Nordea — Press release

Copenhagen, Helsinki, Oslo, Stockholm, 23 October 2013

# Third Quarter Results 2013

## Delivery on income, costs and capital

**CEO Christian Clausen's comments on the results:**
"Despite the current low-growth environment with low interest rates, Nordea's income increased by 3% in local currencies (up 1% reported) compared to the third quarter 2012, primarily driven by savings-related income. Costs are down somewhat in local currencies (down 3% reported) and loan losses are down by 26% (28%), leading to a 15% (12%) increase in operating profit. We have welcomed 87,000 new relationship customers in the last 12 months and World Finance has named us the Best banking Group in the Nordics.

Core tier 1 ratio has improved by 2.2 %-points to 14.4% mainly due to strong capital generation and strict volume discipline. Cost efficiency continues to be high on the agenda and we see our initiatives delivering better than expected.

Credit quality continues to improve, especially in Shipping. Loan losses in the Group decreased to 20 basis points and impaired loans were largely unchanged."

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

**January-September 2013 vs. Jan-Sep 2012 (Third quarter 2013 vs. Second quarter 2013)[1]:**

- Total operating income unchanged (-3%)
- Operating profit +3% (-3%)
- Core tier 1 capital ratio up to 14.4% from 12.2% (up from 14.0%)
- Cost/income ratio unchanged at 51% (up to 51% from 50%)
- Loan loss ratio of 22 basis points, down from 26 basis points (down to 20 basis points)
- Return on equity 11.2%, down from 11.4% (down to 10.8% from 11.5%)

| Summary key figures, continued operations[1], EURm | Q3 2013 | Q2 2013 | Ch. % | Q3 2012 | Ch. % | Jan-Sep 2013 | Jan-Sep 2012 | Ch. % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 1,386 | 1,391 | 0 | 1,393 | -1 | 4,135 | 4,181 | -1 |
| Total operating income | 2,426 | 2,490 | -3 | 2,412 | 1 | 7,422 | 7,428 | 0 |
| Profit before loan losses | 1,192 | 1,234 | -3 | 1,146 | 4 | 3,665 | 3,659 | 0 |
| Net loan losses | -171 | -186 | -8 | -236 | -28 | -555 | -654 | -15 |
| Loan loss ratio (ann.), bps | 20 | 22 | | 27 | | 22 | 26 | |
| Operating profit | 1,021 | 1,048 | -3 | 910 | 12 | 3,110 | 3,005 | 3 |
| Risk-adjusted profit | 823 | 853 | -4 | 768 | 7 | 2,530 | 2,446 | 3 |
| Diluted EPS (cont. oper.), EUR | 0.19 | 0.20 | | 0.17 | | 0.58 | 0.56 | |
| Diluted EPS (total oper.), EUR | 0.19 | 0.19 | | 0.17 | | 0.58 | 0.57 | |
| Return on equity, % | 10.8 | 11.5 | | 10.3 | | 11.2 | 11.4 | |

Currency rates used for DKK, NOK and SEK for the third quarter 2013 are for income statement items 7.46, 7.66 and 8.58 respectively.
[1]) Key figures for continued operations, following the agreement to divest the Polish banking, financing and life insurance operations.

**For further information:**
Christian Clausen, President and Group CEO, +46 8 614 7804
Torsten Hagen Jørgensen, Group CFO, +46 8 614 7814
Rodney Alfvén, Head of Investor Relations, +46 8 614 7880 (or +46 72 235 05 15)
Claus Christensen, Head of Group Identity & Communications (acting), +45 33331279 (or +45 25248993)

*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.*

# CEO comment

**After a slow summer, activity has picked up lately. We believe that the worst is now over, and in 2014 we expect an improved macro environment in all of our Nordic markets. However, as we expect a slow growth environment in the coming years, improved efficiency continues to be high on the agenda. We also see many of our initiatives delivering better than expected.**

### Third quarter report

The third quarter is typically a somewhat slower season in terms of activity. This period was no exception, although we saw improved activity levels in the latter part of the quarter, especially with corporate customers. There are clear signs that the worst is over. Consumers have been cautious, with an exceptionally high savings ratio and low consumption. Here too, we see increased confidence in general, with lower unemployment, stable housing markets and increased disposable income.

In the quarter, we continued to focus on our income, cost and capital initiatives.

For income, we have a maintained focus on attracting new customers, improving cross-selling and adjusting pricing. Our focus on stronger relationships has a positive impact on our ancillary income, which has risen by around 40% since 2008.

We have conducted gross cost savings of around 4% since the third quarter of 2012. This has been offsetting cost inflation, investments and regulatory costs. The latter has been an important cost driver. We are currently affected by 48 different key regulations. Given our outlook of a low growth environment, further efficiency improvement continues to be high on the agenda. We see our current initiatives delivering better than expected, allowing us also to continue to invest in our digital platform with the aim to deliver broader and more flexible customer offerings.

Credit quality continues to improve, especially in the Shipping area, and the loan loss ratio for the Group is now at 20 basis points. We expect to see a continued improvement in the coming years.

For the third year in a row, British financial magazine World Finance has named Nordea the "Best banking Group in the Nordics".

### Capital position

Nordea's strong capital generation has led to an improved core tier 1 ratio by 2.2 %-points, supported by strict volume discipline. The new rules for Norwegian risk weights will reduce our core tier 1 ratio by 9 bps, in addition CRD IV will reduce it by 90 bps, thus our fully loaded CRD IV core tier 1 ratio is 13.4%. The approval for AIRB is still pending and we still expect a positive outcome.

### Achievements in the Business areas

#### *Retail Banking*

In the third quarter, we welcomed 23,400 new relationship customers, the best inflow in the last two years. For their daily banking needs, more than 1.2 million customers are now taking advantage of Nordea's mobile offerings – an increase of close to 80% since the third quarter of 2012. Although demand is still low, lending to SMEs increased by 1% in local currencies in the quarter. The focus on increasing the number of mobile bank users, manual process efficiency and collateral processing, has resulted in lower costs as well as RWA in the quarter.

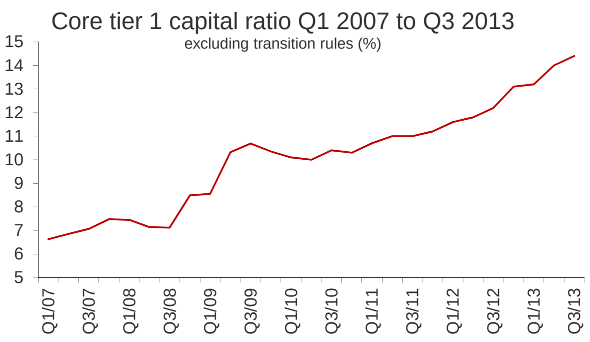
#### *Wholesale Banking*

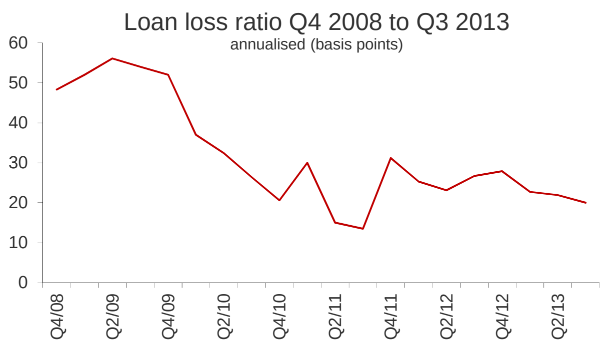
We continue to strengthen our relationships and improve our market positions. Nordea is the largest arranger of Nordic corporate bonds and we were recently ranked number one in cash management in the Nordics and Baltics by Euromoney. We have lowered costs and our focus on cross selling, pricing discipline and efficient capital utilisation continues to drive returns.

#### *Wealth Management*

Assets under management reached an all-time high of EUR 228bn, reflecting both a high savings ratio in the Nordic countries and high international interest in Nordea's fund offerings. We have given an all-time-high number of advisory sessions on savings and investments, up 11% year-on-year, supporting our customers' need and demand for advice. Our global distribution platform for retail funds increased its assets under management by 28%, and inflow from institutional clients was strong. Our capital efficiency initiative is progressing ahead of plan and the portion of capital-light products has increased 7 %-points. These activities and the thorough cost focus have led to solid income and profit growth year-on-year.

Christian Clausen
President and Group CEO



## Income statement[1,2]

| EURm | Q3 2013 | Q2 2013 | Change % | Q3 2012 | Change % | Jan-Sep 2013 | Jan-Sep 2012 | Change % |
|---|---|---|---|---|---|---|---|---|
| Net interest income | **1,386** | 1,391 | 0 | 1,393 | -1 | **4,135** | 4,181 | -1 |
| Net fee and commission income | **652** | 664 | -2 | 595 | 10 | **1,939** | 1,786 | 9 |
| Net result from items at fair value | **346** | 416 | -17 | 377 | -8 | **1,206** | 1,332 | -9 |
| Equity method | **14** | 9 | 56 | 23 | -39 | **58** | 60 | -3 |
| Other operating income | **28** | 10 | | 24 | 17 | **84** | 69 | 22 |
| **Total operating income** | **2,426** | **2,490** | **-3** | **2,412** | **1** | **7,422** | **7,428** | **0** |
| Staff costs | **-732** | -753 | -3 | -738 | -1 | **-2,239** | -2,240 | 0 |
| Other expenses | **-441** | -453 | -3 | -457 | -4 | **-1,355** | -1,350 | 0 |
| Depreciation of tangible and intangible assets | **-61** | -50 | 22 | -71 | -14 | **-163** | -179 | -9 |
| **Total operating expenses** | **-1,234** | **-1,256** | **-2** | **-1,266** | **-3** | **-3,757** | **-3,769** | **0** |
| **Profit before loan losses** | **1,192** | **1,234** | **-3** | **1,146** | **4** | **3,665** | **3,659** | 0 |
| Net loan losses | **-171** | -186 | -8 | -236 | -28 | **-555** | -654 | -15 |
| **Operating profit** | **1,021** | **1,048** | **-3** | **910** | **12** | **3,110** | **3,005** | **3** |
| Income tax expense | **-257** | -248 | 4 | -226 | 14 | **-763** | -755 | 1 |
| **Net profit for period from continuing operations** | **764** | **800** | **-5** | **684** | **12** | **2,347** | **2,250** | **4** |
| Net profit for the period from discontinued operations, after tax | **12** | -29 | | 4 | | **-4** | 34 | |
| **Net profit for the period** | **776** | **771** | **1** | **688** | **13** | **2,343** | **2,284** | **3** |

## Business volumes, key items[1,2]

| EURbn | 30 Sep 2013 | 30 Jun 2013 | Change % | 30 Sep 2012 | Change % |
|---|---|---|---|---|---|
| Loans to the public | **343.2** | 340.4 | 1 | 353.1 | -3 |
| Deposits and borrowings from the public | **200.5** | 196.3 | 2 | 207.0 | -3 |
| Assets under management | **227.8** | 219.7 | 4 | 210.9 | 8 |
| Equity[6] | **28.6** | 27.9 | 3 | 27.0 | 6 |
| Total assets[6] | **625.8** | 621.9 | 1 | 711.0 | -12 |

## Ratios and key figures

| | Q3 2013 | Q2 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 |
|---|---|---|---|---|---|
| Diluted earnings per share, EUR - Total operations | **0.19** | 0.19 | 0.17 | **0.58** | 0.57 |
| EPS, rolling 12 months up to period end, EUR | **0.79** | 0.77 | 0.76 | **0.79** | 0.76 |
| Share price[3], EUR | **8.95** | 8.54 | 7.69 | **8.95** | 7.69 |
| Total shareholders' return, % | **7.1** | 5.3 | 9.3 | **29.4** | 26.4 |
| Equity per share[3,5], EUR | **7.12** | 6.94 | 6.70 | **7.12** | 6.70 |
| Potential shares outstanding[3], million | **4,050** | 4,050 | 4,050 | **4,050** | 4,050 |
| Weighted average number of diluted shares, million | **4,019** | 4,019 | 4,026 | **4,021** | 4,026 |
| Return on equity, % - Continuing operations | **10.8** | 11.5 | 10.3 | **11.2** | 11.4 |
| Cost/income ratio, % - Continuing operations | **51** | 50 | 52 | **51** | 51 |
| Loan loss ratio, basis points | **20** | 22 | 27 | **21** | 25 |
| Core Tier 1 capital ratio, excl transition rules[3,4,5], % | **14.4** | 14.0 | 12.2 | **14.4** | 12.2 |
| Tier 1 capital ratio, excl transition rules[3,4,5], % | **15.3** | 14.8 | 13.3 | **15.3** | 13.3 |
| Total capital ratio, excl transition rules[3,4,5], % | **17.5** | 17.4 | 15.3 | **17.5** | 15.3 |
| Core Tier 1 capital ratio[3,4,5], % | **10.9** | 10.7 | 9.8 | **10.9** | 9.8 |
| Tier 1 capital ratio[3,4,5], % | **11.5** | 11.3 | 10.7 | **11.5** | 10.7 |
| Total capital ratio[3,4,5], % | **13.2** | 13.3 | 12.2 | **13.2** | 12.2 |
| Tier 1 capital[3,4,5], EURm | **24,338** | 23,912 | 23,809 | **24,338** | 23,809 |
| Risk-weighted assets incl transition rules[3], EURbn | **211** | 212 | 223 | **211** | 223 |
| Number of employees (full-time equivalents) - Continuing operations[3] | **29,501** | 29,255 | 29,704 | **29,501** | 29,704 |
| Risk-adjusted profit, EURm - Continuing oper. | **823** | 853 | 768 | **2,530** | 2,446 |
| Economic profit, EURm - Continuing operations | **257** | 282 | 163 | **814** | 621 |
| Economic capital[3], EURbn - Total operations | **23.4** | 23.6 | 24.8 | **23.4** | 24.8 |
| Economic capital[3], EURbn - Continuing oper. | **22.5** | 22.7 | 23.8 | **22.5** | 23.8 |
| EPS, risk-adjusted, EUR - Continuing operations | **0.19** | 0.20 | 0.17 | **0.58** | 0.56 |
| RAROCAR, % - Continuing operations | **14.4** | 15.0 | 12.8 | **14.8** | 13.6 |

1 Income statement line items represent continued operations and have been restated for historical periods, following the agreement to divest the Polish banking, financing and life insurance operations. Discontinued operations separated into one profit line. Balance sheet items are classified as held for sale as from Q2 2013.

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

3 End of period.

4 Including the result for the first nine months. According to Swedish FSA rules (excluding the unaudited result for Q3): Core Tier 1 capital EUR 22,508m (30 Sep 2012: EUR 21,385m), Tier 1 capital EUR 23,872m (30 Sep 2012: EUR 23,398m), capital base EUR 27,504m (30 Sep 2012: EUR 26,892m), Core Tier 1 capital ratio 10.6% (30 Sep 2012: 9.6%), Tier 1 capital ratio 11.3% (30 Sep 2012: 10.5%), total capital ratio 13.0% (30 Sep 2012: 12.0%).

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

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

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# Macroeconomic and financial market trend

The third quarter was characterised by improving global economic data supporting investor sentiment. The main drivers were the broad-based improvement seen in manufacturing reports and the decision by the US Federal Reserve to postpone the expected reduction of asset purchases. European and US financial markets generally saw increasing equities and yields, while the uncertainty surrounding a potential beginning of monetary policy normalisation in the US caused volatility in emerging markets. In Europe, the improving data included peripheral economies and the regional fragmentation consequently eased.

### *Macroeconomic trend*

The improving macroeconomic trend already seen in the second quarter continued into the third quarter. In the US, the manufacturing sector showed sustained expansion and second quarter GDP growth was reported at 2.5%. In Europe, economic data improved likewise, particularly in peripheral economies bringing Eurozone overall second quarter GDP growth to 0.3% – the first positive quarter after six quarters of contraction. Unemployment in Europe stabilised after consistently rising since early 2011, but remains high at 12%.

The Nordic economies overall remain in a strong position. While Norwegian and Swedish GDP growth in the second quarter was slightly below expectations, both countries are still on track to delivering respective growth of 2.3% and 1.3% in 2013, which is substantially above the Euro area expectation of a small overall contraction. Furthermore, manufacturing reports in both countries improved in the third quarter and indicate improving economic conditions. In Denmark and Finland, GDP growth in the second quarter was, in line with the Euro area, positive at 0.6% and 0.2% respectively.

### *Financial market trend*

Financial markets were characterised by positive investor sentiment. Following the setback at the end of the second quarter, risky assets continued on a surging trend in the third quarter, with US stocks reaching new post-crisis highs and European stocks benefitting from the positive economic data in southern Europe. Core yields rose throughout most of the quarter, but corrected towards the end. Yields in the major European peripherals narrowed towards core yields and credit spreads generally tightened on the improved investor sentiment.

In the Nordic markets, equities followed the European trend and rose substantially in all countries, especially in Finland with an increase of 16%. In the government bond markets, Sweden and Norway continued on this year’s trend of widening spreads to Germany as investors continued to ease safe-haven demands on the back of the improved market outlook in Europe.

# Group results and performance

## Third quarter 2013

The comments on income, expenses and other items as well as operating profit relate to the continued operations, excluding the Polish operations which, in the reporting, are separated as discontinued operations and included only as one line in net profit, following the agreement to divest the Polish operations.

### *Income*

Total income decreased 3% from the previous quarter to EUR 2,426m.

***Net interest income***

Net interest income was largely unchanged compared to the previous quarter at EUR 1,386m. Net interest income was affected by lower net interest income in Group Corporate Centre, by the quarter having one more day and by net interest margin* being up 2 basis points to 1.09% in the third quarter. Deposit margins were down somewhat, while lending margins increased.

*Corporate lending*

Corporate lending volumes, excluding reverse repurchase agreements, were largely unchanged in local currencies at the end of the third quarter compared to the previous quarter. The average corporate lending volume in the third quarter was approx. 1% lower than in the previous quarter.

*Household lending*

Household lending volumes were up 1% in local currencies compared to the previous quarter.

*Corporate and household deposits*

Total deposits from the public were EUR 200bn, up 2% in local currencies. In the business areas, deposits were down somewhat in local currencies excluding repurchase agreements. The average deposit volume in the business areas was down 1% from the previous quarter in local currencies excluding repurchase agreements.

*Group Corporate Centre*

Net interest income decreased to EUR 73m compared to EUR 90m in the previous quarter, mainly due to the previous quarter being positively affected by buy-backs of issued debt, which matured in June.

***Net fee and commission income***

Net fee and commission income decreased 2% compared to the previous quarter to EUR 652m, mainly due to seasonally lower income in brokerage, securities issues and corporate finance as well as lower lending-related commissions. Fee and commission from asset management and from payments and cards increased in the quarter. Stability fund and deposit fund fees were EUR 34m, largely unchanged from the previous quarter.

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

*Savings and investments commissions*
Fees and commissions from savings and investments decreased 3% in the third quarter to EUR 442m, mainly due to lower commissions from brokerage, securities issues and corporate finance and custody and issuer services, while asset management commissions increased 3% in the quarter. Assets under Management (AuM) increased 4% to EUR 227.8bn following a positive investment performance in the portfolios and a sustained strong net inflow.

*Payments and cards and lending-related commissions*
Payments and cards commissions increased 1% to EUR 237m. Lending-related commissions decreased 6% to EUR 167m.

***Net result from items at fair value***
The net result from items at fair value decreased 17% from the previous quarter to EUR 346m, to a large extent due to seasonality. Results increased for Capital Markets unallocated income compared to the previous quarter.

*Capital Markets income in customer business*
The customer-driven capital markets activities generated lower income in the customer business due to seasonality. The net fair value result for the business units was EUR 172m, compared to EUR 240m in the previous quarter.

*Capital Markets unallocated income*
The net fair value result for Capital Markets unallocated income, ie income from managing the risks inherent in customer transactions, increased to EUR 140m compared to EUR 132m in the previous quarter.

*Group Functions and eliminations*
The net fair value result of Group Corporate Centre increased to EUR 35m compared to EUR 25m in the previous quarter mainly related to interest rate-related items. In other Group functions and eliminations, the net result from items at fair value was EUR -60m in the third quarter (EUR -30m in the second quarter).

*Life & Pensions*
The net result from items at fair value for Life & Pensions increased to EUR 59m in the third quarter (EUR 49m).

***Equity method***
Income from companies accounted for under the equity method was EUR 14m, compared to EUR 9m in the previous quarter. Income related to the holding in the Norwegian export agency Eksportfinans was EUR 4m (EUR 2m).

***Other operating income***
Other operating income was EUR 28m compared to EUR 10m in the previous quarter.

### Expenses
Total expenses amounted to EUR 1,234m, largely unchanged from the previous quarter in local currencies. Staff costs were EUR 732m, down 1% in local currencies. Other expenses were EUR 441m, also down 1% in local currencies. Depreciation increased compared to the previous quarter. Compared to the third quarter last year, total expenses were down 1% in local currencies when excluding performance-related salaries and profit sharing, ie with the cost definition for the cost target in the financial plan.

The number of employees (FTEs) at the end of the third quarter increased almost 1% compared to the end of the previous quarter. Since the end of the third quarter of 2012, the number of employees (FTEs) has decreased by almost 1%.

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

Provisions for performance-related salaries in the third quarter were EUR 66m, compared to EUR 86m in the previous quarter.

***Cost efficiency***
Cost-efficiency measures have proceeded according to plan in the third quarter. An annualised gross reduction in total expenses of EUR 50m has been conducted in the third quarter, out of planned gross cost reductions of EUR 350m during the two-year period 2013 and 2014.

The number of employees (FTEs) has been reduced by around 2,400 from the end of the second quarter of 2011 and by around 200 compared to the end of the third quarter of 2012.

### Net loan losses
Net loan loss provisions were EUR 171m in the continued operations and the loan loss ratio was 20 basis points (EUR 186m or 22 basis points in the previous quarter). As expected, provisions for future loan losses in Denmark remained at elevated levels, while provisions in shipping were down compared to the previous quarter. In other areas, the losses were low.

Collective provisions were increased by EUR 17m in the third quarter (reversal of collective provisions of EUR 22m in the previous quarter).

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

In Banking Denmark, net loan loss provisions were EUR 75m, on par with the previous quarter (EUR 77m). The loan loss ratio was 45 basis points (46 basis points in the previous quarter).

In shipping, loan loss provisions were EUR 20m, a loan loss ratio of 68 basis points, down from the previous quarter (EUR 34m or 111 basis points).

***Shipping***

The tanker and dry cargo markets were still weak in the third quarter, primarily due to oversupply of vessels, although an improvement was seen in freight rates for large dry bulk vessels in the quarter. 2013 is the last year of large deliveries of new tonnage, which should have a stabilising effect on these market segments in the medium term. The weak freight rates in certain shipping segments caused further deterioration in collateral values, resulting in additional loan loss provisions, but at lower levels for the third consecutive quarter.

During the quarter, higher investment appetite for shipping assets has been seen, availability of capital has improved and willingness of banks to lend to the stronger shipping companies has increased.

***Denmark***

A slightly more positive development of the Danish economy is expected in 2014 and 2015, although with geographical differences and variations between industries. Moreover, the economy is still fragile, uncertainty is high and a major turnaround is not expected. Private consumption and the housing market remain the key drivers for a sustainable and significant improvement and consumers have become more optimistic in recent months. The housing market has also developed positively with prices increasing, although primarily in the larger cities.

