

Interim Report 3rd quarter 2013

Nordea Bank Norge Group

Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 900 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Key financial figures¹

Income statements

	Q3	Q2	Change	Q3	Change	Jan-Sep	Jan-Sep	Change
NOKm	2013	2013	%	2012	%	2013	2012	%
Net interest income	2,396	2,317	3	2,141	12	6,913	6,712	3
Net fee and commission income	596	641	-7	596	0	1,787	1,766	1
Net result from items at fair value	91	187	-51	121	-25	449	282	59
Equity method	34	0		-9		34	106	
Other operating income	54	30		42		144	153	
Total operating income	3,171	3,175	0	2,891	10	9,327	9,019	3
Staff costs ⁴	-704	-701	0	-675	4	-2,116	-2,189	-3
Other expenses	-473	-457	4	-446	6	-1,376	-1,350	2
Depreciation of tangible and intangible assets	-37	-37	0	-41	-10	-113	-130	-13
Total operating expenses	-1,214	-1,195	2	-1,162	4	-3,605	-3,669	-2
Profit before loan losses	1,957	1,980	-1	1,729	13	5,722	5,350	7
Net loan losses	-439	-268	64	-106	314	-1,078	-555	94
Operating profit	1,518	1,712	-11	1,623	-6	4,644	4,795	-3
Income tax expense ⁴	-428	-483	-11	-469	-9	-1,303	-1,341	-3
Net profit for the period	1,090	1,229	-11	1,154	-6	3,341	3,454	-3

Business volumes, key items

	30 Sep	30 Jun	Change	30 Sep	Change
NOKbn	2013	2013	%	2012	%
Loans to the public	460.7	460.3	0	468.2	-2
Deposits and borrowings from the public	214.7	218.2	-2	213.2	1
of which savings deposits	86.0	86.2	0	84.1	2
Equity ⁴	39.3	38.1	3	31.1	26
Total assets ⁴	572.7	578.0	-1	598.3	-4

Ratios and key figures

	Q3	Q2	Q3	Jan-Sep	Jan-Sep
	2013	2013	2012	2013	2012
Basic/Diluted Earnings per share (EPS), NOK	2.0	2.2	2.1	6.1	6.3
EPS, rolling 12 months up to period end, NOK ⁴	7.9	8.0	8.1	7.9	8.1
Equity per share ^{2,4} , NOK	71.3	69.1	56.5	71.3	56.5
Shares outstanding ² , million	551	551	551	551	551
Return on equity ⁴ , %	11.3	13.1	15.1	11.9	15.5
Cost/income ratio ⁴ , %	38	38	40	39	41
Loan loss ratio, basis points	38	23	9	32	15
Core Tier 1 capital ratio, excluding transition rules ^{2,3} %	15.6	15.1	10.8	15.6	10.8
Tier 1 capital ratio, excluding transition rules ^{2,3} %	17.8	17.2	12.8	17.8	12.8
Total capital ratio, excluding transition rules ^{2,3} %	19.0	18.5	14.2	19.0	14.2
Core Tier 1 capital ratio, including transition rules ^{2,3} %	11.0	10.8	8.1	11.0	8.1
Tier 1 capital ratio, including transition rules ^{2,3} %	12.5	12.3	9.6	12.5	9.6
Total capital ratio, including transition rules ^{2,3} %	13.4	13.2	10.7	13.4	10.7
Tier 1 capital ^{2,3} , NOKm	39,655	38,949	31,202	39,655	31,202
Risk-weighted assets excluding transition rules ² , NOKbn	223	226	244	223	244
Number of employees (full-time equivalents) ²	2,883	2,862	2,891	2,883	2,891

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

²End of period.

³Excluding profit for the nine first months.

⁴Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

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

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

Nordea Bank Norge Group

Group result and development

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

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 Norway, unemployment has been stable while growth in mortgage prices has dampened.

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 margins 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 margins to Germany as investors continued to ease safe-haven demands on the back of the improved market outlook in Europe.

