %, continued high levels despite the capital increase in Q4 2012.

January – June 2013

Total income was stable compared to the first half year of 2012, and up 2% when adjusted for the bank deposit guarantee fees. Total operating expenses were down 5% compared to the same period last year. Profit before loan losses was up 4% and 7% when adjusted for the bank deposit guarantee fee.

Income

Net interest income decreased 1% compared to the first half last year, and increased 1% when adjusted for the bank deposit guarantee fee paid. Corporate lending volumes have fallen, partially offset by increased Household lending. All areas except Shipping have higher deposit volumes

compared to one year ago. All lending spreads have risen, while all deposit spreads have fallen compared to the first half last year.

Net fee and commission income increased by 2%, and the net result from items at fair value increased by 122% compared to the first half last year mainly driven by positive effects from the bond portfolio in Markets and Treasury.

Expenses

Total expenses were reduced 5% compared to the first half of 2012. The reduction in staff costs of 7% is in line with NBN Strategy.

Net loan losses

Net loan loss provisions rose to NOK 639m, mainly from CIB, corresponding to a loan loss ratio of 27 basis points.

Net profit

Net profit was down 2% to NOK 2,251m, mainly due to higher losses and BSF fees. Adjusted for BSF fees net profit would have been up 1%.

Other information

Credit portfolio

Total lending to the public was stable at NOK 460bn compared to the previous quarter and fell 3% compared to one year ago.

Impaired loans gross, on balance, have been reduced by 21% in the last three months and ended at NOK 3,910m. 28% of impaired loans gross are performing loans and 72% are non-performing loans. Impaired loans net, after individually assessed allowances for impaired loans, amounted to NOK 2,173 corresponding to 45 basis points of total loans at the end of the quarter.

The total allowance ratio decreased to 46 basis points compared to 50 basis points at the end of the first quarter. The industries with the largest provisions were Telecommunication operators, Shipping & offshore and Real estate.

Balance Sheets

Total assets in the balance sheet increased 1% compared to previous quarter and declined 6% compared to one year ago. The main driver of change compared to the previous quarter is increased loans to credit institutions and reduced levels of interest bearing securities held in Treasury as part of NBN's liquidity buffer management. The current levels of interest-bearing securities are well above target level and reinvestments have been lower than maturing amounts at period end. Compared to the same period last year, further decreases related to loans to credit institutions, which fluctuate as part of liquidity management. Further decline was driven by reduced Corporate lending volumes partially offset by increased Household lending.

Total liabilities have increased, compared to prior quarter related to other liabilities, driven by security settlements. Compared to one year ago, the main driver for reduced liabilities is deposits by credit institutions, of which the counterpart is mainly within Nordea, partially offset by increased deposits from the public due to seasonal effects, and increased debt securities issues as part of NBN's covered bond program.

Capital position and risk-weighted assets

At the end of the second quarter, NBN's risk-weighted assets (RWA) were NOK 226bn excluding transition rules, down 1.0% compared to the previous quarter and down 12.1% compared to one year ago, when RWA were NOK 257bn. Compared to the previous quarter the change in RWA was mainly related to exposures calculated under the internal rating based approach. There was a decreased RWA in the corporate portfolio which was offset by an increase in the institutions portfolio. RWA including transition rules amounted to NOK 316bn at the end of the second quarter.

The core tier 1 capital ratio excl. transition rules were 15.1%. The tier 1 capital ratio and the total capital ratio excl. transition rules were 17.2% respectively 18.5%. The capital base of NOK 42bn exceeds the capital requirements excl. transition rules by NOK 24bn. The tier 1 capital of NOK 39bn exceeds the capital requirements excl. transitions rules by NOK 21bn. 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 8.2bn and bought back approximately NOK 6.4bn of covered bonds during the first half year. For further information on liquidity management see the NBAB Group Q2 2013 report.

Quarterly development

NOKm	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Jan-Jun 2013	Jan-Jun 2012
Net interest income	2,317	2,200	2,184	2,141	2,266	4,517	4,571
Net fee and commission income	641	550	646	596	596	1,191	1,170
Net result from items at fair value	187	171	174	121	74	358	161
Profit from companies accounted for under equity method	0	0	30	-9	97	0	115
Other operating income	30	60	30	42	54	90	111
Total operating income	3,175	2,981	3,064	2,891	3,087	6,156	6,128
General administrative expenses:							
Staff costs ¹	-701	-711	-741	-675	-722	-1,412	-1,514
Other expenses	-457	-446	-506	-446	-450	-903	-904
Depreciation, amortisation and impairment charges of tangible and intangible assets	-37	-39	-73	-41	-47	-76	-89
Total operating expenses	-1,195	-1,196	-1,320	-1,162	-1,219	-2,391	-2,507
Profit before loan losses	1,980	1,785	1,744	1,729	1,868	3,765	3,621
Net loan losses	-268	-371	-403	-106	-273	-639	-449
Operating profit	1,712	1,414	1,341	1,623	1,595	3,126	3,172
Income tax expense ¹	-483	-392	-355	-469	-419	-875	-872
Net profit for the period	1,229	1,022	986	1,154	1,176	2,251	2,300
Basic/diluted Earnings per share (EPS), NOK	2.23	1.85	1.79	2.09	2.13	4.08	4.17
EPS, rolling 12 months up to period end, NOK	7.96	7.87	8.05	8.05	7.40	7.96	7.40