The core fundamentals of the Danish economy are relatively favourable with strong public finances, low interest rates, stable, low unemployment, and a limited number of household mortgage customers in difficulty. Most corporates are financially strong with a relatively good outlook, but companies dependent on the domestic market (especially retailers and wholesalers) are being challenged. Loan losses remain at an elevated level.

### *Operating profit*

Operating profit was down 3% for the continued operations to EUR 1,021m.

### *Taxes*

Income tax expense was EUR 257m for the continued operations, including the bank tax in Finland of EUR 12m. The effective tax rate was 25.2%, compared to 23.7% in the previous quarter and 24.8% in the third quarter last year, when there was no bank tax in Finland.

### *Net profit*

Net profit from the continued operations decreased 5% compared to the previous quarter to EUR 764m, corresponding to a return on equity of 10.8%. Net profit from the total operations increased 1% to EUR 776m. Profit from discontinued operations was EUR 12m. Diluted earnings per share were EUR 0.19 for the continued operations (EUR 0.20 in the previous quarter).

### *Risk-adjusted profit*

Risk-adjusted profit was EUR 823m, down 4% from the previous quarter and up 7% compared to the third quarter last year.

### *Currency fluctuation impact*

Currency fluctuations had a reducing effect of 1 %-point on income and expenses for the third quarter compared to the second quarter this year and a reducing effect of 2 %-points on income and expenses for the third quarter compared to the third quarter last year. The effect on loan and deposit volumes was around zero compared to the previous quarter and -2 %-points compared to one year ago.

## January – September 2013

Total income was largely unchanged compared to the same period of 2012. Operating profit was up 3% compared to the same period last year. Risk-adjusted profit increased by 3% compared to the preceding year.

### *Currency fluctuation impact*

The effect from currency fluctuations was around zero on income and on expenses and approx. -2 %-points on loan and deposit volumes compared to one year ago.

### *Income*

Net interest income decreased 1% compared to the same period last year. Lending volumes were down 1% excluding reversed repurchase agreements in local currencies and corporate lending margins were higher, while deposit margins have fallen from 2012.

Net fee and commission income increased 9% and the net result from items at fair value decreased by 9% compared to the same period last year.

### *Expenses*

Total expenses were down 1% compared to the same period of 2012 in local currencies when excluding performance-related salaries and profit sharing, ie with the cost definition for the cost target in the financial plan. Staff costs were down 1% in local currencies when excluding performance-related salaries and profit sharing.

### *Net loan losses*

Net loan loss provisions decreased to EUR 555m for the continued operations, corresponding to a loan loss ratio of 22 basis points (26 basis points last year).

### *Net profit*
Net profit for the continued operations increased 4% to EUR 2,347m. Net profit for the total operations was up 3% to EUR 2,343m.

### *Risk-adjusted profit*
Risk-adjusted profit increased 3% from last year.

## Other information

### Nordea's credit portfolio
Total lending, excluding reversed repurchase agreements, amounted to EUR 306bn, which was up somewhat compared to the previous quarter in local currencies. Overall, the credit quality of the loan portfolio remained solid in the third quarter, with a largely stable effect from migration in both the corporate and retail portfolios.

The impaired loans ratio decreased to 182 basis points of total loans (185 basis points). Total impaired loans gross remained largely unchanged compared to the previous quarter. The provisioning ratio was unchanged compared to the end of the second quarter at 43% (43%).

### *Loan loss ratios and impaired loans*

| Basis points of loans | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 |
|---|---|---|---|---|---|
| Loan loss ratios annualised, Group | 20[1] | 22[1] | 22[1] | 27[1] | 27[1] |
| of which individual | 18 | 24 | 18 | 29 | 26 |
| of which collective | 2 | -2 | 4 | -2 | 1 |
| Banking Denmark | 45[1] | 46[1] | 47[1] | 55[1] | 87[1] |
| Banking Finland | 12 | 7 | 12 | 13 | 19 |
| Banking Norway | 7 | -11 | 9 | 11 | 7 |
| Banking Sweden | 7 | 11 | 7 | 7 | 3 |
| Banking Baltic countries | -19 | 33 | 19 | 47 | 5 |
| Corporate & Institutional Banking | 41 | 50 | 34 | 33 | -2 |
| Shipping, Offshore & Oil Services | 68 | 111 | 122 | 185 | 159 |
| Impaired loans ratio gross, Group (bps) | 182 | 185 | 181 | 188 | 181 |
| - performing | 57% | 57% | 57% | 58% | 58% |
| - non-performing | 43% | 43% | 43% | 42% | 42% |
| Total allowance ratio, Group (bps) | 79 | 79 | 78 | 77 | 74 |
| Provisioning ratio, Group[2] | 43% | 43% | 43% | 41% | 41% |

[1] Loan loss ratios in the table are excluding the provisions related to the Danish deposit guarantee fund. Including these provisions, loan loss ratios are for each quarter 20, 22, 23, 27 and 27 bps respectively in the Group, and 45, 46, 52, 55 and 89 bps respectively in Banking Denmark.
[2] Total allowances in relation to gross impaired loans.

### Market risk
Interest-bearing securities were EUR 93bn at the end of the third quarter, of which EUR 22bn were in the life insurance operations and the remainder in the liquidity buffer and trading portfolios. 28% of the portfolio comprises government or municipal bonds and 33% mortgage bonds, when excluding EUR 6bn of pledged securities.

Total market risk measured as Value at Risk decreased by EUR 13m to EUR 71m in the third quarter 2013 compared to the second quarter, due to decreased interest rate risk.

### *Market risk*

| EURm | Q3 2013 | Q2 13 | Q1 13 | Q3 2012 |
|---|---|---|---|---|
| Total risk, VaR | 71 | 84 | 42 | 34 |
| Interest rate risk, VaR | 76 | 93 | 50 | 33 |
| Equity risk, VaR | 4 | 4 | 11 | 11 |
| Foreign exchange risk, VaR | 7 | 6 | 7 | 6 |
| Credit spread risk, VaR | 16 | 17 | 20 | 15 |
| Diversification effect | 31% | 31% | 53% | 48% |

### Balance sheet
Total assets in the balance sheet increased 1% compared to the end of the previous quarter to EUR 626bn.

### Capital position and risk-weighted assets
The Group's core tier 1 capital ratio, excluding transition rules, was 14.4% at the end of the third quarter, a strengthening of 0.4 %-points from the end of the previous quarter. The tier 1 capital ratio excluding transition rules increased 0.5 %-point to 15.3%. The total capital ratio excluding transition rules increased 0.1 %-point to 17.5%. The increase in core tier 1 capital ratio has been achieved by strong profit generation and RWA efficiency initiatives during the quarter. The lower increase in the total capital ratio compared to the tier 1 capital ratio was due to one subordinated loan being called in the third quarter.

RWA were EUR 159.6bn excluding transition rules, a decrease of EUR 2.0bn, or 1.2%, compared to the previous quarter. RWA reduction of EUR 0.7bn has been realised in the quarter via RWA initiatives. Currency fluctuation effects also contributed to a lower RWA.

The core tier 1 ratio including transition rules under Basel II was 10.9%. The capital base was EUR 28.0bn, the tier 1 capital was EUR 24.3bn and the core tier 1 capital was EUR 23.0bn.

Economic Capital (EC) was at the end of the third quarter EUR 23.4bn, a decrease of EUR 0.2bn from the end of the previous quarter.

On 21 May 2013, the Swedish Financial Supervisory Authority (FI) announced its decision to introduce a risk weight floor of 15% for Swedish mortgage portfolios, according to the proposal presented in November 2012. The floor is introduced as a supervisory measure within pillar 2. The reported capital ratios will thereby be unaffected, since these ratios are calculated according to the regulations in pillar 1. Within the framework of the internal capital adequacy assessment in pillar 2 and in its internal control, Nordea has for some considerable time allocated extra capital to mortgage transactions corresponding to the risk weight floor now determined. Based on an average 5.4% risk weight pursuant to pillar 1 in Nordea's Swedish mortgage portfolio as per 30 September, the bank needs to retain capital corresponding to a risk-weighted volume of EUR 4.0bn, within the framework of pillar 2. The Swedish core tier 1 capital requirement of 12% (from 2015) and FI's decision mean that Nordea will need to retain extra core tier 1 capital amounting to approx. EUR 0.5bn for its Swedish mortgage portfolio, which corresponds to a core tier 1 capital ratio impact of approx. 31 basis points according to pillar 1.

### *Capital ratios*

| % | Q3 2013 | Q2 13 | Q1 13 | Q3 12* |
|---|---|---|---|---|
| *Excluding transition rules:* | | | | |
| Core tier 1 capital ratio | 14.4 | 14.0 | 13.2 | 12.2 |
| Tier 1 capital ratio | 15.3 | 14.8 | 14.0 | 13.3 |
| Total capital ratio | 17.5 | 17.4 | 16.5 | 15.3 |
| *Including transition rules:* | | | | |
| Core tier 1 capital ratio | 10.9 | 10.7 | 10.2 | 9.8 |
| Tier 1 capital ratio | 11.5 | 11.3 | 10.9 | 10.7 |
| Total capital ratio | 13.2 | 13.3 | 12.8 | 12.2 |
| Core tier 1 capital ratio, Basel III (incl new Norwegian risk weights) | 13.4 | 13.1 | 12.1 | |

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

## Capital regulation in Norway

On 13 October 2013, the Ministry of Finance in Norway announced that the currently used LGD floor of 10% for retail mortgage loans under Basel II will be increased to 20% as from 1 January 2014. The estimated impact for Nordea is an increase of RWA by approx. EUR 1.0bn, which implies a 9 basis points decrease in the core tier 1 capital ratio for the Nordea Group and a 52 basis points decrease in the core tier 1 capital ratio for the Nordea Bank Norge Group. In addition, the Ministry of Finance confirmed its continued use of the Basel I floor in Norway as a backstop to IRB models.

## Nordea's funding and liquidity operations

Nordea issued approx. EUR 4.6bn in long-term funding in the third quarter excluding Danish covered bonds, of which approx. EUR 3.7bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in domestic and international markets.

In the third quarter, Nordea issued a EUR 1.5bn 5-year fixed-rate covered bond.

Nordea liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk.

The structural liquidity risk of Nordea is measured and limited through an internal model which conceptually is alike the proposed Net Stable Funding Ratio (NSFR), but it applies internal based assumptions for stability of assets and liabilities. Nordea has during the past years continuously extended its average maturity of long-term funding, as well as the long-term funding portion of total funding, which at the end of the third quarter was approx. 73% (62% in 2008). Structural liquidity risk in Nordea has decreased compared to the situation a couple of years ago.

Nordea welcomes the increased transparency in the area of liquidity risk and awaits further clarity about the final definition of the NSFR and currently finds it premature to apply and disclose the NSFR. The current definition of the NSFR does not reflect the structure of the Scandinavian financial markets, such as the structure of the mortgage lending market.

Short-term liquidity risk is measured with several metrics and Liquidity Coverage Ratio (LCR) is one of the metrics. LCR for the Nordea Group was according to the Swedish FSA's LCR definition 134% at the end of the third quarter. The LCR in EUR was 194% and in USD 158% at the end of the third quarter. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even higher. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV liquid assets and amounted to EUR 66bn at the end of the third quarter (EUR 66bn at the end of the second quarter).

## Agreement to divest the Polish banking, life and financing businesses

The Polish operations are in the reporting separated as discontinued operations and included only as one line in net profit, following the agreement to divest the Polish operations.

The transaction is expected to be completed during the first quarter of 2014 and is subject to regulatory approvals.

## Nordea share

During the third quarter, Nordea's share price on the NASDAQ OMX Nordic Exchange appreciated from SEK 75.00 to SEK 77.50. On 25 September, the Swedish government divested its remaining stake of 7.0% of the outstanding shares in Nordea. Approx. 75% of the shares were sold to non-Nordic investors.

## Quarterly development, Group

| EURm | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 |
|---|---|---|---|---|---|---|---|
| Net interest income | 1,386 | 1,391 | 1,358 | 1,382 | 1,393 | 4,135 | 4,181 |
| Net fee and commission income | 652 | 664 | 623 | 682 | 595 | 1,939 | 1,786 |
| Net result from items at fair value | 346 | 416 | 444 | 442 | 377 | 1,206 | 1,332 |
| Equity method | 14 | 9 | 35 | 33 | 23 | 58 | 60 |
| Other operating income | 28 | 10 | 46 | 31 | 24 | 84 | 69 |
| **Total operating income** | **2,426** | **2,490** | **2,506** | **2,570** | **2,412** | **7,422** | **7,428** |
| General administrative expenses: | | | | | | | |
| Staff costs | -732 | -753 | -754 | -749 | -738 | -2,239 | -2,240 |
| Other expenses | -441 | -453 | -461 | -458 | -457 | -1,355 | -1,350 |
| Depreciation of tangible and intangible assets | -61 | -50 | -52 | -88 | -71 | -163 | -179 |
| **Total operating expenses** | **-1,234** | **-1,256** | **-1,267** | **-1,295** | **-1,266** | **-3,757** | **-3,769** |
| **Profit before loan losses** | **1,192** | **1,234** | **1,239** | **1,275** | **1,146** | **3,665** | **3,659** |
| Net loan losses | -171 | -186 | -198 | -241 | -236 | -555 | -654 |
| **Operating profit** | **1,021** | **1,048** | **1,041** | **1,034** | **910** | **3,110** | **3,005** |
| Income tax expense | -257 | -248 | -258 | -215 | -226 | -763 | -755 |
| **Net profit for the period from continuing operations** | **764** | **800** | **783** | **819** | **684** | **2,347** | **2,250** |
| Net profit for the period from discontinued operations, after tax | 12 | -29 | 13 | 23 | 4 | -4 | 34 |
| **Net profit for the period** | **776** | **771** | **796** | **842** | **688** | **2,343** | **2,284** |
| Diluted earnings per share (DEPS), EUR - Total operations | 0.19 | 0.19 | 0.20 | 0.21 | 0.17 | 0.58 | 0.57 |
| DEPS, rolling 12 months up to period end, EUR - Total operations | 0.79 | 0.77 | 0.79 | 0.78 | 0.76 | 0.79 | 0.76 |

# Business areas

| | Nordea Group - continuing operations | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Retail Banking | | | Wholesale Banking | | | Wealth Management | | | Group Corporate Centre | | | Group Functions, Other and Eliminations | | | Nordea Group | | |
| | Q3 | Q2 | | Q3 | Q2 | | Q3 | Q2 | | Q3 | Q2 | | Q3 | Q2 | | Q3 | Q2 | |
| EURm | 2013 | 2013 | *Chg* | 2013 | 2013 | *Chg* | 2013 | 2013 | *Chg* | 2013 | 2013 | *Chg* | 2013 | 2013 | *Chg* | 2013 | 2013 | *Chg* |
| Net interest income | 954 | 956 | *0%* | 290 | 282 | *3%* | 32 | 37 | *-14%* | 73 | 90 | *-19%* | 37 | 26 | *42%* | 1,386 | 1,391 | *0%* |
| Net fee and commission income | 270 | 265 | *2%* | 148 | 147 | *1%* | 252 | 253 | *0%* | -3 | -2 | | -15 | 1 | | 652 | 664 | *-2%* |
| Net result from items at fair value | 68 | 88 | *-23%* | 221 | 249 | *-11%* | 82 | 84 | *-2%* | 35 | 25 | *40%* | -60 | -30 | | 346 | 416 | *-17%* |
| Equity method | 7 | 9 | *-22%* | 0 | 0 | | 0 | 0 | | 0 | 0 | | 7 | 0 | | 14 | 9 | *56%* |
| Other income | 19 | 11 | *73%* | 1 | -3 | | 7 | 11 | *-36%* | 1 | 2 | *-50%* | 0 | -11 | *-100%* | 28 | 10 | *180%* |
| **Total operating income** | **1,318** | **1,329** | ***-1%*** | **660** | **675** | ***-2%*** | **373** | **385** | ***-3%*** | **106** | **115** | ***-8%*** | **-31** | **-14** | | **2,426** | **2,490** | ***-3%*** |
| Staff costs | -340 | -345 | *-1%* | -185 | -204 | *-9%* | -115 | -118 | *-3%* | -51 | -59 | *-14%* | -41 | -27 | *52%* | -732 | -753 | *-3%* |
| Other expenses | -359 | -377 | *-5%* | -14 | -13 | *8%* | -70 | -74 | *-5%* | 1 | 4 | *-75%* | 1 | 7 | *-86%* | -441 | -453 | *-3%* |
| Depreciations | -25 | -25 | *0%* | -8 | -9 | *-11%* | -2 | -1 | *100%* | -11 | -11 | *0%* | -15 | -4 | | -61 | -50 | *22%* |
| **Total operating expenses** | **-724** | **-747** | ***-3%*** | **-207** | **-226** | ***-8%*** | **-187** | **-193** | ***-3%*** | **-61** | **-66** | ***-8%*** | **-55** | **-24** | ***129%*** | **-1,234** | **-1,256** | ***-2%*** |
| Net loan losses | -107 | -95 | *13%* | -62 | -86 | *-28%* | 0 | -4 | *-100%* | 0 | 0 | | -2 | -1 | *100%* | -171 | -186 | *-8%* |
| **Operating profit** | **487** | **487** | ***0%*** | **391** | **363** | ***8%*** | **186** | **188** | ***-1%*** | **45** | **49** | ***-8%*** | **-88** | **-39** | | **1,021** | **1,048** | ***-3%*** |
| Cost/income ratio, % | 55 | 56 | | 31 | 33 | | 50 | 50 | | 58 | 57 | | | | | 51 | 50 | |
| RAROCAR, % | 14 | 14 | | 16 | 16 | | 25 | 26 | | | | | | | | 14 | 15 | |
| Economic capital (EC) | 11,092 | 11,190 | *-1%* | 8,001 | 8,200 | *-2%* | 2,247 | 2,202 | *2%* | 608 | 583 | *4%* | 577 | 585 | | 22,525 | 22,760 | *-1%* |
| Risk-weighted assets (RWA)* | 77,623 | 78,468 | *-1%* | 61,303 | 62,633 | *-2%* | 2,818 | 2,812 | *0%* | 4,500 | 4,409 | *2%* | 13,343 | 13,309 | | 159,587 | 161,631 | *-1%* |
| Number of employees (FTEs) | 17,428 | 17,331 | *1%* | 6,019 | 5,933 | *1%* | 3,480 | 3,439 | *1%* | 1,650 | 1,629 | *1%* | 924 | 923 | | 29,501 | 29,255 | *1%* |
| **Volumes, EURbn:** | | | | | | | | | | | | | | | | | | |
| Lending to corporates | 85.3 | 85.1 | *0%* | 96.4 | 95.1 | *1%* | | | | | | | 5.4 | 5.5 | | 187.1 | 185.7 | *1%* |
| Household mortgage lending | 122.8 | 121.6 | *1%* | 0.5 | 0.4 | *25%* | 5.8 | 5.7 | *2%* | | | | | | | 129.1 | 127.7 | *1%* |
| Consumer lending | 23.8 | 23.8 | *0%* | | | | 3.2 | 3.2 | *0%* | | | | | | | 27.0 | 27.0 | *0%* |
| **Total lending** | **231.9** | **230.5** | ***1%*** | **96.9** | **95.5** | ***1%*** | **9.0** | **8.9** | ***1%*** | | | | **5.4** | **5.5** | | **343.2** | **340.4** | ***1%*** |
| Corporate deposits | 43.6 | 43.6 | *0%* | 67.4 | 60.9 | *11%* | | | | | | | 3.4 | 4.8 | | 114.4 | 109.3 | *5%* |
| Household deposits | 74.7 | 75.7 | *-1%* | 0.2 | 0.2 | *0%* | 11.2 | 11.1 | *1%* | | | | | | | 86.1 | 87.0 | *-1%* |
| **Total deposits** | **118.3** | **119.3** | ***-1%*** | **67.6** | **61.1** | ***11%*** | **11.2** | **11.1** | ***1%*** | | | | **3.4** | **4.8** | | **200.5** | **196.3** | ***2%*** |

| | Nordea Group - continuing operations | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Retail Banking | | | Wholesale Banking | | | Wealth Management | | | Group Corporate Centre | | | Group Functions, Other and Eliminations | | | Nordea Group | | |
| | Jan-Sep | | | Jan-Sep | | | Jan-Sep | | | Jan-Sep | | | Jan-Sep | | | Jan-Sep | | |
| EURm | 2013 | 2012 | *Chg* | 2013 | 2012 | *Chg* | 2013 | 2012 | *Chg* | 2013 | 2012 | *Chg* | 2013 | 2012 | *Chg* | 2013 | 2012 | *Chg* |
| Net interest income | 2,865 | 2,843 | *1%* | 850 | 881 | *-4%* | 102 | 110 | *-7%* | 235 | 315 | *-25%* | 83 | 32 | *159%* | 4,135 | 4,181 | *-1%* |
| Net fee and commission income | 808 | 847 | *-5%* | 419 | 398 | *5%* | 741 | 571 | *30%* | -7 | -9 | | -22 | -21 | | 1,939 | 1,786 | *9%* |
| Net result from items at fair value | 247 | 233 | *6%* | 695 | 839 | *-17%* | 254 | 273 | *-7%* | 79 | 79 | *0%* | -69 | -92 | | 1,206 | 1,332 | *-9%* |
| Equity method | 21 | 14 | *50%* | 0 | 0 | | 0 | 0 | | -1 | -1 | | 38 | 47 | *-19%* | 58 | 60 | *-3%* |
| Other income | 61 | 41 | *49%* | 1 | 3 | *-67%* | 25 | 21 | *19%* | 7 | 68 | *-90%* | -10 | -64 | | 84 | 69 | *22%* |
| **Total operating income** | **4,002** | **3,978** | ***1%*** | **1,965** | **2,121** | ***-7%*** | **1,122** | **975** | ***15%*** | **313** | **452** | ***-31%*** | **20** | **-98** | | **7,422** | **7,428** | ***0%*** |
| Staff costs | -1,030 | -1,029 | *0%* | -586 | -595 | *-2%* | -352 | -349 | *1%* | -162 | -155 | *5%* | -109 | -112 | *-3%* | -2,239 | -2,240 | *0%* |
| Other expenses | -1,115 | -1,129 | *-1%* | -46 | -63 | *-27%* | -216 | -220 | *-2%* | 6 | -37 | | 16 | 99 | *-84%* | -1,355 | -1,350 | *0%* |
| Depreciations | -75 | -76 | *-1%* | -27 | -29 | *-7%* | -5 | -5 | *0%* | -31 | -29 | *7%* | -25 | -40 | *-38%* | -163 | -179 | *-9%* |
| **Total operating expenses** | **-2,220** | **-2,234** | ***-1%*** | **-659** | **-687** | ***-4%*** | **-573** | **-574** | ***0%*** | **-187** | **-221** | ***-15%*** | **-118** | **-53** | ***123%*** | **-3,757** | **-3,769** | ***0%*** |
| Net loan losses | -333 | -453 | *-26%* | -216 | -215 | *0%* | -3 | 0 | | 0 | 0 | | -3 | 14 | | -555 | -654 | *-15%* |
| **Operating profit** | **1,449** | **1,291** | ***12%*** | **1,090** | **1,219** | ***-11%*** | **546** | **401** | ***36%*** | **126** | **231** | ***-45%*** | **-101** | **-137** | | **3,110** | **3,005** | ***3%*** |
| Cost/income ratio, % | 56 | 56 | | 34 | 32 | | 51 | 59 | | 60 | 49 | | | | | 51 | 51 | |
| RAROCAR, % | 14 | 13 | | 15 | 15 | | 25 | 20 | | | | | | | | 15 | 14 | |
| Economic capital (EC) | 11,092 | 11,894 | *-7%* | 8,001 | 8,715 | *-8%* | 2,247 | 2,031 | *11%* | 608 | 609 | *0%* | 577 | 595 | | 22,525 | 23,844 | *-6%* |
| Risk-weighted assets (RWA)* | 77,623 | 88,292 | *-12%* | 61,303 | 69,385 | *-12%* | 2,818 | 3,512 | *-20%* | 4,500 | 4,883 | *-8%* | 13,343 | 12,938 | | 159,587 | 179,010 | *-11%* |
| Number of employees (FTEs) | 17,428 | 17,648 | *-1%* | 6,019 | 6,121 | *-2%* | 3,480 | 3,466 | *0%* | 1,650 | 1,579 | *4%* | 924 | 890 | | 29,501 | 29,704 | *-1%* |
| **Volumes, EURbn:** | | | | | | | | | | | | | | | | | | |
| Lending to corporates | 85.3 | 91.1 | *-6%* | 96.4 | 97.6 | *-1%* | | | | | | | 5.4 | 1.7 | | 187.1 | 190.4 | *-2%* |
| Household mortgage lending | 122.8 | 122.2 | *0%* | 0.5 | 0.4 | *25%* | 5.8 | 5.4 | *7%* | | | | | | | 129.1 | 128.0 | *1%* |
| Consumer lending | 23.8 | 24.8 | *-4%* | | | | 3.2 | 3.1 | *3%* | | | | | | | 27.0 | 27.9 | *-3%* |
| **Total lending** | **231.9** | **238.1** | ***-3%*** | **96.9** | **98.0** | ***-1%*** | **9.0** | **8.5** | ***6%*** | | | | **5.4** | **1.7** | | **343.2** | **346.3** | ***-1%*** |
| Corporate deposits | 43.6 | 43.7 | *0%* | 67.4 | 70.3 | *-4%* | | | | | | | 3.4 | 3.8 | | 114.4 | 117.8 | *-3%* |
| Household deposits | 74.7 | 75.2 | *-1%* | 0.2 | 0.2 | *0%* | 11.2 | 11.1 | *1%* | | | | | | | 86.1 | 86.5 | *0%* |
| **Total deposits** | **118.3** | **118.9** | ***-1%*** | **67.6** | **70.5** | ***-4%*** | **11.2** | **11.1** | ***1%*** | | | | **3.4** | **3.8** | | **200.5** | **204.3** | ***-2%*** |

The table shows operating profit, income items, ratios and volumes for continuing operations. Net profit and volumes for discontinued operations are presented in the Group income statement and balance sheet. RWA from discontinued operations included in Group Functions, Other and Eliminations.