Business development

Although the third quarter is seasonally slower than second quarter, activity picked up after the summer months, and a continued high level of total operating income was achieved. NBN's net interest income was up 3%, while staff costs were held stable compared to last quarter and reduced by 3% compared to the nine month period last year.

The number of externally acquired Gold and Premium customers in the quarter amounted to 2,500. Despite effects from summer vacation, Nordea still achieved client meeting activity levels equivalent to the previous quarter. 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.

Customer activity in Corporate Institutional Banking (CIB), both the daily and event-driven business was affected by the seasonal weakness but regained momentum towards the end of the quarter. Competition has increased further, especially for the largest customers with strong ratings.

In Shipping, Offshore and Oil Services overall customer activity was moderate, with fairly stable lending volumes compared to prior quarter.

Third quarter 2013

Income

Total income continued at the high levels from the previous quarter and is up 10% compared to the same quarter last year to NOK 3,171m.

Net interest income

Net interest income increased 3% compared to the previous quarter to NOK 2,396m, despite one less day compared to the previous period. The growth has been driven by wider lending margins and higher household lending volumes.

Lending to the public was slightly up, while deposits from the public fell 2% from previous quarter to NOK 215bn.

Corporate lending

Corporate lending volumes were relatively stable with a rise in Retail corporate volumes along with a slight increase in CIB lending volumes the last three months, offset by a slight fall in Shipping and other areas. All corporate lending margins are up from previous quarter.

Household lending

Household lending volume grew 2% and margins were increased over the last three months.

Corporate and household deposits

Total deposits decrease is somewhat seasonal as vacation pay for Household customers from prior quarter is spent. Corporate deposits in Retail experienced a temporary drop at the end of the quarter whereas average volumes were up. CIB and Shipping experienced slight increases in deposits compared to the prior quarter, while fierce deposit competition continued throughout the quarter and deposit margins fell across all business areas.

Net fee and commission income

Net fee and commission income fell 7%, from NOK 641m to NOK 596m. Business related activity fell across most areas in third quarter. The main drivers of the drop from a very successful second quarter are reduced customer driven activity in Markets, mainly derivative driven demand, as well as lower income from syndicated loan activities. This was partially offset by increased payment and savings related activity in Cards and Deposits.

Net result from items at fair value

Net result on items at fair value diminished with a 51% reduction compared to prior quarter to NOK 91m. The main driver of the decrease is interest related instruments in Treasury which experienced high levels of income in the second quarter compared to a negative result from the bond portfolio in the third quarter. Markets contribution also fell, driven by lower results from fixed income sales and interest trading. Equity instruments fell mainly due to higher dividend income in second quarter, while net exchange gains were stable.

Equity method

Net result from companies accounted for under the equity method climbed to NOK 34m, which mainly relates to the 23.21% holding in Eksportfinans ASA. Nordea continues to apply its own valuation model towards the valuation of Eksportfinans' own debt. Positive contribution this quarter stems mainly from other financial instruments in Eksportfinans.

Other operating income

Other income increased to NOK 54m, compared to NOK 30m in the previous quarter.

Expenses

Total expenses were slightly up from the previous quarter to NOK 1,214m, and staff cost were stable. Staff costs were also stable compared to the same period last year when adjusted for one-time effects related to a net positive adjustment of restructuring costs last year. Other expenses increased 4% from last quarter, driven by IT consulting and sponsoring costs.

The number of employees (FTEs) grew to 2,883 from 2,862 in the previous quarter and fell 1% compared to the same quarter one year ago.

The cost/income ratio amounts to 38%, stable from prior quarter.

Net loan losses

Individual net loan losses for the third quarter this year were NOK 334m, compiled with a collective net loan loss of 105m totalling NOK 439m in net loan losses this quarter. Individual loan loss provisions were mainly within CIB. The annualised loan loss ratio was 38 basis points in the third quarter, compared to 23 basis points in the prior quarter. Individual net loan losses amounted to 29 basis points annualised and net collective losses amounted to 9 basis points annualised this quarter.