¹ Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

Income statements

NOKm	Note	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Operating income						
Interest income		4,833	5,044	9,551	10,074	20,072
Interest expense		-2,516	-2,778	-5,034	-5,503	-11,176
Net interest income		2,317	2,266	4,517	4,571	8,896
Fee and commission income ¹		931	864	1,648	1,640	3,360
Fee and commission expense ¹		-290	-268	-457	-470	-948
Net fee and commission income	3	641	596	1,191	1,170	2,412
Net result from items at fair value	4	187	74	358	161	456
Profit from associated undertakings accounted for under the equity method		0	97	0	115	136
Other operating income		30	54	90	111	183
Total operating income		3,175	3,087	6,156	6,128	12,083
Operating expenses						
General administrative expenses:						
Staff costs ²		-701	-722	-1,412	-1,514	-2,930
Other expenses	5	-457	-450	-903	-904	-1,856
Depreciation, amortisation and impairment charges of tangible and intangible assets		-37	-47	-76	-89	-203
Total operating expenses		-1,195	-1,219	-2,391	-2,507	-4,989
Profit before loan losses		1,980	1,868	3,765	3,621	7,094
Net loan losses	6	-268	-273	-639	-449	-958
Operating profit		1,712	1,595	3,126	3,172	6,136
Income tax expense ²		-483	-419	-875	-872	-1,696
Net profit for the period		1,229	1,176	2,251	2,300	4,440
Attributable to:						
Shareholders of Nordea Bank Norge ASA		1,229	1,178	2,251	2,300	4,440
Non-controlling interests		0	-2	0	0	0
Total		1,229	1,176	2,251	2,300	4,440
Basic/diluted earnings per share, NOK		2.23	2.13	4.08	4.17	8.05

¹ Restated, see Note 1 Accounting policies for further details.

² Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

Statements of comprehensive income

NOKm	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Net profit for the period¹	1,229	1,176	2,251	2,300	4,440
Currency translation differences during the period	1	0	-2	-2	0
Valuation gains/losses taken to equity	-156	-45	-130	39	106
Tax on valuation gains/losses during the period	44	12	36	-11	-30
Transferred to profit or loss on sale for the period	0	10	4	6	0
Tax on transfers to profit or loss on sale for the period	0	-3	-1	-2	0
Cash flow hedges:					
Valuation gains/losses during the period	10	0	10	0	0
Tax on valuation gains/losses during the period	-3	0	-3	0	0
Items that may not be reclassified subsequently to the income statement					
Defined benefit plans:					
Remeasurement of defined benefit plans ¹	0	0	0	0	1,067
Tax on remeasurement of defined benefit plans ¹	0	0	0	0	-299
Other comprehensive income, net of tax	-104	-26	-86	30	844
Total comprehensive income	1,125	1,150	2,165	2,330	5,284
Attributable to:					
Shareholder of Nordea Bank Norge ASA	1,125	1,152	2,165	2,330	5,284
Non-controlling interests	0	-2	0	0	0
Total	1,125	1,150	2,165	2,330	5,284

¹ Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

Balance sheets

NOKm	Note	30 Jun 2013	31 Dec 2012	30 Jun 2012
Assets				
Cash and balances with central banks		5,427	3,836	550
Loans to central banks and credit institutions	7	21,095	17,798	37,602
Loans to the public	7	460,331	455,990	474,909
Interest-bearing securities		72,398	89,326	85,064
Financial instruments pledged as collateral		393	1,917	0
Shares		245	493	569
Derivatives	12	5,571	1,466	2,547
Fair value changes of the hedged items in portfolio hedge of interest rate risk		512	764	656
Investments in associated undertakings		1,413	1,413	1,392
Intangible assets		386	411	472
Property and equipment		294	298	317
Investment property		125	132	89
Deferred tax assets ¹		0	336	667
Current tax assets		36	43	0
Other assets		7,059	4,691	4,443
Prepaid expenses and accrued income		2,681	2,951	2,846
Total assets		577,966	581,865	612,123
Liabilities				
Deposits by credit institutions		223,266	228,997	276,002
Deposits and borrowings from the public		218,194	218,952	216,607
Debt securities in issue		69,879	65,793	61,812
Derivatives	12	1,265	2,075	2,021
Fair value changes of the hedged items in portfolio hedge of interest rate risk		788	1,123	847
Current tax liabilities		894	1,731	943
Other liabilities		11,129	14,904	7,863
Accrued expenses and prepaid income		3,640	2,512	3,619
Deferred tax liabilities		983	0	0
Provisions		290	317	451
Retirement benefit obligations ¹		1,291	1,673	2,660
Subordinated liabilities		8,263	7,879	9,353
Total liabilities		539,882	545,956	582,178
Equity				
Share capital		4,411	4,411	3,860
Share premium reserve		3,402	3,402	953
Other reserves ¹		761	844	32
Retained earnings ¹		29,510	27,252	25,100
Total equity		38,084	35,909	29,945
Total liabilities and equity		577,966	581,865	612,123
Assets pledged as security for own liabilities		152,977	151,513	154,556
Contingent liabilities		1,784	1,801	1,647
Commitments		111,334	102,481	96,162