# Retail Banking

The business area consists of the retail banking business in the Nordic region and the Baltic countries and includes all parts of the value chain. Approx. 10 million customers are offered a wide range of products. The customers are served from a total of 803 branch locations and contact centres and through the online banking channels.

### *Business development*

In September, Nordea was once again acknowledged for its successful relationship strategy, receiving World Finance magazine’s “Best Banking Group in the Nordics” award for the third consecutive year.

The number of Gold and Premium customers amounted to 3.08 million, of whom 23,400 were new Nordea customers in the third quarter. During the period, 0.4 million household and corporate advisory meetings were held.

Compared to one year ago, the number of customers per employee (full time equivalent) increased by 4%, from 359 to 372 this year.

Through the continuous development of the multichannel offerings, Nordea can accommodate customers’ different preferences and financial needs. While the number of Netbank logons remains rather stable, the number of mobile logons has increased by 84% in the last year and the increase was 7.8 million during the last quarter. The number of active Nordic mobile users has increased by close to 80% during the past year.

The contact centres are developing towards offering customers a broader range of support. Besides a general competence upgrade for all employees, more high level advisory competences are added. For instance, 70 well-educated contact centre bank advisers are now in place to advise Danish customers on complex financial issues, which required a branch visit previously.

While adjusting the channel mix to meet customer preferences and behaviour, Nordea also aligns and optimises processes across channels to make them more cost-efficient while at the same time providing a smoother customer experience. The eSignature implementation in Norway is one example. Since the launch in June, 60% of new deposit products have been opened through a paper-free process. This solution provides greater convenience for customers, while reducing the cost of paper, printing and postage, as well as reducing manual administrative work.

In Sweden, a new automated process for mortgage pre-approval is used both online and in the branches. It is another example of a successful process implementation that has provided customer benefits, cost reductions and contributed to a common Nordea approach. The process also provides better support for meeting FSA compliance requirements for statistical monitoring.

### *Result*

Reported total income decreased slightly but in local currencies income increased somewhat from the previous quarter as well as same quarter last year.

Net interest income was close to unchanged from the previous quarter. The effect of the re-pricing is decreasing but still affecting lending margins positively. Short-term market interest rates stayed at a low level and there were thus small changes in deposit earnings.

Demand for corporate lending showed signs of improvement in some markets while in local currencies household lending continued to grow in all countries.

Savings-related income continued the positive development. However, the event-driven commissions suffered from the lower activity in July and August.

Expenses followed the seasonal pattern and were down from the second quarter. The number of employees (FTEs) was down 1% from the same quarter last year following the continuing efficiency initiatives executed throughout the entire value chain. These initiatives have more than compensated for inflation, increased investments in Mobile banking and further strengthening of the compliance area.

Risk-weighted assets (RWA) were reduced by 1% in the third quarter. Efforts to improve capital efficiency continued during the quarter and a number of advances, such as improved processes related to collaterals, were made.

Excluding the recoveries booked in Norway in the previous period, net loan losses decreased for the fourth consecutive quarter. The loan loss ratio was 18 basis points (17 basis points in the second quarter excluding the Danish deposit guarantee fund provisions).

**Retail Banking total**

| | | | | | | | | chg local currency | |
|---|---|---|---|---|---|---|---|---|---|
| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 | Q313 vs Q213 | vs Q312 |
| Net interest income | 954 | 956 | 955 | 976 | 957 | 0% | 0% | 1% | 2% |
| Net fee and commission income | 270 | 265 | 273 | 291 | 288 | 2% | -6% | 3% | -3% |
| Net result from items at fair value | 68 | 88 | 91 | 58 | 66 | -23% | 3% | -21% | 9% |
| Equity method & other income | 26 | 20 | 36 | 48 | 20 | 30% | 30% | 30% | 34% |
| **Total income incl. allocations** | **1,318** | **1,329** | **1,355** | **1,373** | **1,331** | **-1%** | **-1%** | **0%** | **2%** |
| Staff costs | -340 | -345 | -345 | -351 | -348 | -1% | -2% | 0% | 0% |
| Other exp. excl. depreciations | -359 | -377 | -379 | -404 | -376 | -5% | -5% | -4% | -2% |
| **Total expenses incl. allocations** | **-724** | **-747** | **-749** | **-786** | **-755** | **-3%** | **-4%** | **-2%** | **-2%** |
| **Profit before loan losses** | **594** | **582** | **606** | **587** | **576** | **2%** | **3%** | **4%** | **6%** |
| Net loan losses | -107 | -95 | -131 | -140 | -184 | 13% | -42% | 13% | -41% |
| **Operating profit** | **487** | **487** | **475** | **447** | **392** | **0%** | **24%** | **2%** | **29%** |
| Cost/income ratio, % | 55 | 56 | 55 | 57 | 57 | | | | |
| RAROCAR, % | 14 | 14 | 14 | 13 | 13 | | | | |
| Economic capital (EC) | 11,092 | 11,190 | 11,073 | 11,248 | 11,894 | -1% | -7% | -1% | -4% |
| Risk-weighted assets (RWA) | 77,623 | 78,468 | 81,284 | 82,332 | 88,292 | -1% | -12% | -1% | -10% |
| Number of employees (FTEs) | 17,428 | 17,331 | 17,390 | 17,459 | 17,648 | 1% | -1% | | |
| **Volumes, EURbn:** | | | | | | | | | |
| Lending to corporates | 85.3 | 85.1 | 87.6 | 88.2 | 91.1 | 0% | -6% | 1% | -3% |
| Household mortgage lending | 122.8 | 121.6 | 123.4 | 122.6 | 122.2 | 1% | 0% | 1% | 3% |
| Consumer lending | 23.8 | 23.8 | 24.2 | 24.2 | 24.8 | 0% | -4% | 0% | -3% |
| **Total lending** | **231.9** | **230.5** | **235.2** | **235.0** | **238.1** | **1%** | **-3%** | **1%** | **0%** |
| Corporate deposits | 43.6 | 43.6 | 44.4 | 45.8 | 43.7 | 0% | 0% | 0% | 3% |
| Household deposits | 74.7 | 75.7 | 76.1 | 75.4 | 75.2 | -1% | -1% | -1% | 1% |
| **Total deposits** | **118.3** | **119.3** | **120.5** | **121.2** | **118.9** | **-1%** | **-1%** | **-1%** | **2%** |

Restatements mainly following alignment of liquidity premia and net loan losses in relation to Group functions & other

## Banking Denmark

### *Business development*

Business development in Banking Denmark was solid in the third quarter, despite the general moderate activity level in the Danish economy. The relationship banking model continues to attract customers and new externally acquired Gold and Premium customers amounted to 7,800, which is up 16% compared to the same quarter one year ago.

Household lending increased slightly during the quarter. The stabilisation of the housing market, not least for apartments around large cities, continues. Housing loan volumes continued to increase, as did the market share.

The inflow of new corporate customers continued in the third quarter. Corporate lending volumes were almost unchanged despite increasing competition, particularly in the large corporate segment. The deposit volume increased slightly.

Taking effect as of 1 October, the number of Branch Regions has been reduced from 19 to 12, in order to increase critical mass, strengthen advisory competences and increase efficiency across the regions.

### *Result*

Net interest income increased slightly from the second quarter, but could not compensate for the decrease in non-interest income that came from somewhat lower activity over the summer.

Total expenses decreased compared to the previous quarter. Staff costs were unchanged, due to a combination of a lower number of employees and an increase in average salary driven by the collective agreement.

Risk-weighted assets (RWA) were down compared to the previous quarter following improved capital efficiency.

Net loan losses continued downwards for the fifth consecutive quarter. The loan loss ratio was 45 basis points in the third quarter (46 basis points in the second quarter of 2013 excluding provisions to the Danish Deposit Guarantee Fund).

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 311 | 309 | 317 | 323 | 309 | 1% | 1% |
| Net fee and commission income | 39 | 46 | 41 | 41 | 58 | -15% | -33% |
| Net result from items at fair value | 12 | 11 | 33 | 8 | 7 | 9% | 71% |
| Equity method & other income | 7 | 9 | 11 | 9 | 5 | -22% | 40% |
| **Total income incl. allocations** | **369** | **375** | **402** | **381** | **379** | **-2%** | **-3%** |
| Staff costs | -82 | -82 | -81 | -85 | -84 | 0% | -2% |
| Other exp. excl. depreciations | -115 | -120 | -120 | -124 | -120 | -4% | -4% |
| **Total expenses incl. allocations** | **-201** | **-205** | **-205** | **-212** | **-208** | **-2%** | **-3%** |
| **Profit before loan losses** | **168** | **170** | **197** | **169** | **171** | **-1%** | **-2%** |
| Net loan losses | -75 | -77 | -86 | -90 | -145 | -3% | -48% |
| **Operating profit** | **93** | **93** | **111** | **79** | **26** | **0%** | **258%** |
| Cost/income ratio, % | 55 | 55 | 51 | 56 | 55 | | |
| RAROCAR, % | 14 | 14 | 16 | 13 | 13 | | |
| Economic capital (EC) | 3,027 | 3,047 | 3,151 | 3,147 | 3,326 | -1% | -9% |
| Risk-weighted assets (RWA) | 22,996 | 23,244 | 24,081 | 23,641 | 24,927 | -1% | -8% |
| Number of employees (FTEs) | 3,853 | 3,890 | 3,891 | 3,934 | 4,027 | -1% | -4% |
| **Volumes, EURbn:** | | | | | | | |
| Lending to corporates | 23.7 | 23.8 | 23.7 | 23.7 | 23.6 | 0% | 0% |
| Household mortgage lending | 30.6 | 30.4 | 30.3 | 30.1 | 29.7 | 1% | 3% |
| Consumer lending | 12.1 | 12.1 | 12.2 | 12.4 | 12.5 | 0% | -3% |
| **Total lending** | **66.4** | **66.3** | **66.2** | **66.2** | **65.8** | **0%** | **1%** |
| Corporate deposits | 8.8 | 8.6 | 8.5 | 7.8 | 7.6 | 2% | 16% |
| Household deposits | 23.1 | 23.5 | 23.3 | 23.0 | 22.4 | -2% | 3% |
| **Total deposits** | **31.9** | **32.1** | **31.8** | **30.8** | **30.0** | **-1%** | **6%** |

## Banking Finland

### *Business development*

Banking Finland's business development remained strong in the third quarter despite the uncertainty in the market. The number of customer meetings remained at a high level. The number of externally acquired Gold and Premium customers was 5.200.

Nordea strengthened its position in the housing loan market in the third quarter showing increased sales and a higher market share for new housing loans. Sales of investment products remained high in the low-interest-rate environment. Furthermore, new investment funds were launched enhancing Nordea's competitiveness in the savings area.

In the third quarter, the continued focus on relationship banking with our corporate customers contributed to an increase in the lending market share. New corporate lending amounted to EUR 1.0bn, resulting in increased volumes. Nordea's active role as loan provider supported the level of lending fees and income from interest rate hedging. Nordea's risk-based pricing combined with a firm credit risk policy has a positive effect on lending margins.

### *Result*

Total income was supported by an improvement in net interest income driven by both corporate and household lending. A slight increase in short-term interest rates had a positive impact on deposit earnings. The holiday season affected non-interest income negatively. The increase in total income from last year has improved the RaRoCaR level.

The number of employees (FTEs) decreased while staff costs increased, due to the seasonal effect related to holiday pay.

Net loan losses were EUR 14m, mainly from the corporate portfolio. The loan loss ratio was 12 basis points (7 basis points in the second quarter).

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 173 | 163 | 144 | 145 | 147 | 6% | 18% |
| Net fee and commission income | 91 | 87 | 88 | 81 | 83 | 5% | 10% |
| Net result from items at fair value | 16 | 26 | 20 | 19 | 17 | -38% | -6% |
| Equity method & other income | 4 | 1 | 8 | 17 | 2 | | 100% |
| **Total income incl. allocations** | **284** | **277** | **260** | **262** | **249** | **3%** | **14%** |
| Staff costs | -59 | -55 | -57 | -57 | -55 | 7% | 7% |
| Other exp. excl. depreciations | -104 | -103 | -104 | -105 | -102 | 1% | 2% |
| **Total expenses incl. allocations** | **-164** | **-159** | **-162** | **-164** | **-158** | **3%** | **4%** |
| **Profit before loan losses** | **120** | **118** | **98** | **98** | **91** | **2%** | **32%** |
| Net loan losses | -14 | -8 | -13 | -14 | -21 | 75% | -33% |
| **Operating profit** | **106** | **110** | **85** | **84** | **70** | **-4%** | **51%** |
| Cost/income ratio, % | 58 | 57 | 62 | 63 | 64 | | |
| RAROCAR, % | 17 | 16 | 13 | 13 | 12 | | |
| Economic capital (EC) | 1,974 | 2,003 | 1,954 | 1,941 | 1,985 | -1% | -1% |
| Risk-weighted assets (RWA) | 14,057 | 14,223 | 13,962 | 14,554 | 15,007 | -1% | -6% |
| Number of employees (FTEs) | 3,940 | 3,985 | 3,981 | 3,984 | 4,008 | -1% | -2% |
| **Volumes, EURbn:** | | | | | | | |
| Lending to corporates | 14.9 | 14.8 | 14.7 | 14.7 | 15.0 | 1% | -1% |
| Household mortgage lending | 25.6 | 25.4 | 25.2 | 25.2 | 25.2 | 1% | 2% |
| Consumer lending | 5.2 | 5.1 | 5.1 | 5.2 | 5.2 | 2% | 0% |
| **Total lending** | **45.7** | **45.3** | **45.0** | **45.1** | **45.4** | **1%** | **1%** |
| Corporate deposits | 9.5 | 9.4 | 9.1 | 10.6 | 10.3 | 1% | -8% |
| Household deposits | 21.5 | 22.0 | 22.1 | 22.2 | 22.4 | -2% | -4% |
| **Total deposits** | **31.0** | **31.4** | **31.2** | **32.8** | **32.7** | **-1%** | **-5%** |

Restatements due to organisational changes

## Banking Norway

### *Business development*

The number of externally acquired Gold and Premium customers amounted to 2,500 in the quarter. Despite effects from summer vacation, this number was equal to the level from second quarter with close to the same meeting activity. Effects from the mortgage lending campaign in the second quarter were also clearly visible in the third quarter, even though growth was somewhat lower due to seasonality.

In local currency, corporate lending volumes increased by 1% from the previous quarter. The large corporate segment showed the highest growth. Despite the holiday period the corporate business momentum remained on a high level and capital markets income was close to unchanged compared to previous quarter and in local currency income increased by 25% from the third quarter last year. Corporate deposit volumes were seasonally down from the second quarter and Nordea remained cautious when competing for large deposits.

Household mortgage lending increased by 1% from the previous quarter in local currency and deposit volumes were seasonally down due to vacation spending. Competition for household deposits and household lending remained high, mainly due to the customer interest rate increases in connection with when proposals for new risk weights on mortgage lending were presented.

Risk-weighted assets were down compared to the second quarter, driven by efficiency initiatives in the corporate segment and the depreciation of the NOK.

### *Result*

In local currency, total income increased by 3% from the previous quarter and 16% from the third quarter last year, despite the reintroduction of the fee to the Norwegian deposit guarantee scheme. Lending margins increased further during the quarter reflecting improved risk pricing.

Total expenses in local currency decreased from the previous quarter and were up 2% compared to the same quarter last year.

RaRoCaR increased from the previous quarter due to reduced expenses and lower Economic capital.

The loan loss ratio was 7 basis points in the third quarter (the loan loss ratio in the second quarter was positive). Loan losses in the third quarter mainly came from the individual provisions in corporate segment and group wise provisions in household segment.

| | | | | | | | | chg local currency | |
|---|---|---|---|---|---|---|---|---|---|
| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 | Q313 vs Q213 | vs Q312 |
| Net interest income | 209 | 209 | 199 | 201 | 188 | 0% | 11% | 4% | 19% |
| Net fee and commission income | 43 | 40 | 43 | 53 | 48 | 8% | -10% | 11% | -4% |
| Net result from items at fair value | 18 | 25 | 15 | 18 | 16 | -28% | 13% | -24% | 25% |
| Equity method & other income | 1 | 2 | 2 | 2 | 0 | -50% | | -16% | |
| **Total income incl. allocations** | **271** | **276** | **259** | **274** | **252** | **-2%** | **8%** | **3%** | **16%** |
| Staff costs | -38 | -40 | -41 | -41 | -40 | -5% | -5% | -2% | 3% |
| Other exp. excl. depreciations | -76 | -80 | -81 | -86 | -81 | -5% | -6% | -1% | 1% |
| **Total expenses incl. allocations** | **-116** | **-122** | **-124** | **-129** | **-122** | **-5%** | **-5%** | **-2%** | **2%** |
| **Profit before loan losses** | **155** | **154** | **135** | **145** | **130** | **1%** | **19%** | **6%** | **29%** |
| Net loan losses | -8 | 13 | -11 | -13 | -8 | | 0% | | 1% |
| **Operating profit** | **147** | **167** | **124** | **132** | **122** | **-12%** | **20%** | **-7%** | **31%** |
| Cost/income ratio, % | 43 | 44 | 48 | 47 | 48 | | | | |
| RAROCAR, % | 17 | 16 | 13 | 13 | 11 | | | | |
| Economic capital (EC) | 2,516 | 2,556 | 2,670 | 2,869 | 3,019 | -2% | -17% | 1% | -7% |
| Risk-weighted assets (RWA) | 18,611 | 18,896 | 19,877 | 21,371 | 22,772 | -2% | -18% | 1% | -10% |
| Number of employees (FTEs) | 1,419 | 1,407 | 1,405 | 1,402 | 1,388 | 1% | 2% | | |
| **Volumes, EURbn:** | | | | | | | | | |
| Lending to corporates | 19.7 | 19.9 | 20.9 | 21.3 | 22.1 | -1% | -11% | 1% | -2% |
| Household mortgage lending | 25.0 | 25.6 | 26.7 | 27.3 | 27.3 | -2% | -8% | 1% | 1% |
| Consumer lending | 0.7 | 0.8 | 0.7 | 0.7 | 0.8 | -12% | -13% | -2% | -5% |
| **Total lending** | **45.4** | **46.3** | **48.3** | **49.3** | **50.2** | **-2%** | **-10%** | **1%** | **0%** |
| Corporate deposits | 10.5 | 11.1 | 11.4 | 11.9 | 11.5 | -5% | -9% | -2% | 1% |
| Household deposits | 8.0 | 8.6 | 8.5 | 8.5 | 8.5 | -7% | -6% | -3% | 5% |
| **Total deposits** | **18.5** | **19.7** | **19.9** | **20.4** | **20.0** | **-6%** | **-8%** | **-3%** | **3%** |

Minor restatement in Economic capital

## Banking Sweden

### *Business development*

The pace in the business development in Banking Sweden was strong in the third quarter, despite the vacation period. The activity level in the Swedish economy is showing signs of improvement, although from a low level. The relationship banking model continues to attract customers and new externally acquired Gold and Premium customers amounted to 7,800, which is 43% higher than in the same quarter last year.

In local currency, growth in household mortgage lending amounted to 2.5% in the third quarter, higher than in the second quarter and more than double compared to the same period last year. This has also supported an increased net growth rate in the number of Gold customers. Customer demand for investment products remained high and sales were 16% higher than in the same quarter last year.

Corporate customers' demand for financing is showing signs of returning to normal levels, albeit slowly. Competition for new lending contracts remains fierce. The capital markets business was affected by the vacation period, but the activity level was high towards the end of third quarter.

Total lending increased 3% during the quarter and total deposits increased by 1%.

### *Result*

Net interest income decreased in the third quarter, reflecting increasing margin pressure on the lending book. Non-interest income showed a positive development, despite the effect of the vacation period.

Total expenses decreased as an effect of a sustained high cost focus and improved efficiency.

Despite growing lending volumes, RWA as well as economic capital decreased by between 1% and 2% in local currency. This was achieved by a combination of capital efficiency initiatives and improving credit quality.