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

Taxes

The effective tax rate for the first quarter was stable at 28.2% compared to the previous quarter and slightly down from 28.9% in the third quarter last year.

Net profit

Net profit fell to NOK 1,090m, down 11% compared to the previous quarter mainly driven by increased loan losses.

January – September 2013

Total income increased 3% compared to the same period last year, and 5% adjusted for the bank deposit guarantee fees this year. Total operating expenses were down 2%. Profit before loan losses was up 7% and 10% when adjusted for the bank deposit guarantee fee.

Income

Net interest income rose 3% compared to the same period last year, and 5% when adjusted for the bank deposit guarantee fee. Corporate lending volumes have fallen, partially offset by increased Household lending, leading to a 2% reduction in lending, while deposit volumes climbed 1% compared to one year ago. All lending margins have risen, while deposit margins have fallen compared to the same period last year.

Net fee and commission income increased by 1%, and the net result from items at fair value increased 59% with positive growth across equity, interest and exchange related instruments compared to the same period last year.

Expenses

Total expenses were reduced 2% compared to the same period in 2012. The reduction in staff costs of 3% is in line with NBN's strategy.

Net loan losses

Net loan losses rose to NOK 1,078m, mainly from CIB, corresponding to a loan loss ratio of 32 basis points the first nine months in 2013.

Net profit

Net profit fell 3% to NOK 3,341m, mainly due to higher loan losses and the bank deposit guarantee fees as described in previous interim reports. Adjusted for the bank deposit guarantee fees and one-time effects, net profit is up 1%.

Other information

Credit portfolio

Total lending to the public was stable at NOK 460bn compared to the previous quarter and fell 2% compared to one year ago.

Impaired loans gross, on balance, have been reduced by 7% in the last three months and ended at NOK 3,630m. 30% of impaired loans gross are performing loans and 70% are non-performing. Impaired loans net, after individually assessed allowances for impaired loans, amounted to NOK 1,779m corresponding to 37 basis points of total loans at the end of the quarter.

The total allowance ratio increased to 51 basis points compared to 46 basis points at the end of the second quarter. The industries with the largest provisions were Shipping & offshore, Telecommunication operators and Real estate.

Balance Sheet

Total assets in the balance sheet decreased 1% compared to previous quarter and declined 4% compared to one year ago. The main drivers of change compared to the previous quarter are reductions in loans to credit institutions and cash and balances with central banks held in Treasury, which fluctuate as part of NBN's liquidity management. Compared to the same period last year, further decrease relates to interest bearing securities in Treasury, also a part of the liquidity buffer management. The level during 2013 was well above target level and reinvestments have been lower than maturing amounts. Further decline was driven by reduced Corporate lending volumes partially offset by increased Household lending.

Total liabilities have decreased compared to prior quarter related to deposits by credit institutions as well as from the public. Compared to one year ago, the main driver for reduced liabilities is deposits by credit institutions, for which the counterpart is mainly within Nordea. This was partially offset by increased debt securities issues as part of NBN's covered bond program and a slight growth in deposits from the public.

Capital position and risk-weighted assets

NBN's core tier 1 capital ratio excluding transition rules was 15.6% at the end of the third quarter, a strengthening of 0.5% point from the end of the previous quarter. The tier 1 capital ratio excluding transition rules increased 0.5% point to 17.8%. The total capital ratio excluding transition rules increased 0.5% point to 19.0%. RWA were NOK 223bn excluding transition rules, a decrease of NOK 3bn, or 1.2%, compared to the previous quarter.

The core tier 1 ratio including transition rules was 11.0% at the end of the third quarter. The capital base was NOK 42bn, the tier 1 capital was NOK 40bn and the core tier 1 capital was NOK 35bn.