¹ Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

Statements of changes in equity

NOKm	Other reserves						Non-control- ling interests	Total equity
	Share capital ¹	Share pre- mium reserve	Cash flow hedges	Available- for-sale	Defined benefit plans ³	Retained earnings		
Opening balance at 1 Jan 2013	4,411	3,402	0	76	768	27,252	0	35,909
Total comprehensive income			7	-90		2,248		2,165
Share-based payments ²						9		9
Other changes						1		1
Closing balance at 30 Jun 2013	4,411	3,402	7	-14	768	29,510	0	38,084

NOKm	Other reserves						Non-control- ling interests	Total equity
	Share capital ¹	Share pre- mium reserve	Cash flow hedges	Available- for-sale	Defined benefit plans ³	Retained earnings		
Reported Opening balance at 1 Jan 2012	3,860	953	0	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	0	24,446	9	29,268
Total comprehensive income			0	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	0	76	768	27,252	0	35,909

NOKm	Other reserves						Non-control- ling interests	Total equity
	Share capital ¹	Share pre- mium reserve	Cash flow hedges	Available- for-sale	Defined benefit plans ³	Retained earnings		
Reported Opening balance at 1 Jan 2012	3,860	953	0	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	0	24,446	9	29,268
Total comprehensive income ³				32		2,298		2,330
Share-based payments ²						3		3
Dividend for 2011						-1,600	-6	-1,606
Other changes						-47	-3	-50
Closing balance at 30 Jun 2012	3,860	953	0	32	0	25,100	0	29,945

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

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

³ Related to the amended IAS 19 for 2012. See Note 1 Accounting policies for more information.

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

Cash flow statements

NOKm	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Operating activities			
Operating profit	3,126	3,172	6,136
Adjustments for items not included in cash flow	1,760	1,499	800
Income taxes paid	-347	-64	-207
Cash flow from operating activities before changes in operating assets and liabilities	4,539	4,607	6,729
Changes in operating assets and liabilities	-1,284	-9,834	-7,008
Cash flow from operating activities	3,255	-5,227	-279
Investing activities			
Acquisition of property and equipment	-40	-56	-79
Sale of property and equipment	45	36	0
Acquisition of Intangible assets	-9	-58	76
Sale of intangible assets	0	-3	-71
Sale of other financial fixed assets	615	0	-3
Cash flow from investing activities	611	-81	-77
Financing activities			
Other changes in equity	-413	-12	-57
Issued/amortised subordinated liabilities	385	-41	-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	-28	-1,653	236
Cash flow for the period	3,838	-6,961	-120
Cash and cash equivalents at beginning of period	16,793	16,940	16,940
Translation difference	-48	-2	-27
Cash and cash equivalents at end of period	20,583	9,977	16,793
Change	3,838	-6,961	-120
Cash and cash equivalents	30 Jun	30 Jun	31 Dec
The following items are included in cash and cash equivalents (NOKm):	2013	2012	2012
Cash and balances with central banks	5,427	550	3,836
Loans to credit institutions, payable on demand	15,156	9,427	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 and classification of dividend receivables on securities lending 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 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 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 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.

NBN Group

	Q2 2012		Jan-Jun 2012		Full year 2012	
	New	Old	New	Old	New	Old
Income statement						
NOKm	policy	policy	policy	policy	policy	policy
Staff costs	722	752	1,514	1,551	2,930	2,982
Income tax expense	419	410	872	861	1,696	1,681
Other comprehensive income, net of tax	-26	-26	30	30	844	76

	31 Dec 2012		30 Jun 2012		1 Jan 2012	
	New	Old	New	Old	New	Old
Balance sheets						
NOKm	policy	policy	policy	policy	policy	policy
Net retirement benefit obligations	1,673	1,204	2,660	1,108	2,676	1,087
Net deferred tax assets	336	206	667	233	714	269
Other comprehensive income, net of tax	844	76	30	30	0	0
Retained earnings	27,252	28,359	25,100	26,218	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.