Net loan losses remained at a low level. The loan loss ratio was 7 basis points in the third quarter (11 basis points in the second quarter).

| | | | | | | | | chg local currency | |
|---|---|---|---|---|---|---|---|---|---|
| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 | Q313 vs Q213 | vs Q312 |
| Net interest income | 251 | 263 | 286 | 280 | 282 | -5% | -11% | -3% | -8% |
| Net fee and commission income | 91 | 88 | 93 | 105 | 92 | 3% | -1% | 5% | 4% |
| Net result from items at fair value | 25 | 26 | 26 | 27 | 27 | -4% | -7% | -4% | -1% |
| Equity method & other income | 6 | 1 | 5 | 6 | 0 | | | | |
| **Total income incl. allocations** | **373** | **378** | **410** | **418** | **401** | **-1%** | **-7%** | **0%** | **-3%** |
| Staff costs | -71 | -73 | -76 | -74 | -72 | -3% | -1% | -2% | 2% |
| Other exp. excl. depreciations | -142 | -152 | -146 | -147 | -148 | -7% | -4% | -5% | 0% |
| **Total expenses incl. allocations** | **-217** | **-229** | **-226** | **-227** | **-225** | **-5%** | **-4%** | **-4%** | **0%** |
| **Profit before loan losses** | **156** | **149** | **184** | **191** | **176** | **5%** | **-11%** | **7%** | **-8%** |
| Net loan losses | -11 | -18 | -11 | -11 | -6 | -39% | 83% | -37% | 84% |
| **Operating profit** | **145** | **131** | **173** | **180** | **170** | **11%** | **-15%** | **12%** | **-12%** |
| Cost/income ratio, % | 58 | 61 | 55 | 54 | 56 | | | | |
| RAROCAR, % | 15 | 15 | 20 | 20 | 18 | | | | |
| Economic capital (EC) | 2,859 | 2,854 | 2,555 | 2,512 | 2,734 | 0% | 5% | -1% | 7% |
| Risk-weighted assets (RWA) | 16,651 | 16,700 | 17,866 | 16,954 | 17,872 | 0% | -7% | -2% | -5% |
| Number of employees (FTEs) | 3,293 | 3,263 | 3,315 | 3,306 | 3,352 | 1% | -2% | | |
| **Volumes, EURbn:** | | | | | | | | | |
| Lending to corporates | 21.4 | 21.1 | 22.7 | 22.7 | 24.5 | 1% | -13% | 0% | -11% |
| Household mortgage lending | 39.0 | 37.6 | 38.7 | 37.2 | 37.3 | 4% | 5% | 2% | 7% |
| Consumer lending | 5.6 | 5.5 | 5.8 | 5.9 | 6.1 | 2% | -8% | -1% | -5% |
| **Total lending** | **66.0** | **64.2** | **67.2** | **65.8** | **67.9** | **3%** | **-3%** | **2%** | **0%** |
| Corporate deposits | 12.2 | 12.1 | 13.0 | 13.1 | 12.4 | 1% | -2% | -1% | 1% |
| Household deposits | 21.1 | 20.8 | 21.4 | 20.9 | 21.1 | 1% | 0% | 0% | 3% |
| **Total deposits** | **33.3** | **32.9** | **34.4** | **34.0** | **33.5** | **1%** | **-1%** | **0%** | **2%** |

Minor restatement in Economic capital

## Banking Baltic countries

### *Business development*

A slower-than-expected recovery in foreign markets hindered investment and export growth in the Baltic countries, but thanks to strengthening domestic demand overall economic growth remained robust. Rising economic activity in Western Europe ought to support export and investment growth in 2014 and 2015, while at the same time improving labour market conditions and positive consumer sentiment should continue to benefit domestic consumption. Hence, the Baltic economies are expected to remain one of the fastest-growing EU regions. The main threats come from the East, in particular the economic slowdown in Russia, which is still a major trading partner to all the Baltic countries.

In the third quarter, household lending remained constant, while the corporate lending portfolio showed a slight decrease in line with the market trend. Prices for new lending continue to be at a level above the average loan stock.

Market rates remain at a low level, driving down demand to hold funds in transaction and term accounts. However, focus on increasing house-bank relationships contributes to stronger growth in deposit volumes than the market (30% compared to the same quarter of the previous year).

Economic capital and RWA were down as compared to the same period in the previous year, reflecting an improvement in risk levels and efficiency initiatives.

### *Result*

Total income was unchanged compared to the previous quarter.

Total expenses decreased 5% compared to the previous quarter and were down 9% from the third quarter last year. The decrease compared to the previous year is due to lower administrative costs. The fluctuations between the second and the third quarter were mainly related to the vacation period.

Stable income and lower costs facilitated growth in RaRoCaR, which increased to 7% (the highest quarterly return since the beginning of 2012).

Operating profit increased substantially compared to the previous quarter on the back of net reversals of loan losses.

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 33 | 33 | 32 | 32 | 31 | 0% | 6% |
| Net fee and commission income | 11 | 11 | 10 | 10 | 11 | 0% | 0% |
| Net result from items at fair value | -1 | -1 | -1 | -4 | 1 | | |
| Equity method & other income | 0 | 0 | 0 | 0 | 1 | | -100% |
| **Total income incl. allocations** | **43** | **43** | **41** | **38** | **44** | **0%** | **-2%** |
| Staff costs | -6 | -6 | -7 | -7 | -6 | 0% | 0% |
| Other exp. excl. depreciations | -14 | -16 | -13 | -13 | -16 | -13% | -13% |
| **Total expenses incl. allocations** | **-21** | **-22** | **-20** | **-21** | **-23** | **-5%** | **-9%** |
| **Profit before loan losses** | **22** | **21** | **21** | **17** | **21** | **5%** | **5%** |
| Net loan losses | 4 | -7 | -4 | -10 | -1 | | |
| **Operating profit** | **26** | **14** | **17** | **7** | **20** | **86%** | **30%** |
| Cost/income ratio, % | 49 | 51 | 49 | 55 | 52 | | |
| RAROCAR, % | 7 | 6 | 6 | 4 | 5 | | |
| Economic capital (EC) | 704 | 718 | 729 | 761 | 808 | -2% | -13% |
| Risk-weighted assets (RWA) | 5,307 | 5,404 | 5,498 | 5,811 | 7,715 | -2% | -31% |
| Number of employees (FTEs) | 753 | 771 | 799 | 805 | 839 | -2% | -10% |
| **Volumes, EURbn:** | | | | | | | |
| Lending to corporates | 5.6 | 5.7 | 5.7 | 5.7 | 5.7 | -2% | -2% |
| Household lending | 2.8 | 2.8 | 2.9 | 2.9 | 3.0 | 0% | -7% |
| **Total lending** | **8.4** | **8.5** | **8.6** | **8.6** | **8.7** | **-1%** | **-3%** |
| Corporate deposits | 2.6 | 2.4 | 2.3 | 2.4 | 1.9 | 8% | 37% |
| Household deposits | 0.9 | 0.9 | 0.8 | 0.8 | 0.8 | 0% | 13% |
| **Total deposits** | **3.5** | **3.3** | **3.1** | **3.2** | **2.7** | **6%** | **30%** |

Restatement of deposit volumes due to organisational reporting change

## Retail Banking other

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

### *Result*

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

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | -23 | -21 | -23 | -5 | 0 | | |
| Net fee and commission income | -5 | -7 | -2 | 1 | -4 | | |
| Net result from items at fair value | -2 | 1 | -2 | -10 | -2 | | |
| Equity method & other income | 8 | 7 | 10 | 14 | 12 | 14% | -33% |
| **Total income incl. allocations** | **-22** | **-20** | **-17** | **0** | **6** | | |
| Staff costs | -84 | -89 | -83 | -87 | -91 | -6% | -8% |
| Other exp. excl. depreciations | 92 | 94 | 85 | 71 | 91 | -2% | 1% |
| **Total expenses incl. allocations** | **-5** | **-10** | **-12** | **-33** | **-19** | **-50%** | **-74%** |
| **Profit before loan losses** | **-27** | **-30** | **-29** | **-33** | **-13** | | |
| Net loan losses | -3 | 2 | -6 | -2 | -3 | | 0% |
| **Operating profit** | **-30** | **-28** | **-35** | **-35** | **-16** | | |
| Economic capital (EC) | 12 | 12 | 14 | 18 | 22 | 0% | -45% |
| Number of employees (FTEs) | 4,170 | 4,015 | 3,999 | 4,028 | 4,034 | 4% | 3% |

Restatement following alignment of liquidity premia and net loan losses in relation to Group functions & other

# Wholesale Banking

Wholesale Banking provides services and financial solutions to the largest corporate and institutional customers in Nordea. The business area incorporates the whole value chain including customer and product units as well as the supporting IT and infrastructure.

Wholesale Banking has a substantial lead-bank footprint in all Nordic markets, supported by a competitive product offering and a well-diversified business mix. The leading position is leveraged to further strengthen customer relationships and drive cross-selling and income growth as well as to provide customers with access to attractive financing in the capital markets.

Wholesale Banking focuses on increased returns through continuous improvement. The value of the customer franchise is increased by the strengthened service model. Effective business selection and continued repricing drive income growth and improved capital allocation. Process efficiencies and reduced complexity support effective cost management and operational stability.

### *Business development*

Wholesale Banking successfully continued to develop its market position. Business opportunities are screened with a focus on taking a larger and broader role in prioritised situations. Increased cross-selling and ancillary income offset the relatively slow growth in traditional banking products and reflects the increased importance of new capital-light solutions.

The strength of Nordea's transaction services was further evidenced by Euromoney's award for best cash manager in the Nordics & Baltics.

### Banking

Corporate customer activity was moderate in a seasonally weak third quarter. The daily business was relatively stable with higher margins, largely unchanged lending volumes and transaction flows at normal levels for the season. Customers remained cautious with limited capital expenditure and corporate restructuring activity.

Institutional customer activity was subdued with limited portfolio reallocation and reduced transaction flows.

Customer activity in shipping was moderate and activity in the offshore and oil services sector was stable.

In Russia, customer activity was stable and similar to the previous quarter.

### Capital markets

Fixed income customer activity remained influenced by low financial market volatility and relatively weak demand for new transactions. Income from the management of risk inherent in customer transactions was similarly affected. Customer activity in the currency area was in line with the third quarter last year and there was sustained demand for credit products during the quarter.

Primary bond activity remained high as customers took advantage of attractive yields and increased interest in unrated and high-yield issuers, particularly in Sweden and Denmark. Loan syndication activity remained subdued while LBO activity was strong. M&A activity was moderate in the third quarter.

Wholesale Banking continues to strengthen its position in secondary equity trading. Customer demand was higher than in the corresponding period last year, although customer activity fell back compared to the previous quarter.

### *Credit quality*

Net loan losses decreased to EUR 62m. The loan loss ratio was 26 basis points (36 basis points in the previous quarter).

### *Result*

Total income was EUR 660m, down 2% from the previous quarter. Total expenses declined compared to the previous quarter and were 7% lower than the third quarter last year.

Continued strict resource management resulted in decreased RWA and a highly competitive cost/income ratio.

Operating profit increased to EUR 391m, up 8% from the second quarter and the business area RaRoCaR amounted to 16%.

**Wholesale Banking**

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 290 | 282 | 278 | 285 | 295 | 3% | -2% |
| Net fee and commission income | 148 | 147 | 124 | 142 | 131 | 1% | 13% |
| Net result from items at fair value | 221 | 249 | 225 | 226 | 257 | -11% | -14% |
| Equity method & other income | 1 | -3 | 3 | 8 | 2 | | -50% |
| **Total income incl. allocations** | **660** | **675** | **630** | **661** | **685** | **-2%** | **-4%** |
| Staff costs | -185 | -204 | -197 | -194 | -189 | -9% | -2% |
| Other exp. excl. depreciations | -14 | -13 | -19 | -41 | -23 | 8% | -39% |
| **Total expenses incl. allocations** | **-207** | **-226** | **-226** | **-245** | **-223** | **-8%** | **-7%** |
| **Profit before loan losses** | **453** | **449** | **404** | **416** | **462** | **1%** | **-2%** |
| Net loan losses | -62 | -86 | -68 | -99 | -48 | -28% | 29% |
| **Operating profit** | **391** | **363** | **336** | **317** | **414** | **8%** | **-6%** |
| Cost/income ratio, % | 31 | 33 | 36 | 37 | 33 | | |
| RAROCAR, % | 16 | 16 | 14 | 14 | 15 | | |
| Economic capital (EC) | 8,001 | 8,200 | 8,455 | 8,408 | 8,715 | -2% | -8% |
| Risk-weighted assets (RWA) | 61,303 | 62,633 | 64,882 | 65,405 | 69,385 | -2% | -12% |
| Number of employees (FTEs) | 6,019 | 5,933 | 6,028 | 6,066 | 6,121 | 1% | -2% |
| **Volumes, EURbn:** | | | | | | | |
| Lending to corporates | 96.4 | 95.1 | 97.7 | 88.8 | 97.6 | 1% | -1% |
| Lending to households | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 25% | 25% |
| **Total lending** | **96.9** | **95.5** | **98.1** | **89.2** | **98.0** | **1%** | **-1%** |
| Corporate deposits | 67.4 | 60.9 | 64.8 | 62.6 | 70.3 | 11% | -4% |
| Household deposits | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0% | 0% |
| **Total deposits** | **67.6** | **61.1** | **65.0** | **62.8** | **70.5** | **11%** | **-4%** |

## Corporate & Institutional Banking

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

### *Business development*

Both the daily and event-driven business was affected by the seasonal weakness but regained momentum towards the end of the quarter.

Corporate customer demand for refinancing has declined from the high levels recorded in 2012 and focus has increasingly shifted towards capital markets-related products. Competition has increased further, especially for the largest customers with strong ratings.

CIB executed a number of event-driven transactions, but M&A and leveraged finance activity declined compared to the previous quarter. Activity in the bond market was moderate.

Institutional customer demand reflected the overall market activity and low volatility. The number of hedging transactions was stable and Nordea defended its market position.

Average lending margins continued on an upward trend although pricing for new deals was highly competitive.

The CIB divisions maintained their focus on resource management and operational efficiency while safeguarding customer relationships.

### *Credit quality*

CIB continued its close customer dialogue to manage risks. Net loan losses decreased compared to the previous quarter and amounted to EUR 42m. The loan loss ratio was 41 basis points in the third quarter, compared to 50 basis points in the second quarter.

### *Result*

Total income was EUR 391m, reflecting the seasonal weakness and low capital market activity. Operating profit was EUR 229m.

The level of risk-weighted assets fell during the quarter.

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 177 | 176 | 168 | 176 | 174 | 1% | 2% |
| Net fee and commission income | 143 | 153 | 128 | 142 | 133 | -7% | 8% |
| Net result from items at fair value | 71 | 106 | 93 | 91 | 91 | -33% | -22% |
| Equity method & other income | 0 | 0 | 0 | 0 | 0 | | |
| **Total income incl. allocations** | **391** | **435** | **389** | **409** | **398** | **-10%** | **-2%** |
| Staff costs | -10 | -11 | -11 | -10 | -10 | -9% | 0% |
| Other exp. excl. depreciations | -110 | -112 | -112 | -115 | -110 | -2% | 0% |
| **Total expenses incl. allocations** | **-120** | **-123** | **-123** | **-125** | **-120** | **-2%** | **0%** |
| **Profit before loan losses** | **271** | **312** | **266** | **284** | **278** | **-13%** | **-3%** |
| Net loan losses | -42 | -52 | -37 | -37 | 2 | -19% | |
| **Operating profit** | **229** | **260** | **229** | **247** | **280** | **-12%** | **-18%** |
| Cost/income ratio, % | 31 | 28 | 32 | 31 | 30 | | |
| RAROCAR, % | 15 | 17 | 14 | 15 | 14 | | |
| Economic capital (EC) | 5,237 | 5,371 | 5,581 | 5,399 | 5,663 | -2% | -8% |
| Risk-weighted assets (RWA) | 39,001 | 39,946 | 41,742 | 42,620 | 45,748 | -2% | -15% |
| Number of employees (FTEs) | 195 | 190 | 192 | 213 | 215 | 3% | -9% |
| **Volumes, EURbn:** | | | | | | | |
| Total lending | 41.0 | 41.2 | 43.6 | 42.9 | 45.3 | 0% | -9% |
| Total deposits | 35.1 | 35.2 | 37.1 | 38.7 | 41.5 | 0% | -15% |

## Shipping, Offshore & Oil Services

Shipping, Offshore & Oil Services (SOO) is the division in Wholesale Banking responsible for customers in the shipping, offshore, oil services, cruise and ferries industries worldwide. Customers are served from the Nordic offices as well as the international branches in New York, London and Singapore.

Nordea is a leading bank to the global shipping and offshore sector with strong brand recognition and a world-leading loan syndication franchise. The business strategy is founded on long-term customer relationships and strong industry expertise.

### *Business development*

Overall customer activity was moderate with largely stable lending volumes. Shipping markets experienced higher activity as investor appetite has increased and availability of capital has improved. Activity in the offshore and oil services sector was stable, supported by continued high global exploration and production spending.

### *Credit quality*

Market conditions in the tanker and dry cargo markets generally remained weak during the quarter although freight rates for large dry bulk vessels showed some improvements.

Due to the weak market conditions in certain shipping segments, the loan loss level remained elevated, although lower than in the previous quarter. Net loan losses decreased to EUR 20m and the loan loss ratio was 68 basis points (111 basis points in the second quarter).

The credit quality in the offshore and oil services sectors remained strong.

### *Result*

Total income was EUR 91m, up 2% compared to the previous quarter. Operating profit was EUR 55m, an increase of EUR 14m compared to the second quarter.

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 69 | 67 | 66 | 69 | 75 | 3% | -8% |
| Net fee and commission income | 15 | 14 | 14 | 16 | 19 | 7% | -21% |
| Net result from items at fair value | 7 | 8 | 11 | 13 | 16 | -13% | -56% |
| Equity method & other income | 0 | 0 | 0 | 0 | 0 | | |
| **Total income incl. allocations** | **91** | **89** | **91** | **98** | **110** | **2%** | **-17%** |
| Staff costs | -6 | -5 | -7 | -6 | -7 | 20% | -14% |
| Other exp. excl. depreciations | -10 | -9 | -11 | -11 | -11 | 11% | -9% |
| **Total expenses incl. allocations** | **-16** | **-14** | **-18** | **-17** | **-18** | **14%** | **-11%** |
| **Profit before loan losses** | **75** | **75** | **73** | **81** | **92** | **0%** | **-18%** |
| Net loan losses | -20 | -34 | -40 | -63 | -54 | -41% | -63% |
| **Operating profit** | **55** | **41** | **33** | **18** | **38** | **34%** | **45%** |
| Cost/income ratio, % | 18 | 16 | 20 | 17 | 16 | | |
| RAROCAR, % | 17 | 16 | 15 | 16 | 19 | | |
| Economic capital (EC) | 1,186 | 1,236 | 1,325 | 1,320 | 1,325 | -4% | -10% |
| Risk-weighted assets (RWA) | 9,052 | 9,444 | 10,173 | 10,234 | 10,222 | -4% | -11% |
| Number of employees (FTEs) | 86 | 84 | 88 | 87 | 87 | 2% | -1% |
| **Volumes, EURbn:** | | | | | | | |
| Total lending | 11.8 | 12.2 | 13.1 | 13.0 | 13.4 | -3% | -12% |
| Total deposits | 3.7 | 3.5 | 3.7 | 4.8 | 4.8 | 6% | -23% |

## Banking Russia

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

### *Business development*

The Russian economy slowed down due to weak investment activity but there were also positive signs such as strong consumer confidence, low unemployment and a budget surplus. The main risk remains the high dependence on commodity prices.

Customer activity picked up somewhat, although it is still influenced by the weak economy.

Both lending and deposit volumes were largely unchanged in the third quarter and margins were stable. The focus on efficiency continued. Expenses increased compared to a very low level in the second quarter, although year-to-date in September, the increase is marginal compared to last year. The number of employees came back up by 1% after significant reductions in earlier quarters.

### *Credit quality*

Net loan losses were minimal in the third quarter. Gross impaired loans amounted to EUR 30m or 44 basis points of total loans, compared to 45 basis points in the second quarter.

### *Result*

Total income was up 7% compared to the previous quarter and up 10% compared to the third quarter of 2012. Operating profit was on par with the previous quarter and increased by 9% compared to the same period last year.

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 58 | 55 | 61 | 56 | 51 | 5% | 14% |
| Net fee and commission income | 4 | 3 | 3 | 5 | 4 | 33% | 0% |
| Net result from items at fair value | 3 | 3 | 4 | -3 | 3 | 0% | 0% |
| Equity method & other income | 0 | 0 | 0 | 1 | 1 | | -100% |
| **Total income incl. allocations** | **65** | **61** | **68** | **59** | **59** | **7%** | **10%** |
| Staff costs | -17 | -14 | -19 | -20 | -17 | 21% | 0% |
| Other exp. excl. depreciations | -8 | -7 | -7 | -10 | -7 | 14% | 14% |
| **Total expenses incl. allocations** | **-27** | **-22** | **-28** | **-32** | **-25** | **23%** | **8%** |
| **Profit before loan losses** | **38** | **39** | **40** | **27** | **34** | **-3%** | **12%** |
| Net loan losses | 0 | -1 | 9 | 1 | 1 | -100% | -100% |
| **Operating profit** | **38** | **38** | **49** | **28** | **35** | **0%** | **9%** |
| Cost/income ratio, % | 42 | 36 | 41 | 54 | 42 | | |
| RAROCAR, % | 24 | 25 | 26 | 15 | 19 | | |
| Economic capital (EC) | 459 | 462 | 450 | 500 | 517 | -1% | -11% |
| Risk-weighted assets (RWA) | 5,948 | 5,877 | 5,962 | 6,159 | 6,511 | 1% | -9% |
| Number of employees (FTEs) | 1,402 | 1,385 | 1,439 | 1,486 | 1,464 | 1% | -4% |
| **Volumes, EURbn:** | | | | | | | |
| Lending to corporates | 6.0 | 6.1 | 6.0 | 6.2 | 6.7 | -2% | -10% |
| Lending to households | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 25% | 25% |
| **Total lending** | **6.5** | **6.5** | **6.4** | **6.6** | **7.1** | **0%** | **-8%** |
| Corporate deposits | 1.7 | 1.8 | 1.3 | 2.2 | 2.1 | -6% | -19% |
| Household deposits | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0% | 0% |
| **Total deposits** | **1.9** | **2.0** | **1.5** | **2.4** | **2.3** | **-5%** | **-17%** |

## Wholesale Banking other (including Capital Markets unallocated)

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

### *Result*

The Wholesale Banking other total income was EUR 113m, up 26% from the previous quarter, and in line with the third quarter last year. Operating profit increased by EUR 45m compared to the previous quarter.

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | -14 | -16 | -17 | -16 | -5 | | |
| Net fee and commission income | -14 | -23 | -21 | -21 | -25 | | |
| Net result from items at fair value | 140 | 132 | 117 | 125 | 147 | 6% | -5% |
| Equity method & other income | 1 | -3 | 3 | 7 | 1 | | 0% |
| **Total income incl. allocations** | **113** | **90** | **82** | **95** | **118** | **26%** | **-4%** |
| Staff costs | -152 | -174 | -160 | -158 | -155 | -13% | -2% |
| Other exp. excl. depreciations | 114 | 115 | 111 | 95 | 105 | -1% | 9% |
| **Total expenses incl. allocations** | **-44** | **-67** | **-57** | **-71** | **-60** | **-34%** | **-27%** |
| **Profit before loan losses** | **69** | **23** | **25** | **24** | **58** | **200%** | **19%** |
| Net loan losses | 0 | 1 | 0 | 0 | 3 | -100% | -100% |
| **Operating profit** | **69** | **24** | **25** | **24** | **61** | **188%** | **13%** |
| Economic capital (EC) | 1,119 | 1,131 | 1,099 | 1,189 | 1,210 | -1% | -8% |
| Risk-weighted assets (RWA) | 7,302 | 7,366 | 7,005 | 6,392 | 6,904 | -1% | 6% |
| Number of employees (FTEs) | 4,336 | 4,274 | 4,309 | 4,280 | 4,355 | 1% | 0% |
| **Volumes, EURbn:** | | | | | | | |
| Total lending | 37.6 | 35.6 | 35.0 | 26.7 | 32.2 | | |
| Total deposits | 26.9 | 20.4 | 22.7 | 16.9 | 21.9 | | |

Volumes refers to Repo transactions within Capital Markets.