Capital regulation

New capital adequacy requirements were introduced in Norway as from 1 July 2013. A core tier 1 capital ratio including transition rules of 9%, comprising of a minimum core tier 1 capital ratio of 4.5% and capital buffers of 4.5%. A tier 1 capital ratio including transition rules of 10.5%, comprising of a minimum tier 1 capital ratio of 6% and capital buffers of 4.5%, and a total capital ratio including transition rules of 12.5%, comprising of a minimum total capital ratio of 8% and capital buffers of 4.5%.

On 13 October, the Ministry of Finance in Norway announced that the currently used Loss Given Default (LGD) floor of 10% for retail mortgage loans will be increased to 20% as from 1 January 2014. The estimated impact for NBN is an increase of RWA by approx. NOK 8bn, which implies a 0.5% point decrease in the core tier 1 capital ratio excluding transition rules. In addition, the Ministry of Finance confirmed its continued use of the Basel I floor as a backstop to IRB models.

Nordea's funding and liquidity operations

The NBN group issued approximately NOK 8.8bn and bought back approximately NOK 6.9bn of covered bonds during the first nine months of 2013. For further information on liquidity management see the NBAB Group Q3 2013 report.

Quarterly development

NOKm	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Jan-Sep 2013	Jan-Sep 2012
Net interest income	2,396	2,317	2,200	2,184	2,141	6,913	6,712
Net fee and commission income	596	641	550	646	596	1,787	1,766
Net result from items at fair value	91	187	171	174	121	449	282
Profit from companies accounted for under the equity method	34	0	0	30	-9	34	106
Other operating income	54	30	60	30	42	144	153
Total operating income	3,171	3,175	2,981	3,064	2,891	9,327	9,019
General administrative expenses:							
Staff costs ¹	-704	-701	-711	-741	-675	-2,116	-2,189
Other expenses	-473	-457	-446	-506	-446	-1,376	-1,350
Depreciation of tangible and intangible assets	-37	-37	-39	-73	-41	-113	-130
Total operating expenses	-1,214	-1,195	-1,196	-1,320	-1,162	-3,605	-3,669
Profit before loan losses	1,957	1,980	1,785	1,744	1,729	5,722	5,350
Net loan losses	-439	-268	-371	-403	-106	-1,078	-555
Operating profit	1,518	1,712	1,414	1,341	1,623	4,644	4,795
Income tax expense ¹	-428	-483	-392	-355	-469	-1,303	-1,341
Net profit for the period	1,090	1,229	1,022	986	1,154	3,341	3,454
Basic/diluted Earnings per share (EPS), NOK	1.98	2.23	1.85	1.79	2.09	6.06	6.26
EPS, rolling 12 months up to period end, NOK	7.85	7.96	7.87	8.05	8.05	7.85	8.05

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

Income statements

NOKm	Note	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Operating income						
Interest income		4,845	5,027	14,396	15,101	20,072
Interest expense		-2,449	-2,886	-7,483	-8,389	-11,176
Net interest income		2,396	2,141	6,913	6,712	8,896
Fee and commission income ¹		853	823	2,501	2,463	3,360
Fee and commission expense ¹		-257	-227	-714	-697	-948
Net fee and commission income	3	596	596	1,787	1,766	2,412
Net result from items at fair value	4	91	121	449	282	456
Profit from companies accounted for under the equity method		34	-9	34	106	136
Other operating income		54	42	144	153	183
Total operating income		3,171	2,891	9,327	9,019	12,083
Operating expenses						
General administrative expenses:						
Staff costs ²		-704	-675	-2,116	-2,189	-2,930
Other expenses	5	-473	-446	-1,376	-1,350	-1,856
Depreciation, amortisation and impairment charges of tangible and intangible assets		-37	-41	-113	-130	-203
Total operating expenses		-1,214	-1,162	-3,605	-3,669	-4,989
Profit before loan losses		1,957	1,729	5,722	5,350	7,094
Net loan losses	6	-439	-106	-1,078	-555	-958
Operating profit		1,518	1,623	4,644	4,795	6,136
Income tax expense ²		-428	-469	-1,303	-1,341	-1,696
Net profit for the period		1,090	1,154	3,341	3,454	4,440
Attributable to:						
Shareholder of Nordea Bank Norge ASA		1,090	1,154	3,341	3,454	4,440
Total		1,090	1,154	3,341	3,454	4,440
Basic/diluted earnings per share, NOK		2.0	2.1	6.1	6.3	8.1