Classification of dividend receivables on securities lending

The classification of dividend receivables on securities lending within "Net fee and commission income" has been changed to align with Nordea Group policy. Dividend receivables have been reclassified from "Savings and investments" to "Brokerage, securities issues and corporate finance". The comparable figures have been restated accordingly and are disclosed in the table below.

NBN Group	Q2 2012		Jan-Jun 2012		Full year 2012	
	New	Old	New	Old	New	Old
NOKm	policy	policy	policy	policy	policy	policy
Fee and commission income	864	789	1,640	1,546	3,360	3,176
Fee and commission expense	-268	-193	-470	-376	-948	-764
Net fee and commission income	596	596	1,170	1,170	2,412	2,412

Exchange rates

	Jan-Jun 2013	Jan-Dec 2012	Jan-Jun 2012
EUR 1 = NOK			
Income statement (average)	7.4813	7.4756	7.5740
Balance sheet (at end of period)	7.8845	7.3483	7.5330

USD 1 = NOK			
Income statement (average)	5.7313	5.8186	5.8424
Balance sheet (at end of period)	6.0279	5.5694	5.9833

SEK 1 = NOK			
Income statement (average)	0.8820	0.8590	0.8528
Balance sheet (at end of period)	0.8983	0.8563	0.8587

DKK 1 = NOK			
Income statement (average)	1.0088	1.0043	1.0187
Balance sheet (at end of period)	1.0571	0.9849	1.0134

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- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	Jan- Jun	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Total operat- ing income, NOKm	4,346	3,934	1,077	1,149	688	768	394	333	1,370	978	-268	-215	7,607	6,947	-1,451	-819	6,156	6,128
Operating profit, NOKm	2,227	1,635	244	769	461	440	123	17	1,260	869	-182	-172	4,133	3,558	-1,007	-386	3,126	3,172
Loans to the public, NOKbn	381	383	33	35	44	54	2	3	0	0	0	0	460	475	0	0	460	475
Deposits and borrowings from the pub- lic, NOKbn	167	164	40	37	11	16	0	0	0	0	0	0	218	217	0	0	218	217

Reconciliation between total operating segments and financial statements

	Total operating income, NOKm ^{3,4}		Operating profit, NOKm ^{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	7,607	6,947	4,133	3,558	460	475	218	217
Reconciliation ²	-579	177	-541	252	0	0	0	0
Eliminations	-89	-78	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets ³	-783	-918	-466	-638	0	0	0	0
Total	6,156	6,128	3,126	3,172	460	475	218	217

¹ Segment reporting has been changed as a consequence of organisational changes throughout 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 Markets' and Savings and Assets Management operations are allocated to the operating segments as if they were the counterparts in the customer transactions. In the financial statements the results are recognised where the legal agreements with the customers have been established.

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.

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	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Asset management commissions	18	3	16	21	32	78
Life insurance	18	18	17	36	34	68
Brokerage, securities issues and corporate finance ¹	204	101	193	305	326	642
Custody and issuer services	49	45	54	94	102	203
Deposits	19	15	16	34	30	79
Total savings and investments	308	182	296	490	524	1,070
Payments	95	94	93	189	186	373
Cards	208	187	202	395	393	815
Total payment and cards	303	281	295	584	579	1,188
Lending	277	212	230	489	454	928
Guarantees and documentary payments	20	20	19	40	38	75
Total lending related to commissions	297	232	249	529	492	1,003
Other commission income	23	22	24	45	45	99
Fee and commission income	931	717	864	1,648	1,640	3,360
Savings and investments ¹	-124	-32	-108	-156	-159	-310
Payments	-71	-51	-63	-122	-116	-254
Cards	-87	-72	-83	-159	-166	-335
Lending	0	-1	-1	-1	-2	-2
Other commission expenses	-8	-11	-13	-19	-27	-47
Fee and commission expense	-290	-167	-268	-457	-470	-948
Net fee and commission income	641	550	596	1,191	1,170	2,412

¹ Restated, see Note 1 Accounting policies for further details.