# Wealth Management

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

### *Business development*

Nordea's Assets under Management (AuM) increased to EUR 227.8bn, up EUR 8.1bn or 4% from the previous quarter and 8% from the same quarter last year. The increase in AuM was due to a positive investment performance return of EUR 5.7bn, and a net inflow of EUR 2.4bn increased AuM further to an all-time high.

The strong business momentum continued in the third quarter as all businesses except for Private Banking contributed positively to the inflow. The main contributors were Institutional sales with a net inflow of EUR 1.9bn and Nordic Retail funds with a net inflow of EUR 0.7bn. The business momentum in the Institutional sales segment was also acknowledged in latest TNS Sifo Prospera 2013 Nordics survey, as Nordea was ranked as number 1 in overall performance by the institutional clients.

In contrast to the second quarter, the third quarter was characterised by positive momentum in financial markets around the world, driven by upbeat data on economic recovery in the US and Europe, in combination with increased investor confidence and the FED's announcement to hold off on tapering. However, there were increased uncertainties and concerns during the quarter related to the possibility of US military strikes in Syria and the risk of a possible US federal government shutdown.

Net flow was positive in the Nordic Retail funds for the seventh consecutive quarter. Supported by the positive momentum in the financial markets, household customers continued to show a strong interest in savings. Furthermore, the flows of Nordic Retail funds continued to show a shift in asset mix, with outflows from fixed income products and inflows into balanced products.

Customer acquisition in Private Banking continued at a steady level during the third quarter. Despite the third quarter being a seasonally weak quarter, Private Banking's AuM increased by nearly 10% compared to the same quarter last year.

Life & Pensions' gross written premiums amounted to EUR 1,419m. The shift towards market return and risk products remained at a high level as 84% of total premiums were directed to capital-light products.

### *Result*

Wealth Management income was EUR 373m in the third quarter, up 18% from the same quarter last year and down 3% from the seasonally strong previous quarter.

The underlying increase in income was mainly attributable to increased customer activity, improved asset mix margins and positive investment assets performance. In addition, Life & Pensions' successful shift towards market return and risk products also made a positive contribution to income.

Costs decreased 3% compared to the previous quarter and remained unchanged from the same quarter last year, due to a combination of efficiency initiatives throughout the organisation.

As a result of successful cost management and stronger business momentum compared to the same quarter last year, operating profit was EUR 186m, up 44% from the same quarter last year.

**Wealth Management**

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 32 | 37 | 33 | 29 | 29 | -14% | 10% |
| Net fee and commission income | 252 | 253 | 236 | 273 | 188 | 0% | 34% |
| Net result from items at fair value | 82 | 84 | 88 | 141 | 91 | -2% | -10% |
| Equity method & other income | 7 | 11 | 7 | 8 | 8 | -36% | -13% |
| **Total income incl. allocations** | **373** | **385** | **364** | **451** | **316** | **-3%** | **18%** |
| Staff costs | -115 | -118 | -119 | -116 | -114 | -3% | 1% |
| Other exp. excl. depreciations | -70 | -74 | -72 | -88 | -72 | -5% | -3% |
| **Total expenses incl. allocations** | **-187** | **-193** | **-193** | **-206** | **-187** | **-3%** | **0%** |
| **Profit before loan losses** | **186** | **192** | **171** | **245** | **129** | **-3%** | **44%** |
| Net loan losses | 0 | -4 | 1 | -1 | 0 | -100% | |
| **Operating profit** | **186** | **188** | **172** | **244** | **129** | **-1%** | **44%** |
| Cost/income ratio, % | 50 | 50 | 53 | 46 | 59 | | |
| RAROCAR, % | 25 | 26 | 23 | 36 | 19 | | |
| Economic capital (EC) | 2,247 | 2,202 | 2,208 | 2,053 | 2,031 | 2% | 11% |
| Risk-weighted assets (RWA) | 2,818 | 2,812 | 3,161 | 2,902 | 3,512 | 0% | -20% |
| Number of employees (FTEs) | 3,480 | 3,439 | 3,447 | 3,465 | 3,466 | 1% | 0% |
| **Volumes, EURbn:** | | | | | | | |
| AuM | 227.8 | 219.7 | 223.8 | 218.3 | 210.9 | 4% | 8% |
| Total lending | 9.0 | 8.9 | 8.9 | 9.0 | 8.5 | 1% | 6% |
| Total deposits | 11.2 | 11.1 | 11.2 | 10.5 | 11.1 | 1% | 1% |

Minor restatement in Economic capital

**Assets under Management (AuM), volumes and net inflow**

| EURbn | Q3 2013 | Q3 2013 Net inflow | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 |
|---|---|---|---|---|---|---|
| Nordic Retail funds | 41.9 | 0.7 | 40.4 | 41.4 | 38.6 | 37.1 |
| Private Banking | 74.9 | -0.4 | 71.9 | 72.9 | 69.4 | 67.9 |
| Institutional sales | 53.3 | 1.9 | 50.8 | 51.3 | 53.1 | 50.7 |
| Life & Pensions | 57.7 | 0.2 | 56.6 | 58.2 | 57.2 | 55.2 |
| **Total** | **227.8** | **2.4** | **219.7** | **223.8** | **218.3** | **210.9** |

Q3 2013 and Q2 2013 represent continuing operations, following the agreement to divest the Polish operations. Historic periods are not restated.

## Private Banking

Nordea Private Banking provides full-scale investment advice, wealth planning, credit, and tax and estate planning services to wealthy individuals, business owners and trusts and foundations. Customers are served from 81 branches in the Nordic countries as well as from offices in Luxembourg, Zürich and Singapore.

### *Business development*

Assets under Management (AuM) in Private Banking amounted to EUR 74.9bn at the end of the third quarter, an increase of EUR 3.0bn or 4% during the quarter and almost 10% compared to the same quarter last year. The increase in AuM was fully driven by a positive market attribution of close to EUR 3.4bn. The contribution from net flow was EUR -0.4bn, due to a lower activity level over the summer.

The strong focus on customer acquisition, including further enhancement of the Private Banking value proposition continues. Approximately 2,000 new Private Banking customers were acquired in the third quarter, a result of both elevation of customers from Retail Banking and external customer acquisition. Customers are also being continuously transferred to Retail Banking in order to ensure that their needs are met in the best way and that focus in Private Banking is on the customers with more complex needs.

Wealth Planning is growing in importance, due to greater regulatory complexity and the increasingly sophisticated needs of our clients. International Private Banking client advisors have completed their training in Cross-Border Wealth Management and are certified in our core markets. This is a further step in the continuous improvement of wealth planning services to customers.

International Private Banking's newly opened branch in Singapore is already attracting great interest from the community of expatriates and wealthy Nordic individuals in Asia. With the Singapore branch Nordea International Private Banking is prepared for future growth in the region.

### *Result*

Total income for the third quarter was EUR 120m, which is an increase of 3% from the same period last year and the strongest third quarter yet for the Private Banking business. This, combined with a continuous strict cost focus, gave operating profit of EUR 34m, a strong growth compared to last years.

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 32 | 37 | 33 | 28 | 27 | -14% | 19% |
| Net fee and commission income | 66 | 73 | 65 | 60 | 51 | -10% | 29% |
| Net result from items at fair value | 22 | 35 | 41 | 34 | 34 | -37% | -35% |
| Equity method & other income | 0 | 1 | 1 | 3 | 4 | -100% | -100% |
| **Total income incl. allocations** | **120** | **146** | **140** | **125** | **116** | **-18%** | **3%** |
| Staff costs | -41 | -42 | -42 | -46 | -38 | -2% | 8% |
| Other exp. excl. depreciations | -43 | -44 | -43 | -44 | -46 | -2% | -7% |
| **Total expenses incl. allocations** | **-86** | **-87** | **-87** | **-92** | **-85** | **-1%** | **1%** |
| **Profit before loan losses** | **34** | **59** | **53** | **33** | **31** | **-42%** | **10%** |
| Net loan losses | 0 | -4 | 1 | -1 | 0 | -100% | |
| **Operating profit** | **34** | **55** | **54** | **32** | **31** | **-38%** | **10%** |
| Cost/income ratio, % | 72 | 60 | 62 | 71 | 70 | | |
| RAROCAR, % | 27 | 46 | 40 | 28 | 21 | | |
| Economic capital (EC) | 370 | 379 | 387 | 336 | 422 | -2% | -12% |
| Risk-weighted assets (RWA) | 2,501 | 2,497 | 2,883 | 2,646 | 3,257 | 0% | -23% |
| Number of employees (FTEs) | 1,220 | 1,207 | 1,220 | 1,208 | 1,195 | 1% | 2% |
| **Volumes, EURbn:** | | | | | | | |
| AuM | 74.9 | 71.9 | 72.9 | 69.4 | 67.9 | 4% | 10% |
| Household mortgage lending | 5.8 | 5.7 | 5.7 | 5.6 | 5.4 | 2% | 7% |
| Consumer lending | 3.2 | 3.2 | 3.2 | 3.4 | 3.1 | 0% | 3% |
| **Total lending** | **9.0** | **8.9** | **8.9** | **9.0** | **8.5** | **1%** | **6%** |
| Household deposits | 11.2 | 11.1 | 11.2 | 10.5 | 11.1 | 1% | 1% |
| **Total deposits** | **11.2** | **11.1** | **11.2** | **10.5** | **11.1** | **1%** | **1%** |

Restatement of RWA related to organisational reporting change of Global Fund Distribution

## Asset Management

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

### *Business development*

Investment performance was satisfactory in the third quarter with 73% of composites outperforming benchmarks. All fixed income composites continued their strong momentum and outperformed, however within equities only 62% of the composites delivered value added. Local and Nordic equity products were the best performers in the third quarter, whereas European and Stable Equities underperformed. The traditional balanced offering had positive performance with positive value added from asset allocation, but some of the hedge fund and stable return offering had negative performance attribution from Stable Equities. The long-term performance (3 years) remains strong, with 80% of composites outperforming benchmarks.

In the third quarter, several key products were launched including the first two actively managed funds listed on the stock exchanges in Helsinki and Stockholm, as well as a new product offering for our Private Banking clients. Product consolidation was carried out with several fund mergers at both a national level and across borders.

Net inflow into retail funds was EUR 0.7bn in the quarter, influenced in particular by high net flows in balanced funds. From a geographical perspective, all markets reported net inflows.

Net inflow in Institutional sales, comprising Institutional Asset Management and Global Fund Distribution, was EUR 1.9bn. Institutional Asset Management net inflow was EUR 1.3bn. The inflow was widespread with all but one market in positive territory. Markets outside the Nordics experienced a particularly good quarter contributing with over half of the inflow. Both fixed income and equity products had positive flows, especially within Covered Bonds and Emerging Market Equities. The value of the third quarter flow and the associated changes in the asset mix has increased the average margin of the asset base. Global Fund Distribution realised net inflows of EUR 0.6bn in the third quarter of 2013, maintaining the positive momentum of the first half year of 2013. The net flows have been well diversified, but more tilted towards equities. Investors shifted away from Nordic and US Fixed Income to favour developed equities, in particular the US but also notably Europe. Our multi-assets solution and European high-yield product have continued to attract significant assets. All European markets contributed to the positive net flows.

### *Result*

Total income in the third quarter was EUR 126m, up 29% from the same quarter last year, whilst AuM increased with 9% during the same period. Thus, the main driver being improved asset mix margins attributable to improved margins in Retail and Global fund distribution markets. Income increased with 2% from the previous quarter driven by a continued shift in the asset mix towards high-margin products, which remained at stable level.

As a consequence of continued focus on costs, operating profit was EUR 75m, up 67% from the same quarter last year and 7% from the previous quarter.

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 0 | 0 | 0 | 0 | 0 | | |
| Net fee and commission income | 124 | 119 | 110 | 140 | 95 | 4% | 31% |
| Net result from items at fair value | 0 | 0 | -2 | 1 | 1 | | -100% |
| Equity method & other income | 2 | 5 | 2 | 2 | 2 | -60% | 0% |
| **Total income incl. allocations** | **126** | **124** | **110** | **143** | **98** | **2%** | **29%** |
| Staff costs | -26 | -27 | -30 | -29 | -29 | -4% | -10% |
| Other exp. excl. depreciations | -25 | -27 | -25 | -26 | -24 | -7% | 4% |
| **Total expenses incl. allocations** | **-51** | **-54** | **-55** | **-55** | **-53** | **-6%** | **-4%** |
| **Profit before loan losses** | **75** | **70** | **55** | **88** | **45** | **7%** | **67%** |
| Net loan losses | 0 | 0 | 0 | 0 | 0 | | |
| **Operating profit** | **75** | **70** | **55** | **88** | **45** | **7%** | **67%** |
| Cost/income ratio, % | 40 | 44 | 50 | 38 | 54 | | |
| Income, spread (basis points) | 36 | 36 | 32 | 42 | 31 | | |
| Economic capital (EC) | 123 | 130 | 168 | 91 | 90 | -5% | 37% |
| Risk-weighted assets (RWA) | 317 | 315 | 278 | 256 | 256 | 1% | 24% |
| AuM, EURbn | 143.7 | 138.2 | 140.0 | 137.8 | 132.0 | 4% | 9% |
| Number of employees (FTEs) | 556 | 560 | 559 | 559 | 565 | -1% | -2% |

Restatement of RWA related to organisational reporting change of Global Fund Distribution

## Life & Pensions

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

Part of the life insurance business in Poland is included in the agreement to divest the Polish operations, however, the Polish pension fund company will not be affected by the transaction.

### *Business development*

In the third quarter, gross written premiums remained at a high level and reached EUR 1,419m, although were 10% lower than the second quarter due to seasonal effects in part of the product portfolio. Gross written premiums were 23% higher than the same quarter last year driven by strong bancassurance sales of market return products. The Nordea bank channel accounted for 57% of total premium sales in the third quarter.

Market return and risk products accounted for 84% of total gross written premiums, which is an increase of 9 %-points from the third quarter of last year. Accordingly, the strong net flow into market return products continued during the quarter, contributing with EUR 0.8bn. Net outflow from traditional products was EUR 0.1bn in the third quarter. Assets in market return products accounted for 48% of total AuM at the end of the third quarter.

Financial buffers in the traditional portfolios continued to increase by EUR 0.2bn during the third quarter, ending at EUR 2.7bn, corresponding to 11.6% of technical provisions. This corresponds to an increase of 1.1 %-points from the end of the second quarter.

### *Result*

Operating profit in the third quarter amounted to EUR 76m, EUR 11m higher than in the second quarter, driven by the record level of AuM in market return products and strong risk results. By utilising the Nordea Bank channel, Life & Pensions has been able to build up assets under management over time without expanding the cost base. The profit contribution from market return products increased by EUR 10m or 33% from the third quarter last year.

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 0 | 0 | 0 | 0 | 0 | | |
| Net fee and commission income | 63 | 62 | 61 | 68 | 45 | 2% | 40% |
| Net result from items at fair value | 59 | 49 | 49 | 106 | 56 | 20% | 5% |
| Equity method & other income | 5 | 4 | 4 | 3 | 3 | 25% | 67% |
| **Total income incl. allocations** | **127** | **115** | **114** | **177** | **104** | **10%** | **22%** |
| Staff costs | -31 | -29 | -30 | -24 | -32 | 7% | -3% |
| Other exp. excl. depreciations | -20 | -21 | -22 | -28 | -22 | -5% | -9% |
| **Total expenses incl. allocations** | **-51** | **-50** | **-52** | **-52** | **-54** | **2%** | **-6%** |
| **Profit before loan losses** | **76** | **65** | **62** | **125** | **50** | **17%** | **52%** |
| Net loan losses | 0 | 0 | 0 | 0 | 0 | | |
| **Operating profit** | **76** | **65** | **62** | **125** | **50** | **17%** | **52%** |
| Cost/income ratio, % | 40 | 43 | 46 | 29 | 52 | | |
| Return on Equity YtD, % | 12 | 12 | 11 | 14 | 11 | | |
| Equity | 1,754 | 1,693 | 1,652 | 1,624 | 1,518 | 4% | 16% |
| AuM, EURbn | 52.1 | 51.0 | 52.0 | 50.8 | 49.3 | 2% | 6% |
| Premiums | 1,419 | 1,579 | 1,779 | 1,543 | 1,156 | -10% | 23% |
| Number of employees (FTEs) | 1,157 | 1,147 | 1,149 | 1,181 | 1,192 | 1% | -3% |
| **Profit drivers** | | | | | | | |
| Profit Traditional products | 18 | 16 | 18 | 80 | 9 | 13% | 100% |
| Profit Market Return products | 40 | 36 | 33 | 34 | 30 | 11% | 33% |
| Profit Risk products | 18 | 13 | 12 | 14 | 14 | 38% | 29% |
| **Total product result** | **76** | **65** | **63** | **128** | **53** | **17%** | **43%** |
| Return on Shareholder equity, other profits and group adj. | 0 | 0 | -1 | -3 | -3 | | -100% |
| **Operating profit** | **76** | **65** | **62** | **125** | **50** | **17%** | **52%** |

## Wealth Management other

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

| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
|---|---|---|---|---|---|---|---|
| Net interest income | 0 | 0 | 0 | 1 | 2 | | |
| Net fee and commission income | -1 | -1 | 0 | 5 | -3 | | |
| Net result from items at fair value | 1 | 0 | 0 | 0 | 0 | | |
| Equity method & other income | 0 | 1 | 0 | 0 | -1 | | |
| **Total income incl. allocations** | **0** | **0** | **0** | **6** | **-2** | | |
| Staff costs | -17 | -20 | -17 | -17 | -15 | -15% | 13% |
| Other exp. excl. depreciations | 18 | 18 | 18 | 10 | 20 | 0% | -10% |
| **Total expenses incl. allocations** | **1** | **-2** | **1** | **-7** | **5** | | **-80%** |
| **Profit before loan losses** | **1** | **-2** | **1** | **-1** | **3** | | **-67%** |
| Net loan losses | 0 | 0 | 0 | 0 | 0 | | |
| **Operating profit** | **1** | **-2** | **1** | **-1** | **3** | | **-67%** |
| Economic capital (EC) | 0 | 0 | 1 | 2 | 1 | | -100% |
| Number of employees (FTEs) | 547 | 525 | 519 | 517 | 514 | 4% | 6% |

# Group Functions and other

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

## Group Corporate Centre

### *Business development – Nordea’s funding, liquidity and market risk management*

At the end of the third quarter, the proportion of long-term funding of total funding was approx. 73%, down somewhat from 75% at the end of the second quarter.

The structural liquidity risk of Nordea is measured and limited through an internal model which conceptually is alike the proposed Net Stable Funding Ratio (NSFR), but it applies internal based assumptions for stability of assets and liabilities. The structure of the balance sheet is considered conservative and well balanced and appropriately adapted to the current economic and regulatory environment, also when it comes to structural liquidity risk.

Short-term liquidity risk is measured with several metrics and Liquidity Coverage Ratio is one of the metrics. LCR was for the Nordea Group 134% at the end of the third quarter. The LCR in EUR was 194% and in USD 158% at the end of the third quarter, with the definition in accordance with the Swedish FSA’s LCR requirement. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even higher. The liquidity buffer comprises highly liquid, primarily Nordic government and covered bonds which are all central bank eligible securities with characteristics similar to Basel III/CRD IV. The liquidity buffer amounted to EUR 66bn at the end of the third quarter (EUR 66bn at the end of the second quarter).

The outstanding volume of short-term debt in the third quarter has been relatively stable and was at the end of the quarter EUR 52bn.

Nordea issued approx. EUR 4.6bn of long-term funding in the third quarter excluding Danish covered bonds, of which approx. EUR 3.7bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

In the third quarter, Nordea issued a EUR 1.5bn 5-year fixed-rate covered bond.

The average price risk on Group Treasury’s interest-rate positions, calculated as VaR, was EUR 91m in the third quarter. The risk related to equities, calculated as VaR, was EUR 2m and the risk related to credit spreads (VaR) was EUR 4m. Interest rate risk increased while the equity risk and credit spread risk decreased compared to the second quarter.

### *Result*

Total operating income was EUR 106m in the third quarter. Net interest income decreased to EUR 73m in the third quarter compared to EUR 90m in the previous quarter, mainly due to the previous quarter, which was positively affected by buy-backs of issued debt, which matured in June. The net result from items at fair value increased to EUR 35m compared to EUR 25m in the second quarter, mainly related to interest rate-related items. Operating profit was EUR 45m.

| | Group Corporate Centre | | | | | | | Group functions, Other & Eliminations | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EURm | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 | Q313 | Q213 | Q113 | Q412 | Q312 | Q313 vs Q213 | vs Q312 |
| Net interest income | 73 | 90 | 72 | 91 | 101 | -19% | -28% | 37 | 26 | 20 | 1 | 11 | 42% | 236% |
| Net fee and commission income | -3 | -2 | -2 | -4 | -3 | | | -15 | 1 | -8 | -20 | -9 | | |
| Net result from items at fair value | 35 | 25 | 19 | 8 | 39 | 40% | -10% | -60 | -30 | 21 | 9 | -76 | | |
| Equity method & other income | 1 | 2 | 3 | 24 | 24 | -50% | -96% | 7 | -11 | 32 | -24 | -7 | | |
| **Total operating income** | **106** | **115** | **92** | **119** | **161** | **-8%** | **-34%** | **-31** | **-14** | **65** | **-34** | **-81** | | |
| Staff costs | -51 | -59 | -52 | -53 | -51 | -14% | 0% | -41 | -27 | -41 | -35 | -36 | 52% | 14% |
| Other exp. excl. depreciations | 1 | 4 | 1 | -6 | -20 | -78% | | 1 | 7 | 8 | 81 | 34 | -83% | -96% |
| **Total operating expenses** | **-61** | **-66** | **-60** | **-85** | **-80** | | | **-55** | **-24** | **-39** | **27** | **-21** | | |
| Net loan losses | 0 | 0 | 0 | 0 | 0 | | | -2 | -1 | 0 | -1 | -4 | | |
| **Operating profit** | **45** | **49** | **32** | **34** | **81** | **-8%** | **-44%** | **-88** | **-39** | **26** | **-8** | **-106** | | |
| Economic capital (EC) | 608 | 583 | 596 | 691 | 609 | | | 577 | 585 | 612 | 410 | 595 | | |
| Risk-weighted assets (RWA) | 4,500 | 4,409 | 4,623 | 4,631 | 4,883 | | | 13,343 | 13,309 | 14,377 | 12,622 | 12,938 | | |
| Number of employees (FTEs) | 1,650 | 1,629 | 1,633 | 1,597 | 1,579 | | | 924 | 923 | 905 | 904 | 890 | | |

GCC and Group functions restated due to organisational change

# Customer segments

**Corporate customer segments and financial institutions, key figures**

| | Corporate & Institutional Banking | | | Large corporate customers (Nordic) | | | Other corporate customers (Nordic) | | | Baltic corporate customers | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q313 | Q213 | Q312 | Q313 | Q213 | Q312 | Q313 | Q213 | Q312 | Q313 | Q213 | Q312 |
| Number of customer '000 (EOP) | 12 | 12 | 12 | 29 | 29 | 29 | | | | 36 | 35 | 33 |
| **Income, EURm** | **391** | **435** | **398** | **348** | **366** | **340** | **230** | **234** | **231** | **28** | **28** | **28** |
| **Volumes, EURbn** | | | | | | | | | | | | |
| Lending | 41.0 | 41.2 | 45.3 | 54.3 | 54.3 | 58.4 | 25.5 | 25.1 | 27.0 | 5.1 | 5.6 | 5.7 |
| Deposit | 35.1 | 35.2 | 41.5 | 19.7 | 20.0 | 19.9 | 21.3 | 21.2 | 21.9 | 2.5 | 2.2 | 1.8 |
| | Russian corporate customers | | | Shipping customers | | | | | | Corporate and financial institutions Total | | |
| | Q313 | Q213 | Q312 | Q313 | Q213 | Q312 | | | | Q313 | Q213 | Q312 |
| Number of customer '000 (EOP) | 5 | 5 | 6 | 2 | 2 | 2 | | | | | | |
| **Income, EURm** | **59** | **56** | **54** | **91** | **89** | **110** | | | | **1,147** | **1,208** | **1,161** |
| **Volumes, EURbn** | | | | | | | | | | | | |
| Lending | 6.0 | 6.1 | 6.7 | 11.8 | 12.2 | 13.4 | | | | 143.7 | 144.5 | 156.5 |
| Deposit | 1.7 | 1.8 | 2.1 | 3.7 | 3.5 | 4.8 | | | | 84.0 | 83.9 | 92.0 |

**Household customer segments, key figures**

| | Private Banking | | | Gold customers (Nordic) | | | Other household customers (Nordic) | | | Baltic household customers | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q313 | Q213 | Q312 | Q313 | Q213 | Q312 | Q313 | Q213 | Q312 | Q313 | Q213 | Q312 |
| Number of customer '000 (EOP) | 109 | 109 | 105 | 3,021 | 3,002 | 2,963 | | | | 378 | 375 | 370 |
| Of which Gold+Private Banking | | | | | | | | | | 60 | 60 | 65 |
| **Income, EURm** | **120** | **146** | **116** | **661** | **663** | **626** | **187** | **188** | **199** | **12** | **11** | **10** |
| **Volumes, EURbn** | | | | | | | | | | | | |
| Lending | 9.0 | 8.9 | 8.5 | 135.1 | 133.6 | 135.2 | 8.8 | 9.0 | 8.8 | 3.3 | 2.9 | 3.0 |
| Deposit | 11.2 | 11.1 | 11.1 | 57.7 | 58.3 | 57.7 | 16.1 | 16.5 | 16.7 | 1.0 | 0.9 | 0.8 |
| Assets under Management | 74.9 | 71.9 | 67.9 | | | | | | | | | |
| | Russian household customers | | | | | | | | | Household customers Total | | |
| | Q313 | Q213 | Q312 | | | | | | | Q313 | Q213 | Q312 |
| Number of customer '000 (EOP) | 60 | 63 | 63 | | | | | | | | | |
| Of which Gold+Private Banking | | | | | | | | | | 3,190 | 3,171 | 3,133 |
| **Income, EURm** | **6** | **5** | **5** | | | | | | | **986** | **1,013** | **956** |
| **Volumes, EURbn** | | | | | | | | | | | | |
| Lending | 0.5 | 0.4 | 0.4 | | | | | | | 156.7 | 154.8 | 155.9 |
| Deposit | 0.2 | 0.2 | 0.2 | | | | | | | 86.2 | 87.0 | 86.5 |

# Income statement

| EURm | Note | Q3 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| **Operating income** | | | | | | |
| *Interest income* | | *2,493* | *2,927* | *7,872* | *9,016* | *11,939* |
| *Interest expense* | | *-1,107* | *-1,534* | *-3,737* | *-4,835* | *-6,376* |
| Net interest income | | 1,386 | 1,393 | 4,135 | 4,181 | 5,563 |
| *Fee and commission income* | | *876* | *799* | *2,625* | *2,381* | *3,258* |
| *Fee and commission expense* | | *-224* | *-204* | *-686* | *-595* | *-790* |
| Net fee and commission income | 3 | 652 | 595 | 1,939 | 1,786 | 2,468 |
| Net result from items at fair value | 4 | 346 | 377 | 1,206 | 1,332 | 1,774 |
| Profit from companies accounted for under the equity method | | 14 | 23 | 58 | 60 | 93 |
| Other operating income | | 28 | 24 | 84 | 69 | 100 |
| **Total operating income** | | **2,426** | **2,412** | **7,422** | **7,428** | **9,998** |
| **Operating expenses** | | | | | | |
| General administrative expenses: | | | | | | |
| Staff costs | | -732 | -738 | -2,239 | -2,240 | -2,989 |
| Other expenses | 5 | -441 | -457 | -1,355 | -1,350 | -1,808 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | | -61 | -71 | -163 | -179 | -267 |
| **Total operating expenses** | | **-1,234** | **-1,266** | **-3,757** | **-3,769** | **-5,064** |
| **Profit before loan losses** | | **1,192** | **1,146** | **3,665** | **3,659** | **4,934** |
| Net loan losses | 6 | -171 | -236 | -555 | -654 | -895 |
| **Operating profit** | | **1,021** | **910** | **3,110** | **3,005** | **4,039** |
| Income tax expense | | -257 | -226 | -763 | -755 | -970 |
| **Net profit for the period from continuing operations** | | **764** | **684** | **2,347** | **2,250** | **3,069** |
| Net profit for the period from discontinued operations, after tax | 14 | 12 | 4 | -4 | 34 | 57 |
| **Net profit for the period** | | **776** | **688** | **2,343** | **2,284** | **3,126** |
| **Attributable to:** | | | | | | |
| Shareholders of Nordea Bank AB (publ) | | 777 | 686 | 2,343 | 2,279 | 3,119 |
| Non-controlling interests | | -1 | 2 | - | 5 | 7 |
| **Total** | | **776** | **688** | **2,343** | **2,284** | **3,126** |
| Basic earnings per share, EUR - Total operations | | 0.19 | 0.17 | 0.58 | 0.57 | 0.78 |
| Diluted earnings per share, EUR - Total operations | | 0.19 | 0.17 | 0.58 | 0.57 | 0.78 |

# Statement of comprehensive income

| EURm | Q3 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|
| **Net profit for the period** | **776** | **688** | **2,343** | **2,284** | **3,126** |
| **Items that may be reclassified subsequently to income statement** | | | | | |
| Currency translation differences during the period | -140 | 255 | -714 | 448 | 409 |
| Hedging of net investments in foreign operations: | | | | | |
| Valuation gains/losses during the period | 45 | -141 | 349 | -275 | -254 |
| Tax on valuation gains/losses during the period | -10 | 37 | -77 | 72 | 45 |
| Available-for-sale investments:[1] | | | | | |
| Valuation gains/losses during the period | 29 | 15 | 39 | 70 | 67 |
| Tax on valuation gains/losses during the period | -8 | -4 | -9 | -18 | -17 |
| Cash flow hedges: | | | | | |
| Valuation gains/losses during the period | 3 | -107 | 30 | -149 | -188 |
| Tax on valuation gains/losses during the period | -1 | 27 | -8 | 39 | 50 |
| **Items that may not be reclassified subsequently to the income statement** | | | | | |
| Defined benefit plans: | | | | | |
| Remeasurement of defined benefit plans | 99 | - | 99 | - | 362 |
| Tax on remeasurement of defined benefit plans | -23 | - | -23 | - | -87 |
| **Other comprehensive income, net of tax** | **-6** | **82** | **-314** | **187** | **387** |
| **Total comprehensive income** | **770** | **770** | **2,029** | **2,471** | **3,513** |
| **Attributable to:** | | | | | |
| Shareholders of Nordea Bank AB (publ) | 771 | 768 | 2,029 | 2,466 | 3,506 |
| Non-controlling interests | -1 | 2 | - | 5 | 7 |
| **Total** | **770** | **770** | **2,029** | **2,471** | **3,513** |

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

# Balance sheet

| EURm | Note | 30 Sep 2013 | 31 Dec 2012 | 30 Sep 2012 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and balances with central banks | | 28,558 | 36,060 | 25,731 |
| Loans to central banks | 7 | 6,393 | 8,005 | 7,620 |
| Loans to credit institutions | 7 | 12,728 | 10,569 | 16,198 |
| Loans to the public | 7 | 343,191 | 346,251 | 353,148 |
| Interest-bearing securities | | 87,031 | 94,939 | 91,608 |
| Financial instruments pledged as collateral | | 6,382 | 7,970 | 8,648 |
| Shares | | 32,411 | 28,128 | 26,415 |
| Derivatives | 12 | 74,565 | 118,789 | 151,191 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | 226 | -711 | -580 |
| Investments in associated undertakings | | 622 | 585 | 582 |
| Intangible assets | | 3,267 | 3,425 | 3,430 |
| Property and equipment | | 421 | 474 | 473 |
| Investment property | | 3,272 | 3,408 | 3,608 |
| Deferred tax assets | | 94 | 266 | 316 |
| Current tax assets | | 184 | 78 | 373 |
| Retirement benefit assets | | 129 | 142 | 105 |
| Other assets | | 15,313 | 16,372 | 19,398 |
| Prepaid expenses and accrued income | | 2,464 | 2,559 | 2,686 |
| Assets held for sale | 14 | 8,575 | - | - |
| **Total assets** | | **625,826** | **677,309** | **710,950** |
| *Of which assets customer bearing the risk* | | *23,508* | *20,361* | *19,301* |
| **Liabilities** | | | | |
| Deposits by credit institutions | | 49,482 | 55,426 | 52,360 |
| Deposits and borrowings from the public | | 200,481 | 200,678 | 206,995 |
| Liabilities to policyholders | | 46,287 | 45,320 | 44,368 |
| Debt securities in issue | | 182,901 | 184,340 | 187,860 |
| Derivatives | 12 | 69,270 | 114,203 | 147,155 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | 1,840 | 1,940 | 1,986 |
| Current tax liabilities | | 541 | 391 | 391 |
| Other liabilities | | 30,402 | 33,472 | 27,812 |
| Accrued expenses and prepaid income | | 4,053 | 3,903 | 4,303 |
| Deferred tax liabilities | | 1,052 | 976 | 922 |
| Provisions | | 335 | 389 | 373 |
| Retirement benefit obligations | | 225 | 469 | 865 |
| Subordinated liabilities | | 6,632 | 7,797 | 8,531 |
| Liabilities held for sale | 14 | 3,693 | - | - |
| **Total liabilities** | | **597,194** | **649,304** | **683,921** |
| **Equity** | | | | |
| Non-controlling interests | | 2 | 5 | 86 |
| Share capital | | 4,050 | 4,050 | 4,050 |
| Share premium reserve | | 1,080 | 1,080 | 1,080 |
| Other reserves | | 26 | 340 | 140 |
| Retained earnings | | 23,474 | 22,530 | 21,673 |
| **Total equity** | | **28,632** | **28,005** | **27,029** |
| **Total liabilities and equity** | | **625,826** | **677,309** | **710,950** |
| Assets pledged as security for own liabilities | | 176,981 | 164,902 | 175,074 |
| Other assets pledged | | 3,935 | 4,367 | 4,653 |
| Contingent liabilities | | 20,773 | 21,157 | 21,563 |
| Credit commitments[1] | | 82,456 | 84,914 | 83,389 |
| Other commitments | | 1,313 | 1,294 | 1,386 |

[1] Including unutilised portion of approved overdraft facilities of EUR 44,100m (31 Dec 2012: EUR 45,796m, 30 Sep 2012: EUR 45,669m).

# Statement of changes in equity

| EURm | Share capital[1] | Share premium reserve | Translation of foreign operations | Cash flow hedges | Available-for-sale investments | Defined benefit plans | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable to shareholders of Nordea Bank AB (publ) | | | | | | | | | |
| | | | Other reserves: | | | | | | | |
| **Opening balance at 1 Jan 2013** | **4,050** | **1,080** | **24** | **-15** | **56** | **275** | **22,530** | **28,000** | **5** | **28,005** |
| Total comprehensive income | - | - | -442 | 22 | 30 | 76 | 2,343 | 2,029 | - | 2,029 |
| Share-based payments | - | - | - | - | - | - | 12 | 12 | - | 12 |
| Dividend for 2012 | - | - | - | - | - | - | -1,370 | -1,370 | - | -1,370 |
| Purchases of own shares[2] | - | - | - | - | - | - | -41 | -41 | - | -41 |
| Other changes | - | - | - | - | - | - | - | - | -3 | -3 |
| **Closing balance at 30 Sep 2013** | **4,050** | **1,080** | **-418** | **7** | **86** | **351** | **23,474** | **28,630** | **2** | **28,632** |

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

| EURm | Share capital[1] | Share premium reserve | Translation of foreign operations | Cash flow hedges | Available-for-sale investments | Defined benefit plans | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable to shareholders of Nordea Bank AB (publ) | | | | | | | | | |
| | | | Other reserves: | | | | | | | |
| **Reported opening balance at 1 Jan 2012** | **4,047** | **1,080** | **-176** | **123** | **6** | **-** | **20,954** | **26,034** | **86** | **26,120** |
| Restatement due to changed accounting policy[4] | - | - | - | - | - | - | -475 | -475 | - | -475 |
| **Restated opening balance at 1 Jan 2012** | **4,047** | **1,080** | **-176** | **123** | **6** | **-** | **20,479** | **25,559** | **86** | **25,645** |
| Total comprehensive income | - | - | 245 | -110 | 52 | - | 2,279 | 2,466 | 5 | 2,471 |
| Issued C-shares[3] | 3 | - | - | - | - | - | - | 3 | - | 3 |
| Repurchase of C-shares[3] | - | - | - | - | - | - | -3 | -3 | - | -3 |
| Share-based payments | - | - | - | - | - | - | 7 | 7 | - | 7 |
| Dividend for 2011 | - | - | - | - | - | - | -1,048 | -1,048 | - | -1,048 |
| Purchases of own shares[2] | - | - | - | - | - | - | -41 | -41 | - | -41 |
| Other changes | - | - | - | - | - | - | - | - | -5 | -5 |
| **Closing balance at 30 Sep 2012** | **4,050** | **1,080** | **69** | **13** | **58** | **-** | **21,673** | **26,943** | **86** | **27,029** |

[1] Total shares registered were 4,050 million (31 Dec 2012: 4,050 million, 30 Sep 2012: 4,050 million).

[2] Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Sep 2013 were 30.0 million (31 Dec 2012: 26.9 million, 30 Sep 2012: 28.4 million).

[3] Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares, the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 18.3 million (31 Dec 2012: 20.3 million, 30 Sep 2012: 20.3 million).

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

# Cash flow statement, condensed - Total operations

| EURm | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|
| *Operating activities* | | | |
| Operating profit | 3,110 | 3,005 | 4,039 |
| Profit for the period from discontinued operations, after tax | -4 | 34 | 57 |
| Adjustments for items not included in cash flow | 3,007 | 2,493 | 3,199 |
| Income taxes paid | -734 | -763 | -662 |
| Cash flow from operating activities before changes in operating assets and liabilities | 5,379 | 4,769 | 6,633 |
| Changes in operating assets and liabilities | -9,689 | 5,897 | 13,121 |
| Cash flow from operating activities | -4,310 | 10,666 | 19,754 |
| *Investing activities* | | | |
| Property and equipment | -63 | -49 | -114 |
| Intangible assets | -136 | -106 | -175 |
| Net investments in debt securities, held to maturity | 795 | 801 | 1,047 |
| Other financial fixed assets | -10 | 13 | 16 |
| Cash flow from investing activities | 586 | 659 | 774 |
| *Financing activities* | | | |
| New share issue | - | 3 | 3 |
| Issued/amortised subordinated liabilities | -500 | 1,530 | 906 |
| Divestment/repurchase of own shares incl change in trading portfolio | -41 | -41 | -31 |
| Dividend paid | -1,370 | -1,048 | -1,048 |
| Cash flow from financing activities | -1,911 | 444 | -170 |
| **Cash flow for the period** | **-5,635** | **11,769** | **20,358** |
| **Cash and cash equivalents at beginning of the period** | **42,808** | **22,606** | **22,606** |
| Translation difference | -1,218 | 961 | -156 |
| **Cash and cash equivalents at end of the period** | **35,955** | **35,336** | **42,808** |
| **Change** | **-5,635** | **11,769** | **20,358** |

| **Cash and cash equivalents**<br>The following items are included in cash and cash equivalents (EURm): | 30 Sep 2013 | 30 Sep 2012 | 31 Dec 2012 |
|---|---|---|---|
| Cash and balances with central banks | 28,890 | 25,731 | 36,060 |
| Loans to central banks | 5,458 | 5,070 | 5,938 |
| Loans to credit institutions, payable on demand | 1,606 | 3,800 | 810 |

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

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

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

# Notes to the financial statements

## Note 1 Accounting policies

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

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

### Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report, except for the changed presentation of defined benefit plans, implemented in the first quarter, and the presentation of discontinued operations as from the second quarter. These changes are further described below.

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

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

#### IAS 19 "Employee Benefits"

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

| | 31 Dec 2012 | | 30 Sep 2012 | | 1 Jan 2012 | |
|---|---|---|---|---|---|---|
| EURm | New policy | Old policy | New policy | Old policy | New policy | Old policy |
| Net retirement benefit obligations | 327 | 47 | 760 | 108 | 732 | 102 |
| Net deferred tax liabilities | 710 | 779 | 606 | 767 | 694 | 849 |
| Other reserves[1] | 340 | 76 | 140 | 156 | -47 | -47 |
| Retained earnings | 22,530 | 23,005 | 21,673 | 22,148 | 20,479 | 20,954 |

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

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

#### Discontinued operations

Discontinued operations consist of Nordea's Polish operations as further described in Note 14. These operations are as from the second quarter classified as discontinued operations as they represent a major line of business and geographical area and as the carrying amount will be recovered through a sale transaction. The net result from discontinued operations, including the net result for the period recognised on the measurement at fair value less costs to sell, is presented as a single amount after net profit for the period from continuing operations. Comparative figures are restated accordingly.

Assets and liabilities related to the disposal group are presented on the separate balance sheet lines "Assets held for sale" and "Liabilities held for sale" respectively as from the classification date. Comparative figures are not restated.

### Impact on capital adequacy from new or amended IFRS standards

Two new IFRS standards potentially affecting capital adequacy have been adopted by the 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 IFRS 10 "Consolidated Financial Statements" will not have any significant impact on Nordea's income statement, but the fact that Nordea may have to start consolidating some mutual funds can have an impact on the balance sheet and equity if those entities hold Nordea shares that will have to be eliminated in the Nordea Group. It is not expected that mutual funds will be consolidated for capital adequacy purposes and there would consequently not be any impact on the capital adequacy.

**Exchange rates**

| EUR 1 = SEK | Jan-Sep 2013 | Jan-Jun 2013 | Jan-Dec 2012 | Jan-Sep 2012 |
|---|---|---|---|---|
| Income statement (average) | 8.5814 | 8.5302 | 8.7052 | 8.7324 |
| Balance sheet (at end of period) | 8.6575 | 8.7773 | 8.5820 | 8.4498 |
| EUR 1 = DKK | | | | |
| Income statement (average) | 7.4574 | 7.4572 | 7.4438 | 7.4386 |
| Balance sheet (at end of period) | 7.4580 | 7.4588 | 7.4610 | 7.4555 |
| EUR 1 = NOK | | | | |
| Income statement (average) | 7.6620 | 7.5226 | 7.4758 | 7.5126 |
| Balance sheet (at end of period) | 8.1140 | 7.8845 | 7.3483 | 7.3695 |
| EUR 1 = PLN | | | | |
| Income statement (average) | 4.2012 | 4.1777 | 4.1836 | 4.2074 |
| Balance sheet (at end of period) | 4.2288 | 4.3376 | 4.0740 | 4.1038 |
| EUR 1 = RUB | | | | |
| Income statement (average) | 41.6619 | 40.7514 | 39.9253 | 39.7948 |
| Balance sheet (at end of period) | 43.8240 | 42.8450 | 40.3295 | 40.1400 |

**Note 2 Segment reporting**

| | Operating segments | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Jan-Sep 2013** | Retail Banking | Wholesale Banking | Wealth Management | Group Corporate Centre | Other operating segments | Total operating segments | Recon-ciliation | **Total Group** |
| Total operating income, EURm | 4,342 | 1,982 | 788 | 318 | 27 | 7,457 | -35 | **7,422** |
| - of which internal transactions[1], EURm | -1,217 | -232 | 23 | 1,513 | -87 | 0 | - | **-** |
| Operating profit, EURm | 1,642 | 1,095 | 329 | 132 | 19 | 3,217 | -107 | **3,110** |
| Loans to the public[2], EURbn | 223 | 61 | 9 | - | - | 293 | 50 | **343** |
| Deposits and borrowings from the public[2], EURbn | 109 | 43 | 11 | - | - | 163 | 37 | **200** |
| **Jan-Sep 2012** | | | | | | | | |
| Total operating income, EURm | 4,273 | 2,126 | 689 | 457 | 7 | 7,552 | -124 | **7,428** |
| - of which internal transactions[1], EURm | -1,630 | -309 | 29 | 1,991 | -81 | 0 | - | **-** |
| Operating profit, EURm | 1,431 | 1,222 | 233 | 234 | -2 | 3,118 | -113 | **3,005** |
| Loans to the public[2], EURbn | 224 | 67 | 8 | - | - | 299 | 54 | **353** |
| Deposits and borrowings from the public[2], EURbn | 109 | 46 | 11 | - | - | 166 | 41 | **207** |

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

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

**Breakdown of Retail Banking, Wholesale Banking and Wealth Management**

| | Retail Banking Nordic[1] Jan-Sep | | Retail Banking Baltic countries[2] Jan-Sep | | Retail Banking Other[3] Jan-Sep | | **Retail Banking Jan-Sep** | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | **2013** | **2012** |
| Total operating income, EURm | 4,274 | 4,123 | 127 | 125 | -59 | 25 | **4,342** | **4,273** |
| - of which internal transactions, EURm | -1,173 | -1,535 | -33 | -38 | -11 | -57 | **-1,217** | **-1,630** |
| Operating profit, EURm | 1,695 | 1,428 | 40 | 45 | -93 | -42 | **1,642** | **1,431** |
| Loans to the public, EURbn | 216 | 217 | 7 | 7 | - | - | **223** | **224** |
| Deposits and borrowings from the public, EURbn | 106 | 106 | 3 | 3 | - | - | **109** | **109** |

| | Corporate & Institutional Banking Jan-Sep | | Shipping, Offshore & Oil Services Jan-Sep | | Nordea Bank Russia Jan-Sep | | Capital Markets unallocated Jan-Sep | | Wholesale Banking Other[4] Jan-Sep | | **Wholesale Banking Jan-Sep** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | **2013** | **2012** |
| Total operating income, EURm | 1,219 | 1,248 | 279 | 287 | 199 | 173 | 337 | 433 | -52 | -15 | **1,982** | **2,126** |
| - of which internal transactions, EURm | -163 | -254 | -65 | -79 | -33 | -39 | 95 | 87 | -66 | -24 | **-232** | **-309** |
| Operating profit, EURm | 716 | 853 | 134 | 59 | 128 | 91 | 179 | 247 | -62 | -28 | **1,095** | **1,222** |
| Loans to the public, EURbn | 42 | 46 | 13 | 14 | 6 | 7 | - | - | - | - | **61** | **67** |
| Deposits and borrowings from the public, EURbn | 37 | 39 | 4 | 5 | 2 | 2 | - | - | - | - | **43** | **46** |

| | Private Banking Jan-Sep | | Asset Management Jan-Sep | | Life & Pension unallocated Jan-Sep | | Wealth Management Other[5] Jan-Sep | | **Wealth Management Jan-Sep** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | **2013** | **2012** |
| Total operating income, EURm | 552 | 499 | 103 | 79 | 133 | 123 | 0 | -12 | **788** | **689** |
| - of which internal transactions, EURm | 18 | 23 | 0 | 0 | 1 | 0 | 4 | 6 | **23** | **29** |
| Operating profit, EURm | 244 | 203 | 29 | 5 | 58 | 42 | -2 | -17 | **329** | **233** |
| Loans to the public, EURbn | 9 | 8 | - | - | - | - | - | - | **9** | **8** |
| Deposits and borrowings from the public, EURbn | 11 | 11 | - | - | - | - | - | - | **11** | **11** |

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

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

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

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

[5] Wealth Management Other includes the area Savings and support areas, such as IT.