Note 4 - Net result from items at fair value

NOKm	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Shares/participations and other share-related instruments	11	40	-2	51	5	6
Interest-bearing securities and other interest-related instruments	110	99	62	209	80	302
Other financial instruments		0	0			0
Foreign exchange gains/losses	63	30	14	93	76	141
Investment properties	3	2	0	5	0	7
Total	187	171	74	358	161	456

Note 5 - Other expenses

NOKm	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Information technology	-154	-144	-141	-298	-280	-587
Marketing and representation	-33	-36	-40	-69	-68	-148
Postage, transportation, telephone and office expenses	-49	-49	-55	-98	-111	-208
Rents, premises and real estate expenses	-105	-97	-107	-202	-212	-420
Other	-116	-120	-107	-236	-233	-493
Total	-457	-446	-450	-903	-904	-1,856

Note 6 - Net loan losses

NOKm	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Loan losses divided by class						
Loans to credit institutions	0	0	0	0	0	0
Loans to the public	-256	-371	-259	-627	-433	-950
- of which provisions	-417	-436	-259	-853	-515	-1,112
- of which write-offs	-352	-111	-222	-463	-352	-884
- of which allowances used for covering write-offs	291	95	137	386	247	691
- of which reversals	217	71	79	288	170	305
- of which recoveries	5	10	6	15	17	50
Off-balance sheet items	-12	0	-14	-12	-16	-8
- of which provisions	-12	0	-16	-12	-21	-26
- of which reversals	0	0	2	0	5	18
Total	-268	-371	-273	-639	-449	-958

Key ratios

	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Loan loss ratio, basis points ¹	23	31	22	27	18	19
- of which individual	25	21	21	23	13	17
- of which collective	-2	10	1	4	5	2

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

Note 7 - Loans and impairment

NOKm	Total			
	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
Loans, not impaired	479,753	470,909	471,124	510,900
Impaired loans	3,910	4,966	4,746	3,733
- Performing	1,077	1,556	1,308	1,161
- Non-performing	2,833	3,410	3,438	2,572
Loans before allowances	483,663	475,875	475,870	514,633
Allowances for individually assessed impaired loans	-1,737	-1,850	-1,677	-1,721
- Performing	-301	-516	-411	-509
- Non-performing	-1,436	-1,334	-1,266	-1,212
Allowances for collectively assessed impaired loans	-500	-525	-405	-401
Allowances	-2,237	-2,375	-2,082	-2,122
Loans, carrying amount	481,426	473,500	473,788	512,511

NOKm	Central banks and credit institutions				The public			
	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
Loans, not impaired	21,095	12,875	17,798	37,602	458,658	458,034	453,326	473,298
Impaired loans	0	0	0	0	3,910	4,966	4,746	3,733
- Performing	0	0	0	0	1,077	1,556	1,308	1,161
- Non-performing	0	0	0	0	2,833	3,410	3,438	2,572
Loans before allowances	21,095	12,875	17,798	37,602	462,568	463,000	458,072	477,031
Allowances for individually assessed impaired loans	0	0	0	0	-1,737	-1,850	-1,677	-1,721
- Performing	0	0	0	0	-301	-516	-411	-509
- Non-performing	0	0	0	0	-1,436	-1,334	-1,266	-1,212
Allowances for collectively assessed impaired loans	0	0	0	0	-500	-525	-405	-401
Allowances	0	0	0	0	-2,237	-2,375	-2,082	-2,122
Loans, carrying amount	21,095	12,875	17,798	37,602	460,331	460,625	455,990	474,909

Allowances and provisions

NOKm	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
Allowances for items in the balance sheet	-2,237	-2,375	-2,082	-2,122
Provisions for off balance sheet items	-28	-17	-17	-26
Total allowances and provisions	-2,265	-2,392	-2,099	-2,148

Key ratios

	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
Impairment rate, gross ¹ , basis points	81	104	100	73
Impairment rate, net ² , basis points	45	65	64	39
Total allowance rate ³ , basis points	46	50	44	41
Allowances in relation to impaired loans	44	37	35	46
Total allowances in relation to impaired loans	57	48	44	57
Non-performing, not impaired	657	654	691	256

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

NOKm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss		Derivatives used for hedging	Available for sale	Non-financial assets	Total
			Held for trading	Designated at fair value through profit or loss				
Assets								
Cash and balances with central banks	5,427							5,427
Loans to central banks and credit institutions	19,033		1,845	217				21,095
Loans to the public	457,453		574	2,304				460,331
Interest-bearing securities		6,298	38,320	1		27,779		72,398
Financial instruments pledged as collateral			393					393
Shares			217			28		245
Derivatives			3,341		2,230			5,571
Fair value changes of the hedged items in portfolio hedge of interest rate risk	512							512
Investments in associated undertakings							1,413	1,413
Intangible assets							386	386
Property and equipment							294	294
Investment property							125	125
Current tax assets							36	36
Other assets	6,538						521	7,059
Prepaid expenses and accrued income	2,445		195				41	2,681
Total 30 Jun 2013	491,408	6,298	44,885	2,522	2,230	27,807	2,816	577,966

Total 31 Dec 2012	481,057	6,912	51,967	2,661	1,217	35,406	2,645	581,865
Total 30 Jun 2012	511,652	7,487	52,045	7,405	1,774	28,737	3,023	612,123