Note 2, continued

**Reconciliation between total operating segments and financial statements**

| | Operating profit, EURm | | Loans to the public, EURbn | | Deposits and borrowings from the public, EURbn | |
|---|---|---|---|---|---|---|
| | Jan-Sep | | 30 Sep | | 30 Sep | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Total operating segments | 3,217 | 3,118 | 293 | 299 | 163 | 166 |
| Group functions[1] | -75 | -55 | - | - | - | - |
| Unallocated items | 0 | -45 | 57 | 45 | 40 | 33 |
| Differences in accounting policies[2] | -32 | -13 | -7 | 9 | -3 | 8 |
| **Total** | **3,110** | **3,005** | **343** | **353** | **200** | **207** |

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

[2] Impact from plan exchange rates used in the segment reporting and from that comparative figures for lending/deposits in Banking Poland restated in operating segments but not in financial statements.

**Measurement of operating segments' performance**

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

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

**Changes in basis of segmentation**

During the second quarter changes in the basis of segmentation was made following the divestment of Nordea’s Polish operations. As from the second quarter the divested operations are excluded from the reporting to the Chief Operating Decision Maker (CODM) and are consequently not part of the segment reporting in Note 2. The impact from the divested operations can be found in Note 14. Comparative figures have been restated accordingly.

During the third quarter the main business area Wealth Management has in addition been separated from Other operating segments and further broken down on reportable operating segments.

**Note 3 Net fee and commission income**

| EURm | Q3 2013 | Q2 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| Asset management commissions | 251 | 244 | 203 | 727 | 601 | 832 |
| Life insurance | 83 | 82 | 65 | 249 | 195 | 285 |
| Brokerage, securities issues and corporate finance | 66 | 85 | 72 | 216 | 213 | 289 |
| Custody and issuer services | 29 | 35 | 22 | 86 | 86 | 118 |
| Deposits | 13 | 12 | 13 | 37 | 37 | 51 |
| Total savings and investments | 442 | 458 | 375 | 1,315 | 1,132 | 1,575 |
| Payments | 106 | 101 | 100 | 307 | 303 | 409 |
| Cards | 131 | 133 | 121 | 381 | 355 | 482 |
| Total payment and cards | 237 | 234 | 221 | 688 | 658 | 891 |
| Lending | 130 | 133 | 120 | 386 | 342 | 457 |
| Guarantees and documentary payments | 37 | 45 | 53 | 136 | 162 | 219 |
| Total lending related commissions | 167 | 178 | 173 | 522 | 504 | 676 |
| Other commission income | 30 | 34 | 30 | 100 | 87 | 116 |
| **Fee and commission income** | **876** | **904** | **799** | **2,625** | **2,381** | **3,258** |
| Savings and investments | -78 | -75 | -74 | -228 | -208 | -269 |
| Payments | -22 | -23 | -22 | -67 | -65 | -90 |
| Cards | -65 | -68 | -56 | -190 | -173 | -236 |
| State guarantee fees | -34 | -32 | -26 | -99 | -70 | -89 |
| Other commission expenses | -25 | -42 | -26 | -102 | -79 | -106 |
| **Fee and commission expenses** | **-224** | **-240** | **-204** | **-686** | **-595** | **-790** |
| **Net fee and commission income** | **652** | **664** | **595** | **1,939** | **1,786** | **2,468** |

**Note 4 Net result from items at fair value**

| EURm | Q3 2013 | Q2 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| Shares/participations and other share-related instruments | 723 | 77 | 87 | 1,751 | 1,330 | 1,635 |
| Interest-bearing securities and other interest-related instruments | 128 | -328 | 1,417 | -159 | 1,963 | 2,637 |
| Other financial instruments | 36 | -3 | 136 | 164 | 395 | 482 |
| Foreign exchange gains/losses | 206 | 223 | -26 | 719 | 181 | 234 |
| Investment properties | 43 | 39 | 43 | 105 | 114 | 135 |
| Change in technical provisions[1], Life insurance | -635 | 681 | -1,241 | -643 | -2,282 | -2,895 |
| Change in collective bonus potential, Life insurance | -163 | -278 | -56 | -762 | -421 | -546 |
| Insurance risk income, Life insurance | 51 | 51 | 46 | 153 | 134 | 181 |
| Insurance risk expense, Life insurance | -43 | -46 | -29 | -122 | -82 | -89 |
| **Total** | **346** | **416** | **377** | **1,206** | **1,332** | **1,774** |

**Of which Life insurance**

| EURm | Q3 2013 | Q2 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| Shares/participations and other share-related instruments | 637 | -7 | 17 | 1,569 | 968 | 1,222 |
| Interest-bearing securities and other interest-related instruments | 107 | -406 | 1,229 | -178 | 1,753 | 2,229 |
| Other financial instruments | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign exchange gains/losses | 62 | 19 | 46 | 39 | -11 | 41 |
| Investment properties | 44 | 37 | 43 | 105 | 114 | 136 |
| Change in technical provisions[1], Life insurance | -635 | 681 | -1,241 | -643 | -2,282 | -2,895 |
| Change in collective bonus potential, Life insurance | -163 | -278 | -56 | -762 | -421 | -546 |
| Insurance risk income, Life insurance | 51 | 51 | 46 | 153 | 134 | 181 |
| Insurance risk expense, Life insurance | -43 | -46 | -29 | -122 | -82 | -89 |
| **Total** | **60** | **51** | **55** | **161** | **173** | **279** |

[1] Premium income amounts to EUR 537m for Q3 2013 and EUR 1,747 for Jan-Sep 2013 (Q2 2013: EUR 513m, Q3 2012: EUR 522m, Jan-Sep 2012: EUR 1,847m, Jan-Dec 2012: EUR 2,601m).

**Note 5 Other expenses**

| EURm | Q3 2013 | Q2 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| Information technology | -167 | -161 | -156 | -471 | -461 | -631 |
| Marketing and representation | -24 | -31 | -23 | -84 | -82 | -117 |
| Postage, transportation, telephone and office expenses | -43 | -49 | -52 | -147 | -165 | -220 |
| Rents, premises and real estate expenses | -96 | -92 | -112 | -283 | -305 | -399 |
| Other | -111 | -120 | -114 | -370 | -337 | -441 |
| **Total** | **-441** | **-453** | **-457** | **-1,355** | **-1,350** | **-1,808** |

**Note 6 Net loan losses**

| EURm | Q3 2013 | Q2 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| **Loan losses divided by class** | | | | | | |
| Loans to credit institutions | 0 | 0 | 0 | 1 | -2 | -1 |
| Loans to the public | -139 | -189 | -233 | -576 | -636 | -901 |
| - of which provisions | -189 | -310 | -344 | -843 | -1,039 | -1,392 |
| - of which write-offs | -167 | -173 | -157 | -482 | -407 | -642 |
| - of which allowances used for covering write-offs | 96 | 129 | 106 | 335 | 268 | 452 |
| - of which reversals | 102 | 149 | 146 | 359 | 491 | 603 |
| - of which recoveries | 19 | 16 | 16 | 55 | 51 | 78 |
| Off-balance sheet items | -32 | 3 | -3 | 20 | -16 | 7 |
| **Total** | **-171** | **-186** | **-236** | **-555** | **-654** | **-895** |

**Key ratios**

| | Q3 2013 | Q2 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|---|
| Loan loss ratio, basis points | 20 | 22 | 27 | 21 | 25 | 26 |
| - of which individual | 18 | 24 | 26 | 20 | 29 | 29 |
| - of which collective | 2 | -2 | 1 | 1 | -4 | -3 |

**Note 7 Loans and impairment**

| | Total | | | |
|---|---|---|---|---|
| EURm | 30 Sep 2013 | 30 Jun 2013 | 31 Dec 2012 | 30 Sep 2012 |
| Loans, not impaired | 358,539 | 355,004 | 360,768 | 372,922 |
| Impaired loans | 6,644 | 6,677 | 6,905 | 6,856 |
| - Performing | 3,781 | 3,808 | 4,023 | 4,004 |
| - Non-performing | 2,863 | 2,869 | 2,882 | 2,852 |
| **Loans before allowances** | **365,183** | **361,681** | **367,673** | **379,778** |
| Allowances for individually assessed impaired loans | -2,457 | -2,454 | -2,400 | -2,348 |
| - Performing | -1,342 | -1,362 | -1,332 | -1,322 |
| - Non-performing | -1,115 | -1,092 | -1,068 | -1,026 |
| Allowances for collectively assessed impaired loans | -414 | -401 | -448 | -464 |
| **Allowances** | **-2,871** | **-2,855** | **-2,848** | **-2,812** |
| **Loans, carrying amount** | **362,312** | **358,826** | **364,825** | **376,966** |

| | Central banks and credit institutions | | | | The public | | | |
|---|---|---|---|---|---|---|---|---|
| EURm | 30 Sep 2013 | 30 Jun 2013 | 31 Dec 2012 | 30 Sep 2012 | 30 Sep 2013 | 30 Jun 2013 | 31 Dec 2012 | 30 Sep 2012 |
| Loans, not impaired | 19,124 | 18,476 | 18,578 | 23,816 | 339,415 | 336,528 | 342,190 | 349,106 |
| Impaired loans | 24 | 24 | 24 | 32 | 6,620 | 6,653 | 6,881 | 6,824 |
| - Performing | - | - | - | 8 | 3,781 | 3,808 | 4,023 | 3,996 |
| - Non-performing | 24 | 24 | 24 | 24 | 2,839 | 2,845 | 2,858 | 2,828 |
| **Loans before allowances** | **19,148** | **18,500** | **18,602** | **23,848** | **346,035** | **343,181** | **349,071** | **355,930** |
| Allowances for individually assessed impaired loans | -24 | -24 | -24 | -26 | -2,433 | -2,430 | -2,376 | -2,322 |
| - Performing | - | - | - | -2 | -1,342 | -1,362 | -1,332 | -1,320 |
| - Non-performing | -24 | -24 | -24 | -24 | -1,091 | -1,068 | -1,044 | -1,002 |
| Allowances for collectively assessed impaired loans | -3 | -4 | -4 | -4 | -411 | -397 | -444 | -460 |
| **Allowances** | **-27** | **-28** | **-28** | **-30** | **-2,844** | **-2,827** | **-2,820** | **-2,782** |
| **Loans, carrying amount** | **19,121** | **18,472** | **18,574** | **23,818** | **343,191** | **340,354** | **346,251** | **353,148** |

**Allowances and provisions**

| EURm | 30 Sep 2013 | 30 Jun 2013 | 31 Dec 2012 | 30 Sep 2012 |
|---|---|---|---|---|
| Allowances for items in the balance sheet | -2,872 | -2,855 | -2,848 | -2,812 |
| Provisions for off balance sheet items | -68 | -70 | -84 | -109 |
| **Total allowances and provisions** | **-2,940** | **-2,925** | **-2,932** | **-2,921** |

**Key ratios**

| | 30 Sep 2013 | 30 Jun 2013 | 31 Dec 2012 | 30 Sep 2012 |
|---|---|---|---|---|
| Impairment rate, gross, basis points | 182 | 185 | 188 | 181 |
| Impairment rate, net, basis points | 115 | 117 | 123 | 119 |
| Total allowance rate, basis points | 79 | 79 | 77 | 74 |
| Allowances in relation to impaired loans, % | 37 | 37 | 35 | 34 |
| Total allowances in relation to impaired loans, % | 43 | 43 | 41 | 41 |
| Non-performing, not impaired, EURm | 350 | 346 | 614 | 644 |

**Note 8 Classification of financial instruments**

| EURm | Loans and receivables | Held to maturity | Held for trading | Designated at fair value through profit or loss | Derivatives used for hedging | Available for sale | Total |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash and balances with central banks | 28,558 | - | - | - | - | - | 28,558 |
| Loans to central banks | 5,911 | - | 482 | - | - | - | 6,393 |
| Loans to credit institutions | 4,173 | - | 7,651 | 904 | - | - | 12,728 |
| Loans to the public | 253,014 | - | 37,336 | 52,841 | - | - | 343,191 |
| Interest-bearing securities | 0 | 5,563 | 34,259 | 19,674 | - | 27,535 | 87,031 |
| Financial instruments pledged as collateral | - | - | 6,382 | - | - | - | 6,382 |
| Shares | - | - | 10,551 | 21,857 | - | 3 | 32,411 |
| Derivatives | - | - | 72,427 | - | 2,138 | - | 74,565 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 226 | - | - | - | - | - | 226 |
| Other assets | 8,716 | - | - | 5,703 | - | - | 14,419 |
| Prepaid expenses and accrued income | 1,892 | - | 22 | - | - | - | 1,914 |
| **Total 30 Sep 2013** | **302,490** | **5,563** | **169,110** | **100,979** | **2,138** | **27,538** | **607,818** |
| Total 31 Dec 2012 | 322,861 | 6,497 | 205,788 | 101,875 | 3,083 | 27,374 | 667,478 |
| Total 30 Sep 2012 | 324,433 | 6,902 | 242,154 | 102,792 | 3,221 | 22,100 | 701,602 |

| EURm | Held for trading | Designated at fair value through profit or loss | Derivatives used for hedging | Other financial liabilities | Total |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Deposits by credit institutions | 16,701 | 2,026 | - | 30,755 | 49,482 |
| Deposits and borrowings from the public | 26,753 | 8,726 | - | 165,002 | 200,481 |
| Liabilities to policyholders, investment contracts | - | 13,050 | - | - | 13,050 |
| Debt securities in issue | 7,561 | 33,117 | - | 142,223 | 182,901 |
| Derivatives | 68,140 | - | 1,130 | - | 69,270 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | - | - | - | 1,840 | 1,840 |
| Other liabilities | 11,033 | 5,573 | - | 11,399 | 28,005 |
| Accrued expenses and prepaid income | 30 | 414 | - | 2,149 | 2,593 |
| Subordinated liabilities | - | - | - | 6,632 | 6,632 |
| **Total 30 Sep 2013** | **130,218** | **62,906** | **1,130** | **360,000** | **554,254** |
| Total 31 Dec 2012 | 161,149 | 59,578 | 1,001 | 388,365 | 610,093 |
| Total 30 Sep 2012 | 200,006 | 64,277 | 833 | 382,530 | 647,646 |

**Note 9 Fair value of financial assets and liabilities**

| | 30 Sep 2013 | |
|---|---|---|
| EURm | Carrying amount | Fair value |
| **Financial assets** | | |
| Cash and balances with central banks | 28,558 | 28,558 |
| Loans to central banks | 6,393 | 6,393 |
| Loans to credit institutions | 12,728 | 12,728 |
| Loans to the public | 343,191 | 343,616 |
| Interest-bearing securities | 87,031 | 87,047 |
| Financial instruments pledged as collateral | 6,382 | 6,382 |
| Shares | 32,411 | 32,411 |
| Derivatives | 74,565 | 74,565 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 226 | 226 |
| Other assets | 14,419 | 14,419 |
| Prepaid expenses and accrued income | 1,914 | 1,914 |
| **Total** | **607,818** | **608,259** |
| | | |
| **Financial liabilities** | | |
| Deposits by credit institutions | 49,482 | 49,479 |
| Deposits and borrowings from the public | 200,481 | 200,471 |
| Liabilities to policyholders | 13,050 | 13,050 |
| Debt securities in issue | 182,901 | 182,785 |
| Derivatives | 69,270 | 69,270 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 1,840 | 1,840 |
| Other liabilities | 28,005 | 28,005 |
| Accrued expenses and prepaid income | 2,593 | 2,593 |
| Subordinated liabilities | 6,632 | 6,652 |
| **Total** | **554,254** | **554,145** |

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

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

**Categorisation into the fair value hierarchy**

| 30 Sep 2013, EURm | Quoted prices in active markets for the same instrument (Level 1) | *Of which Life* | Valuation technique using observable data (Level 2) | *Of which Life* | Valuation technique using non-observable data (Level 3) | *Of which Life* | Total |
|---|---|---|---|---|---|---|---|
| **Financial assets[1]** | | | | | | | |
| Loans to central banks | - | - | 482 | - | - | - | 482 |
| Loans to credit institutions | - | - | 8,555 | - | - | - | 8,555 |
| Loans to the public | - | - | 90,177 | - | - | - | 90,177 |
| Interest-bearing securities[2] | 57,945 | *12,188* | 29,413 | *7,381* | 484 | *106* | 87,842 |
| Shares[3] | 28,066 | *18,463* | 414 | *414* | 3,939 | *2,924* | 32,419 |
| Derivatives | 131 | *31* | 72,934 | *29* | 1,500 | - | 74,565 |
| Other assets | - | - | 5,703 | - | - | - | 5,703 |
| Prepaid expenses and accrued income | - | - | 22 | - | - | - | 22 |
| **Financial liabilities[1]** | | | | | | | |
| Deposits by credit institutions | - | - | 18,727 | - | - | - | 18,727 |
| Deposits and borrowings from the public | - | - | 35,479 | - | - | - | 35,479 |
| Liabilities to policyholders | - | - | 13,050 | *13,050* | - | - | 13,050 |
| Debt securities in issue | 33,117 | - | 7,561 | - | - | - | 40,678 |
| Derivatives | 69 | - | 67,867 | - | 1,334 | - | 69,270 |
| Other liabilities | 8,732 | - | 7,857 | - | 17 | - | 16,606 |
| Accrued expenses and prepaid income | - | - | 444 | - | - | - | 444 |

[1] Are measured at fair value on a recurring basis at the end of each reporting period.
[2] Of which EUR 6,374m relates to the balance sheet item Financial instruments pledged as collateral.
[3] Of which EUR 8m relates to the balance sheet item Financial instruments pledged as collateral.

**Measurement of offsetting positions**

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

**Transfers between Level 1 and 2**

During the year, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 2,992m from Level 1 to Level 2 and EUR 861m from Level 2 to Level 1 of the fair value hierarchy. Other liabilities of EUR 599m have been transferred from Level 1 to Level 2. 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. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the year and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

**Note 10, continued**

**Movements in Level 3**

| 30 Sep 2013, EURm | 1 Jan 2013 | Reclassifi-cation | Fair value gains/losses recognised in the income statement during the year | | Purchases/ Issues | Sales | Settlements | Transfers into Level 3 | Transfers out of Level 3 | Translation differences | 30 Sep 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Realised | Unrealised | | | | | | | |
| Intererest-bearing securities | 1,118 | -519 | 3 | 30 | 92 | -224 | -7 | - | - | -9 | 484 |
| *- of which Life* | *719* | *-519* | *0* | *1* | *10* | *-96* | *0* | - | - | *-9* | *106* |
| Shares | 3,374 | 519 | 114 | 33 | 812 | -847 | -6 | 2 | -46 | -16 | 3,939 |
| *- of which Life* | *2,210* | *519* | *145* | *13* | *699* | *-603* | *-1* | *2* | *-46* | *-14* | *2,924* |
| Derivatives (net) | 332 | - | 246 | -172 | - | - | -246 | 6 | - | 0 | 166 |
| Other liabilities | 0 | - | -20 | -1 | 607 | - | -590 | 21 | - | - | 17 |

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the year Nordea transferred shares of EUR 46m from Level 3 to Level 2. Nordea also transferred other liabilities of EUR 21m from Level 2 to Level 3. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. The reason for the transfer from Level 2 to Level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

**The valuation processes for fair value measurements in Level 3**

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

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

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

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

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

| 30 Sep 2013, EURm | Fair value | Valuation techniques | Unobservable input | Range of fair value |
|---|---|---|---|---|
| **Derivatives** | | | | |
| Interest rate derivatives | 171 | Option model | Correlations | -7/6 |
| | | | Volatilities | |
| Equity derivatives | -62 | Option model | Correlations | -16/11 |
| | | | Volatilities | |
| | | | Dividend | |
| Foreign exchange derivatives | 110 | Option model | Correlations | +/-0 |
| | | | Volatilities | |
| Credit derivatives | -55 | Credit derivative model | Correlations | -8/8 |
| | | | Recovery rates | |
| Other | 2 | Option model | Correlations | +/-0 |
| | | | Volatilities | |
| **Total** | **166** | | | **-31/25** |

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

**Note 10, continued**

| 30 Sep 2013, EURm | Fair value | *Of which Life* [2] | Valuation techniques |
|---|---|---|---|
| **Shares** | | | |
| Private equity funds | 2,378 | *1,828* | Net asset value[1] |
| Hedge funds | 635 | *343* | Net asset value[1] |
| Credit Funds | 435 | *351* | Net asset value/market consensus[1] |
| Other funds | 271 | *252* | Net asset value/Fund prices[1] |
| Other | 220 | *150* | - |
| **Total** | **3,939** | ***2,924*** | |

| 30 Sep 2013, EURm | Fair value | *Of which Life* [2] | Valuation techniques | Unobservable input | Range of fair value |
|---|---|---|---|---|---|
| **Interest-bearing securities** | | | | | |
| Municipalities and other public bodies | 30 | *30* | Discounted cash flows | Credit spread | -2/2 |
| Mortgage and other credit institutions[3] | 351 | *7* | Discounted cash flows | Credit spread | -18/18 |
| Corporates | 95 | *69* | Discounted cash flows | Credit spread | -7/7 |
| Other | 8 | | - | - | -1/1 |
| **Total** | **484** | ***106*** | | | **-28/28** |
| | | | | | |
| Other liabilities | 17 | - | Discounted cash flows | Credit spread | -2/2 |
| **Total** | **17** | **-** | | | **-2/2** |

[1] The fair values are based on prices and net asset values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methology used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA Venture (European Capital Association). Less than 15% of the private equity fund investment are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of -100% to 0% compared to the values received from suppliers/custodians.