	Financial liabilities at fair value through profit or loss					
	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non- financial liabilities	Total
NOKm						
Liabilities						
Deposits by credit institutions	1,025	350		221,891		223,266
Deposits and borrowings from the public				218,194		218,194
Debt securities in issue				69,879		69,879
Derivatives	175		1,090			1,265
Fair value changes of the hedged items in portfolio hedge of interest rate risk				788		788
Current tax liabilities					894	894
Other liabilities	2,142			5,658	3,329	11,129
Accrued expenses and prepaid income	246			2,538	856	3,640
Deferred tax liabilities					983	983
Provisions					290	290
Retirement benefit obligations					1,291	1,291
Subordinated liabilities				8,263		8,263
Total 30 Jun 2013	3,588	350	1,090	527,211	7,643	539,882
Total 31 Dec 2012	3,409	985	1,347	535,515	4,700	545,956
Total 30 Jun 2012	2,668	5,549	1,014	568,018	4,929	582,178

Note 9 - Fair value of financial assets and liabilities

NOKm	30 Jun 2013	
	Carrying amount	Fair value
Financial Assets		
Cash and balances with central banks	5,427	5,427
Loans to central banks and credit institutions	21,095	21,095
Loans to the public	460,331	460,331
Interest-bearing securities	72,398	72,448
Financial instruments pledged as collateral	393	393
Shares	245	245
Derivatives	5,571	5,571
Fair value changes of the hedged items in portfolio hedge of interest rate risk	512	512
Investments in associated undertakings	1,413	1,413
Intangible assets	386	386
Property and equipment	294	294
Investment property	125	125
Deferred tax assets	0	0
Current tax assets	36	36
Other assets	7,059	7,059
Prepaid expenses and accrued income	2,681	2,681
Total	577,966	578,016
	Carrying amount	Fair value
Financial Liabilities		
Deposits by credit institutions	223,266	226,007
Deposits and borrowings from the public	218,194	218,194
Debt securities in issue	69,879	69,896
Derivatives	1,265	1,265
Fair value changes of the hedged items in portfolio hedge of interest rate risk	788	788
Current tax liabilities	894	894
Other liabilities	11,129	11,129
Accrued expenses and prepaid income	3,640	3,640
Deferred tax liabilities	983	983
Provisions	290	290
Retirement benefit obligations	1,291	1,291
Subordinated liabilities	8,263	8,250
Total	539,882	542,627

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

	30 Jun 2013		
	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)
NOKm			
Financial Assets¹			
Loans to central banks and credit institutions		2,063	
Loans to the public		2,878	
Interest-bearing securities ²	35,651	30,744	
Shares ³	206		137
Derivatives		5,571	
Other assets			
Prepaid expenses and accrued income		195	
Financial Liabilities¹			
Deposits by credit institutions		1,375	
Deposits and borrowings from the public			
Derivatives		1,265	
Other liabilities		2,142	
Accrued expenses and prepaid income		246	

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

²Of which NOK 66,099m in Interest-bearing securities (the portion held at fair value in Note 8 Classification of financial instruments). NOK 295m relates to the balance sheet item Financial instruments pledged as collateral.

³NOK 98m 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 transfers from level 1 to level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs.

30 Jun 2013, NOKm	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Assets		
Debt securities	1,359	

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.

30 Jun 2013, NOKm	1 Jan 2013	Unrealised fair value gains/losses recorded in the income statement	Purchases	Sales	30 Jun 2013
Assets					
Shares	124	14	1	-2	137

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

30 Jun 2013, NOKm	Carrying amount	Effect of reasonably possible alternative assumptions	
		Favourable	Unfavourable
Assets			
Shares	137	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.

The method used to calculate the effect is described in the annual report 2012, Note 40 Assets and liabilities at fair value.

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

30 Jun 2013, NOKm	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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	5,462	0	5,462	-785	0	-1,215	3,462
Reverse repurchase agreements	2,420	0	2,420	0	-2,420	0	0
Securities borrowing agreements	2,520	0	2,520	0	-2,520	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	10,402	0	10,402	-785	-4,940	-1,215	3,462

30 Jun 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	954	0	954	-785	0	-169	0
Repurchase agreements	1,025	0	1,025	0	-1,025	0	0
Securities lending agreements	336	0	336	0	-336	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	2,315	0	2,315	-785	-1,361	-169	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 institutions or as Deposits and borrowings from the public.