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

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

**Sensitivity analysis of Level 3 financial instruments**

| 30 Sep 2013, EURm | Carrying amount | Effect of reasonably possible alternative assumptions: Favourable | Unfavourable |
|---|---|---|---|
| **Assets** | | | |
| Interest-bearing securities | 484 | 28 | -28 |
| *- of which Life* | *106* | *6* | *-6* |
| Shares | 3,939 | 368 | -368 |
| *- of which Life* | *2,924* | *286* | *-286* |
| Derivatives (net) | 166 | 25 | -31 |
| Other liabilities | 17 | 2 | -2 |

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

**Deferred Day 1 profit**

| EURm | Derivatives (net) |
|---|---|
| Opening balance at 1 Jan 2013 | 24 |
| Deferred profit on new transactions | 23 |
| Recognised in the income statement during the year | -9 |
| **Closing balance at 30 Sep 2013** | **38** |

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

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

| 30 Sep 2013, EURm | Gross recognised financial assets[1] | Gross recognised financial liabilities set off on the balance sheet | Net carrying amount on the balance sheet[2] | Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments | Financial collateral received | Cash collateral received | Net amount |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Derivatives | 132,215 | -58,252 | 73,963 | -59,615 | - | -6,331 | 8,017 |
| Reverse repurchase agreements | 44,646 | - | 44,646 | -23,341 | -20,897 | - | 408 |
| Securities borrowing agreements | 4,626 | - | 4,626 | - | -4,626 | - | 0 |
| **Total** | **181,487** | **-58,252** | **123,235** | **-82,956** | **-25,523** | **-6,331** | **8,425** |

| 30 Sep 2013, EURm | Gross recognised financial liabilities[1] | Gross recognised financial assets set off on the balance sheet | Net carrying amount on the balance sheet[2] | Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments | Financial collateral pledged | Cash collateral pledged | Net amount |
|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | |
| Derivatives | 126,077 | -58,252 | 67,825 | -59,614 | - | -4,548 | 3,663 |
| Repurchase agreements | 45,336 | - | 45,336 | -23,342 | -21,878 | - | 116 |
| Securities lending agreements | 4,008 | - | 4,008 | - | -4,008 | - | 0 |
| **Total** | **175,421** | **-58,252** | **117,169** | **-82,956** | **-25,886** | **-4,548** | **3,779** |

[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 Sep 2012, EURm | Gross recognised financial assets[1] | Gross recognised financial liabilities set off on the balance sheet | Net carrying amount on the balance sheet[2] | Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments | Financial collateral received | Cash collateral received | Net amount |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Derivatives | 214,213 | -69,314 | 144,899 | -129,832 | - | -4,070 | 10,997 |
| Reverse repurchase agreements | 37,552 | - | 37,552 | -16,692 | -20,107 | - | 753 |
| Securities borrowing agreements | 5,604 | - | 5,604 | - | -5,604 | - | 0 |
| **Total** | **257,369** | **-69,314** | **188,055** | **-146,524** | **-25,711** | **-4,070** | **11,750** |

| 30 Sep 2012, EURm | Gross recognised financial liabilities[1] | Gross recognised financial assets set off on the balance sheet | Net carrying amount on the balance sheet[2] | Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments | Financial collateral pledged | Cash collateral pledged | Net amount |
|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | |
| Derivatives | 212,248 | -69,314 | 142,934 | -129,832 | - | -8,225 | 4,877 |
| Repurchase agreements | 38,583 | - | 38,583 | -16,692 | -21,741 | - | 150 |
| Securities lending agreements | 3,943 | - | 3,943 | - | -3,943 | - | 0 |
| **Total** | **254,774** | **-69,314** | **185,460** | **-146,524** | **-25,684** | **-8,225** | **5,027** |

[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 counterparties, 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** | 30 Sep 2013 | | 31 Dec 2012 | | 30 Sep 2012 | |
|---|---|---|---|---|---|---|
| EURm | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |
| **Derivatives held for trading** | | | | | | |
| Interest rate derivatives | 60,331 | 55,063 | 102,558 | 97,014 | 131,312 | 126,190 |
| Equity derivatives | 754 | 694 | 623 | 568 | 653 | 428 |
| Foreign exchange derivatives | 10,285 | 11,335 | 11,300 | 14,450 | 14,249 | 18,005 |
| Credit derivatives | 800 | 828 | 637 | 655 | 792 | 788 |
| Commodity derivatives | 227 | 196 | 528 | 487 | 923 | 882 |
| Other derivatives | 30 | 24 | 60 | 28 | 41 | 29 |
| **Total** | **72,427** | **68,140** | **115,706** | **113,202** | **147,970** | **146,322** |
| **Derivatives used for hedging** | | | | | | |
| Interest rate derivatives | 1,719 | 541 | 2,281 | 594 | 2,188 | 598 |
| Equity derivatives | - | - | - | - | 6 | 6 |
| Foreign exchange derivatives | 419 | 589 | 802 | 407 | 1,027 | 229 |
| **Total** | **2,138** | **1,130** | **3,083** | **1,001** | **3,221** | **833** |
| **Total fair value** | | | | | | |
| Interest rate derivatives | 62,050 | 55,604 | 104,839 | 97,608 | 133,500 | 126,788 |
| Equity derivatives | 754 | 694 | 623 | 568 | 659 | 434 |
| Foreign exchange derivatives | 10,704 | 11,924 | 12,102 | 14,857 | 15,276 | 18,234 |
| Credit derivatives | 800 | 828 | 637 | 655 | 792 | 788 |
| Commodity derivatives | 227 | 196 | 528 | 487 | 923 | 882 |
| Other derivatives | 30 | 24 | 60 | 28 | 41 | 29 |
| **Total** | **74,565** | **69,270** | **118,789** | **114,203** | **151,191** | **147,155** |

| **Nominal amount** | 30 Sep | 31 Dec | 30 Sep |
|---|---|---|---|
| EURm | 2013 | 2012 | 2012 |
| **Derivatives held for trading** | | | |
| Interest rate derivatives | 5,673,022 | 5,622,598 | 6,185,183 |
| Equity derivatives | 24,144 | 17,811 | 20,628 |
| Foreign exchange derivatives | 877,886 | 910,396 | 984,985 |
| Credit derivatives | 52,679 | 47,052 | 47,739 |
| Commodity derivatives | 5,150 | 7,817 | 10,383 |
| Other derivatives | 2,389 | 2,583 | 2,209 |
| **Total** | **6,635,270** | **6,608,257** | **7,251,127** |
| **Derivatives used for hedging** | | | |
| Interest rate derivatives | 113,747 | 59,858 | 57,817 |
| Foreign exchange derivatives | 9,093 | 8,871 | 9,205 |
| **Total** | **122,840** | **68,729** | **67,022** |
| **Total nominal amount** | | | |
| Interest rate derivatives | 5,786,769 | 5,682,456 | 6,243,000 |
| Equity derivatives | 24,144 | 17,811 | 20,628 |
| Foreign exchange derivatives | 886,979 | 919,267 | 994,190 |
| Credit derivatives | 52,679 | 47,052 | 47,739 |
| Commodity derivatives | 5,150 | 7,817 | 10,383 |
| Other derivatives | 2,389 | 2,583 | 2,209 |
| **Total** | **6,758,110** | **6,676,986** | **7,318,149** |

**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**[1]

| EURm | 30 Sep 2013 | 31 Dec 2012 | 30 Sep 2012 |
|---|---|---|---|
| Core Tier 1 capital | 22,975 | 21,961 | 21,796 |
| Tier 1 capital | 24,338 | 23,953 | 23,809 |
| Total capital base | 27,971 | 27,274 | 27,303 |

[1] Additional information regarding the capital base components could be found in the IR fact book available at www.nordea.com/IR.

**Capital requirement**

| EURm | 30 Sep 2013 Capital requirement | 30 Sep 2013 RWA | 31 Dec 2012 Capital requirement | 31 Dec 2012 RWA | 30 Sep 2012 Capital requirement | 30 Sep 2012 RWA |
|---|---|---|---|---|---|---|
| **Credit risk** | **10,841** | **135,513** | **11,627** | **145,340** | **12,482** | **156,025** |
| IRB | 9,075 | 113,440 | 9,764 | 122,050 | 10,209 | 127,611 |
| - of which corporate | 6,844 | 85,555 | 7,244 | 90,561 | 7,375 | 92,194 |
| - of which institutions | 498 | 6,221 | 671 | 8,384 | 798 | 9,972 |
| - of which retail | 1,620 | 20,253 | 1,737 | 21,710 | 1,928 | 24,094 |
| - of which other | 113 | 1,411 | 112 | 1,395 | 108 | 1,351 |
| | | | | | | |
| Standardised | 1,766 | 22,073 | 1,863 | 23,290 | 2,273 | 28,414 |
| - of which sovereign | 26 | 330 | 34 | 426 | 35 | 438 |
| - of which retail | 872 | 10,893 | 860 | 10,752 | 860 | 10,747 |
| - of which other | 868 | 10,850 | 969 | 12,112 | 1,378 | 17,229 |
| | | | | | | |
| **Market risk** | **582** | **7,278** | **506** | **6,323** | **541** | **6,756** |
| - of which trading book, Internal Approach | 334 | 4,177 | 312 | 3,897 | 335 | 4,190 |
| - of which trading book, Standardised Approach | 148 | 1,848 | 138 | 1,727 | 157 | 1,957 |
| - of which banking book, Standardised Approach | 100 | 1,253 | 56 | 699 | 49 | 609 |
| | | | | | | |
| **Operational risk** | **1,344** | **16,796** | **1,298** | **16,229** | **1,298** | **16,229** |
| Standardised | 1,344 | 16,796 | 1,298 | 16,229 | 1,298 | 16,229 |
| **Sub total** | **12,767** | **159,587** | **13,431** | **167,892** | **14,321** | **179,010** |
| | | | | | | |
| **Adjustment for transition rules** | | | | | | |
| Additional capital requirement according to transition rules | 4,143 | 51,787 | 3,731 | 46,631 | 3,545 | 44,318 |
| **Total** | **16,910** | **211,374** | **17,162** | **214,523** | **17,866** | **223,328** |

**Capital ratio**

| | 30 Sep 2013 | 31 Dec 2012 | 30 Sep 2012 |
|---|---|---|---|
| Core Tier I ratio, %, incl profit | 10.9 | 10.2 | 9.8 |
| Tier I ratio, %, incl profit | 11.5 | 11.2 | 10.7 |
| Total capital ratio, %, incl profit | 13.2 | 12.7 | 12.2 |

**Analysis of capital requirements**

| Exposure class, 30 Sep 2013 | Average risk weight (%) | Capital requirement (EURm) |
|---|---|---|
| Corporate | 52 | 6,844 |
| Institutions | 14 | 498 |
| Retail IRB | 13 | 1,620 |
| Sovereign | 0 | 26 |
| Other | 72 | 1,853 |
| **Total credit risk** | | **10,841** |

**Note 14 Discontinued operations**

| EURm | Q3 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Net interest income | 38 | 48 | 117 | 142 | 189 |
| Net fee and commission income | 8 | 10 | 26 | 26 | 36 |
| Other operating income | 3 | 0 | 3 | 11 | 13 |
| **Total operating income** | **49** | **58** | **146** | **179** | **238** |
| Total operating expenses | -27 | -27 | -90 | -90 | -122 |
| Net loan losses | -8 | -18 | -19 | -35 | -38 |
| **Operating profit** | **14** | **13** | **37** | **54** | **78** |
| Income tax expense | -2 | -9 | -8 | -20 | -21 |
| **Net profit for the period from discontinued operations** | **12** | **4** | **29** | **34** | **57** |
| Net result for the period recognised on the measurement at fair value | - | - | 1 | - | - |
| Transaction and transition cost (including cost to sell)[1] | - | - | -34 | - | - |
| **Net profit for the period from discontinued operations after measurement at fair value less cost to sell** | **12** | **4** | **-4** | **34** | **57** |

[1] Income tax of EUR 9m deducted.

| | Q3 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|
| Basic earnings per share from discontinued operations, EUR | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 |
| Diluted earnings per share from discontinued operations, EUR | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 |

**Balance sheet - Condensed[1]**

| **EURm** | 30 Sep 2013 |
|---|---|
| **Assets** | |
| Loans to the public | 6,334 |
| Interest-bearing securities | 1,335 |
| Shares | 344 |
| Total other assets | 562 |
| **Total assets held for sale** | **8,575** |
| | |
| **Liabilities** | |
| Deposits by credit institutions | 95 |
| Deposits and borrowings from the public | 2,887 |
| Liabilities to policyholders | 611 |
| Total other liabilities | 100 |
| **Total liabilities held for sale** | **3,693** |

[1] Includes the external assets and liabilities held for sale. The external funding of the Polish operations that will remain subsequent to the transaction is not included.

Discontinued operations and assets/liabilities held for sale relate to Nordea's earlier announced decision to divest its Polish banking, financing and life insurance operations, including Nordea Bank Polska S.A., Nordea Finance Polska S.A. and Nordea Polska Towarzystwo Ubezpieczen na Zycie S.A., to PKO Bank Polski. The transaction is expected to be completed during the first quarter of 2014 and is subject to regulatory approvals. The disposal group is excluded from Note 2 "Segment reporting" as this is not part of the reporting to the Chief Operating Decision Maker (CODM).

## Note 15 Risks and uncertainties

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

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

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

None of the above exposures and risks 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.

## Business definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Nordea Bank AB (publ)

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

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

## Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report except for the presentation of assets held for sale as described below.

The new standard IFRS 13 “Fair Value Measurement” and the amendments to IAS 32 ”Financial Instruments: Presentation” and IFRS 7 “Financial Instruments: Disclosures” as regards offsetting of financial assets and liabilities was implemented in the first quarter 2013, but have not had any significant impact on the financial statements. More information on the new and amended standards can be found in Note 1 for the Group.

## Assets and liabilities held for sale
As mentioned in Note 1 and Note 14 for the Group, Nordea has divested its Polish operations. Assets held for sale in Nordea Bank AB amount to EUR 897m as of the third quarter (EUR 957m as of the second quarter) but are not reclassified on the balance sheet.

# Income statement

| EURm | Q3 2013 | Q3 2012 | Jan-Sep 2013 | Jan-Sep 2012 | Full year 2012 |
|---|---|---|---|---|---|
| **Operating income** | | | | | |
| *Interest income* | *533* | *680* | *1,640* | *2,073* | *2,656* |
| *Interest expense* | *-382* | *-509* | *-1,142* | *-1,514* | *-1,932* |
| Net interest income | 151 | 171 | 498 | 559 | 724 |
| *Fee and commission income* | *256* | *215* | *915* | *612* | *853* |
| *Fee and commission expense* | *-55* | *-66* | *-183* | *-179* | *-230* |
| Net fee and commission income | 201 | 149 | 732 | 433 | 623 |
| Net result from items at fair value | 36 | 37 | 77 | 152 | 189 |
| Dividends | - | - | 300 | 283 | 3,554 |
| Other operating income | 163 | 195 | 476 | 324 | 501 |
| **Total operating income** | **551** | **552** | **2,083** | **1,751** | **5,591** |
| **Operating expenses** | | | | | |
| General administrative expenses: | | | | | |
| Staff costs | -239 | -295 | -737 | -724 | -938 |
| Other expenses | -237 | -260 | -715 | -573 | -842 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -26 | -28 | -74 | -73 | -105 |
| **Total operating expenses** | **-502** | **-583** | **-1,526** | **-1,370** | **-1,885** |
| **Profit before loan losses** | **49** | **-31** | **557** | **381** | **3,706** |
| Net loan losses | -1 | 15 | -56 | -14 | -19 |
| Impairment of securities held as financial non-current assets | - | - | 0 | 0 | -15 |
| **Operating profit** | **48** | **-16** | **501** | **367** | **3,672** |
| Appropriations | - | - | - | - | -103 |
| Income tax expense | -16 | -6 | -58 | -29 | -95 |
| **Net profit for the period** | **32** | **-22** | **443** | **338** | **3,474** |

# Nordea Bank AB (publ)

## Balance sheet

| EURm | 30 Sep 2013 | 31 Dec 2012 | 30 Sep 2012 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 39 | 180 | 157 |
| Treasury bills | 6,758 | 5,092 | 4,602 |
| Loans to credit institutions | 77,017 | 68,006 | 77,760 |
| Loans to the public | 34,912 | 36,214 | 37,105 |
| Interest-bearing securities | 11,702 | 11,594 | 12,441 |
| Financial instruments pledged as collateral | 349 | 104 | 1,026 |
| Shares | 6,131 | 4,742 | 4,377 |
| Derivatives | 4,218 | 5,852 | 5,887 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 4 | -1,157 | -1,035 |
| Investments in group undertakings | 17,666 | 17,659 | 16,727 |
| Investments in associated undertakings | 7 | 8 | 8 |
| Intangible assets | 712 | 670 | 649 |
| Property and equipment | 120 | 121 | 120 |
| Deferred tax assets | 21 | 19 | 13 |
| Current tax assets | 116 | 41 | 89 |
| Other assets | 923 | 1,713 | 1,307 |
| Prepaid expenses and accrued income | 1,128 | 1,272 | 1,140 |
| **Total assets** | **161,823** | **152,130** | **162,373** |
| | | | |
| **Liabilities** | | | |
| Deposits by credit institutions | 19,541 | 19,342 | 19,312 |
| Deposits and borrowings from the public | 48,272 | 50,263 | 51,552 |
| Debt securities in issue | 60,874 | 48,285 | 57,280 |
| Derivatives | 3,308 | 4,166 | 3,891 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 826 | 16 | 117 |
| Current tax liabilities | 3 | 3 | 0 |
| Other liabilities | 2,814 | 1,635 | 4,653 |
| Accrued expenses and prepaid income | 1,246 | 1,468 | 1,223 |
| Deferred tax liabilities | 10 | 8 | 9 |
| Provisions | 163 | 148 | 27 |
| Retirement benefit obligations | 177 | 182 | 224 |
| Subordinated liabilities | 6,049 | 7,131 | 7,856 |
| **Total liabilities** | **143,283** | **132,647** | **146,144** |
| **Untaxed reserves** | **107** | **108** | **5** |
| **Equity** | | | |
| Share capital | 4,050 | 4,050 | 4,050 |
| Share premium reserve | 1,080 | 1,080 | 1,080 |
| Other reserves | 13 | 12 | 25 |
| Retained earnings | 13,290 | 14,233 | 11,069 |
| **Total equity** | **18,433** | **19,375** | **16,224** |
| **Total liabilities and equity** | **161,823** | **152,130** | **162,373** |
| | | | |
| Assets pledged as security for own liabilities | 3,249 | 4,230 | 4,486 |
| Other assets pledged | 5,965 | 6,225 | 6,009 |
| Contingent liabilities | 85,406 | 86,292 | 25,880 |
| Credit commitments[1] | 27,183 | 26,270 | 25,397 |

[1] Including unutilised portion of approved overdraft facilities of EUR 12,461m (31 Dec 2012: EUR 12,952m, 30Sep 2012: EUR 11,851m).

**Note 1 Capital adequacy**

**Capital Base**

| EURm | 30 Sep 2013 | 31 Dec 2012 | 30 Sep 2012 |
|---|---|---|---|
| Core Tier 1 capital | 16,697 | 17,252 | 14,589 |
| Tier 1 capital | 18,673 | 19,244 | 16,602 |
| Total capital base | 22,795 | 23,898 | 21,303 |

**Capital requirement**

| EURm | 30 Sep 2013 Capital requirement | 30 Sep 2013 RWA | 31 Dec 2012 Capital requirement | 31 Dec 2012 RWA | 30 Sep 2012 Capital requirement | 30 Sep 2012 RWA |
|---|---|---|---|---|---|---|
| **Credit risk**[1] | **6,522** | **81,529** | **7,494** | **93,670** | **4,861** | **60,765** |
| IRB | 3,661 | 45,765 | 4,752 | 59,394 | 2,209 | 27,618 |
| - of which corporate | 3,307 | 41,335 | 4,404 | 55,051 | 1,813 | 22,664 |
| - of which institutions | 137 | 1,710 | 140 | 1,751 | 173 | 2,162 |
| - of which retail | 188 | 2,350 | 188 | 2,345 | 195 | 2,440 |
| - of which other | 29 | 370 | 20 | 247 | 28 | 352 |
| Standardised | 2,861 | 35,764 | 2,742 | 34,276 | 2,652 | 33,147 |
| - of which retail | 101 | 1,268 | 106 | 1,327 | - | - |
| - of which sovereign | 2 | 27 | 2 | 21 | 1 | 8 |
| - of which other | 2,758 | 34,469 | 2,634 | 32,928 | 2,651 | 33,139 |
| **Market risk** | **78** | **972** | **123** | **1,539** | **93** | **1,160** |
| - of which trading book, Internal Approach | 23 | 288 | 39 | 484 | 20 | 246 |
| - of which trading book, Standardised Approach | 5 | 58 | 20 | 246 | 16 | 198 |
| - of which banking book, Standardised Approach | 50 | 626 | 64 | 809 | 57 | 716 |
| **Operational risk** | **250** | **3,121** | **219** | **2,739** | **219** | **2,739** |
| Standardised | 250 | 3,121 | 219 | 2,739 | 219 | 2,739 |
| **Sub total** | **6,850** | **85,622** | **7,836** | **97,948** | **5,173** | **64,664** |
| **Adjustment for transition rules** | | | | | | |
| Additional capital requirement according to transition rules | - | - | - | - | - | - |
| **Total** | **6,850** | **85,622** | **7,836** | **97,948** | **5,173** | **64,664** |

**Capital ratio**

| | 30 Sep 2013 | 31 Dec 2012 | 30 Sep 2012 |
|---|---|---|---|
| Core Tier I ratio, % | 19.5 | 17.6 | 22.6 |
| Tier I ratio, % | 21.8 | 19.6 | 25.7 |
| Total capital ratio, % | 26.6 | 24.4 | 32.9 |

**Analysis of capital requirements**

| Exposure class, 30 Sep 2013 | Average risk weight (%) | Capital requirement (EURm) |
|---|---|---|
| Corporate | 58 | 3,307 |
| Institutions | 12 | 137 |
| Retail IRB | 35 | 188 |
| Sovereign | 0 | 2 |
| Other | 34 | 2,888 |
| **Total credit risk** | | **6,522** |

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

**For further information:**

- A press conference with management will be held on 23 October at 10.00 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be held on 23 October at 14.30 CET. Please dial +44 20 3427 1903, confirmation code 9059171#, no later than ten minutes in advance. The telephone conference can be viewed live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will be available through 1 November, by dialling +44 20 3427 0598, access code 9059171#.
- An analyst and investor presentation will be held in London on 24 October at 08.00 local time at The Langham, 1c Portland Place, Regent Street, London W1B 1JA. To attend, please contact Ann Nunn, ABG Sundal Collier, ann.nunn@abgsc.com
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.

**Contacts:**

| | | |
|---|---|---|
| Christian Clausen, President and Group CEO | +46 8 614 7804 | |
| Torsten Hagen Jørgensen, Group CFO | +46 8 614 7814 | |
| Rodney Alfvén, Head of Investor Relations | +46 8 614 7880 | (or +46 72 235 05 15) |
| Claus Christensen, Head of Group Identity & Communications (acting) | +45 3333 1279 | (or +45 2524 8993) |

**Financial calendar**

29 January 2014 – Fourth quarter and full year results 2013 (silent period starts 9 January 2014)
29 April 2014 – First quarter results 2014 (silent period starts 7 April 2014)
17 July 2014 – Second quarter results 2014 (silent period starts 7 July 2014)
22 October 2014 – Third quarter results 2014 (silent period starts 7 October 2014)

Stockholm 23 October 2013

Christian Clausen
President and Group CEO

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

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

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

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

Nordea Bank AB (publ)
Smålandsgatan 17
SE-105 71 Stockholm
www.nordea.com/ir
Tel. +46 8 614 7800
Corporate registration No. 516406-0120