30 Jun 2012, NOKm	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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	2,475	0	2,475	-1,154	0	-889	432
Reverse repurchase agreements	1,893	0	1,893	0	-1,893	0	0
Securities borrowing agreements	3,418	0	3,418	0	-3,418	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	7,786	0	7,786	-1,154	-5,311	-889	432

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

30 Jun 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	1,510	0	1,510	-1,154	0	-173	183
Repurchase agreements	0	0	0	0	0	0	0
Securities lending agreements	416	0	416	0	-416	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	1,926	0	1,926	-1,154	-416	-173	183

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 institutions 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	30 Jun 2013		31 Dec 2012		30 Jun 2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	289	128	194	377	321	486
Equity derivatives	29	11	7	3	57	9
Foreign exchange derivatives	3,023	36	48	348	396	512
Other derivatives	0	0	0	0	0	0
Total	3,341	175	249	728	774	1,007

Derivatives used for hedging						
Interest rate derivatives	921	1,090	1,203	1,284	566	1,014
Foreign exchange derivatives	1,309	0	14	63	1,207	0
Total	2,230	1,090	1,217	1,347	1,773	1,014

Total fair value						
Interest rate derivatives	1,210	1,218	1,397	1,661	887	1,500
Equity derivatives	29	11	7	3	57	9
Foreign exchange derivatives	4,332	36	62	411	1,603	512
Other derivatives	0	0	0	0	0	0
Total	5,571	1,265	1,466	2,075	2,547	2,021

Nominal amount NOKm	30 Jun 2013	31 Dec 2012	30 Jun 2012
Derivatives held for trading			
Interest rate derivatives	122,744	190,511	114,949
Equity derivatives	401	396	2,475
Foreign exchange derivatives	106,036	122,645	114,091
Other derivatives	0	0	200
Total	229,181	313,552	231,715

Derivatives used for hedging			
Interest rate derivatives	90,887	91,836	31,794
Foreign exchange derivatives	16,765	18,430	0
Total	107,652	110,266	31,794

Total nominal amount			
Interest rate derivatives	213,631	282,347	146,743
Equity derivatives	401	396	2,475
Foreign exchange derivatives	122,801	141,075	114,091
Other derivatives	0	0	200
Total	336,833	423,818	263,509

Note 13 - Capital adequacy

Capital base

	30 Jun 2013	31 Dec 2012	30 Jun 2012
NOKm			
Core tier 1 capital ¹	34,001	33,774	26,235
Tier 1 capital ¹	38,949	38,589	31,169
Capital base¹	41,695	40,771	34,785

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

	30 Jun 2013	30 Jun 2013	31 Dec 2012	31 Dec 2012	30 Jun 2012	30 Jun 2012
Capital requirement						
NOKm	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA
Credit risk	16,257	203,208	16,664	208,297	18,676	233,455
IRB	14,830	185,379	15,177	189,716	16,665	208,312
- of which corporate	12,342	154,272	12,413	155,166	13,022	162,780
- of which institutions	521	6,516	442	5,523	483	6,032
- of which retail	1,830	22,876	2,201	27,520	3,054	38,172
of which retail SME	122	1,527	127	1,589	103	1,286
of which retail real estate	1,206	15,078	1,473	18,417	2,276	28,446
of which retail other	502	6,271	601	7,514	675	8,440
- of which other	137	1,715	121	1,507	106	1,328
Standardised	1,426	17,829	1,487	18,581	2,011	25,143
- of which sovereign	14	173	30	372	24	303
- of which retail	534	6,669	498	6,226	472	5,898
- of which other	879	10,987	959	11,983	1,515	18,942
Market risk	130	1,628	172	2,153	191	2,382
- of which trading book, Internal Approach	73	911	59	735	60	748
- of which trading book, Standardised Approach	57	717	113	1,418	131	1,634
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	18,063	225,793	18,526	231,575	20,557	256,962
Adjustment for transition rules						
Additional capital requirement according to transition rules	7,234	90,428	6,625	82,815	6,247	78,085
Total	25,298	316,221	25,151	314,390	26,804	335,047

Capital ratio excl. transition rules

	30 Jun 2013	31 Dec 2012	30 Jun 2012
Core tier 1 capital ratio ¹ , %	15.1	14.6	10.2
Tier 1 capital ratio ¹ , %	17.2	16.7	12.1
Capital base ratio¹, %	18.5	17.6	13.5

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

Capital ratio incl. transition rules

	30 Jun 2013	31 Dec 2012	30 Jun 2012
Core tier 1 capital ratio ¹ , %	10.8	10.7	7.8
Tier 1 capital ratio ¹ , %	12.3	12.3	9.3
Capital base ratio¹, %	13.2	13.0	10.4

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

Analysis of capital requirements

Exposure class, 30 Jun 2013	Average risk weight (%)	Capital requirement (NOKm)
Corporate IRB	56	12,342
Institutions IRB	14	521
Retail IRB	10	1,830
Sovereign	0	14
Other	32	1,550
Total credit risk	31	16,257

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.

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.

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.

Note 15 - Related-party transactions

During May 2013 Nordea Bank Norge ASA increased its ownership in the teleinstallation company Relacom (Relacom Management AB) from 43.36% to 48.04% through a debt conversion.

The company is an associated company accounted for under the equity method, and a related party to Nordea.

Nordea Bank Norge ASA

Income statement

NOKm	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Operating income					
Interest income	3,779	4,151	7,514	8,391	16,573
Interest expense	-2,099	-2,349	-4,204	-4,630	-9,439
Net interest income	1,680	1,802	3,310	3,761	7,134
Fee and commission income	885	823	1,557	1,557	3,187
Fee and commission expense	-287	-267	-452	-467	-940
Net fee and commission income	598	556	1,105	1,090	2,247
Net result from items at fair value	161	83	329	168	460
Dividends and group contributions	14	300	14	312	312
Other operating income	54	61	124	131	256
Total operating income	2,507	2,802	4,882	5,462	10,409
Operating expenses					
General administrative expenses:					
Staff costs ¹	-664	-682	-1,339	-1,439	-2,784
Other expenses	-444	-427	-865	-860	-1,779
Depreciation of tangible and intangible assets	-36	-46	-74	-86	-197
Total operating expenses	-1,144	-1,155	-2,278	-2,385	-4,760
Profit before loan losses	1,363	1,647	2,604	3,077	5,649
Net loan losses	-254	-177	-610	-334	-833
Operating profit	1,109	1,470	1,994	2,743	4,816
Income tax expense ¹	-311	-411	-555	-781	-1,357
Net profit for the period	798	1,059	1,439	1,962	3,459

¹ Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

Nordea Bank Norge ASA

Balance sheet

NOKm	30 Jun 2013	31 Dec 2012	30 Jun 2012
Assets			
Cash and balances with central banks	5,423	3,836	550
Loans to central banks and credit institutions	58,649	55,519	71,493
Loans to the public	326,101	324,054	355,008
Interest-bearing securities	93,608	110,536	106,044
Financial instruments pledged as collateral	393	1,917	0
Shares	245	493	569
Derivatives	5,998	1,790	2,713
Fair value changes of the hedged items in portfolio hedge of interest rate risk	404	411	278
Investments in group undertakings	4,739	4,646	2,896
Investments in associated undertakings	417	417	417
Intangible assets	334	358	418
Property and equipment	293	297	305
Investment Property	19	28	0
Deferred tax assets ¹	0	669	890
Current tax assets	36	43	0
Other assets	7,012	4,657	4,598
Prepaid expenses and accrued income	1,746	2,143	1,940
Total assets	505,417	511,814	548,119
Liabilities			
Deposits by credit institutions	223,382	229,002	276,050
Deposits and borrowings from the public	218,304	218,972	216,632
Debt securities in issue	2,848	2,000	2,003
Derivatives	3,402	3,029	3,446
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-49	2	0
Current tax liabilities	551	1,375	729
Other liabilities	11,095	14,960	8,178
Accrued expenses and prepaid income	2,752	1,388	2,723
Deferred tax liability	679	0	0
Provisions	280	305	440
Retirement benefit obligations ¹	1,260	1,639	2,609
Subordinated liabilities	8,263	7,879	9,353
Total liabilities	472,767	480,551	522,163
Equity			
Share capital	4,411	4,411	3,860
Share premium account	3,402	3,402	953
Other reserves ¹	774	831	32
Retained earnings ¹	24,063	22,619	21,111
Total equity	32,650	31,263	25,956
Total liabilities and equity	505,417	511,814	548,119
Assets pledged as security for own liabilities	61,998	62,683	76,402
Contingent liabilities	5,622	5,618	5,444
Commitments	118,742	110,870	176,432

¹ Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

Statement by the Chief Executive Officer and the Board of Directors

The Chief Executive Officer and the Board of Directors have today considered and approved the consolidated interim report of Nordea Bank Norge ASA as at 30 June 2013 and for the first half year 2013 including consolidated comparative figures as at 30 June 2012 and for the first half year 2012 ("the interim report").

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Norwegian disclosure requirements for interim financial reports of listed and state-owned public limited companies. We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities, financial position and net profit as at 30 June 2013 and as at 30 June 2012 and of the results of the Group's operations and cash flows for the first half year of 2013 and the first half year of 2012.

According to our best knowledge, the Board of Directors' report gives a true and fair view of the financial statements including the description of the most relevant risk and uncertainty factors which the company faces the coming year, and disclosure of related party transactions.

Nordea Bank Norge ASA
Oslo, 16 July 2013

Ari Kaperi
Chairman

Torsten Hagen Jørgensen
Deputy Chairman

Mary H. Moe

Karin S. Thorburn

Hans Christian Krogh Riise
Employee representative

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