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

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

Statements of comprehensive income

NOKm	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Net profit for the period¹	1,090	1,154	3,341	3,454	4,440
Currency translation differences during the period	2	-1	2	-3	0
Available for Sale investments:					
Valuation gains/losses taken to equity	149	55	20	94	106
Tax on valuation gains/losses during the period	-42	-15	-6	-26	-30
Transferred to profit or loss on sale for the period	0	0	4	6	0
Tax on transfers to profit or loss on sale for the period	0	0	-1	-2	0
Cash flow hedges:					
Valuation gains/losses during the period	2	0	12	0	0
Tax on valuation gains/losses during the period	-1	0	-3	0	0
Items that may not be reclassified subsequently to the income statement					
Defined benefit plans:					
Remeasurement of defined benefit plans ¹	0	0	0	0	1,067
Tax on remeasurement of defined benefit plans ¹	0	0	0	0	-299
Other comprehensive income, net of tax	110	39	28	69	844
Total comprehensive income	1,200	1,193	3,369	3,523	5,284
Attributable to:					
Shareholder of Nordea Bank Norge ASA	1,200	1,193	3,369	3,523	5,284
Total	1,200	1,193	3,369	3,523	5,284

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

Balance sheets

NOKm	Note	30 Sep 2013	31 Dec 2012	30 Sep 2012
Assets				
Cash and balances with central banks		2,387	3,836	5,565
Loans to central banks and credit institutions	7	14,015	17,798	22,332
Loans to the public	7	460,653	455,990	468,181
Interest-bearing securities		77,240	89,326	86,925
Financial instruments pledged as collateral		240	1,917	0
Shares		284	493	507
Derivatives	12	4,372	1,466	1,810
Fair value changes of the hedged items in portfolio hedge of interest rate risk		429	764	787
Investments in associated undertakings		1,447	1,413	1,383
Intangible assets		385	411	456
Property and equipment		270	298	297
Investment property		206	132	105
Deferred tax assets ¹		0	336	635
Current tax assets		0	43	0
Other assets		8,025	4,691	6,262
Prepaid expenses and accrued income		2,792	2,951	3,098
Total assets		572,745	581,865	598,343
Liabilities				
Deposits by credit institutions		218,332	228,997	255,914
Deposits and borrowings from the public		214,677	218,952	213,213
Debt securities in issue		70,023	65,793	65,593
Derivatives	12	1,298	2,075	2,373
Fair value changes of the hedged items in portfolio hedge of interest rate risk		686	1,123	1,113
Current tax liabilities		1,301	1,731	1,357
Other liabilities		11,777	14,904	11,081
Accrued expenses and prepaid income		4,515	2,512	4,396
Deferred tax liabilities		1,042	0	0
Provisions		267	317	364
Retirement benefit obligations ¹		1,292	1,673	2,705
Subordinated liabilities		8,247	7,879	9,094
Total liabilities		533,457	545,956	567,203
Equity				
Share capital		4,411	4,411	3,860
Share premium reserve		3,402	3,402	953
Other reserves ¹		870	844	72
Retained earnings ¹		30,605	27,252	26,255
Total equity		39,288	35,909	31,140
Total liabilities and equity		572,745	581,865	598,343
Assets pledged as security for own liabilities		155,450	151,513	170,586
Contingent liabilities		1,890	1,801	1,881
Commitments		112,147	102,481	92,019

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

Statements of changes in equity

NOKm	Share capital ¹	Share pre-mium reserve	Cash Flow hedges	Other reserves		Retained earnings	Non-control-ling interests	Total equity
				Available-for-sale	Defined benefit plans ³			
Opening balance at 1 Jan 2013	4,411	3,402	0	76	768	27,252	0	35,909
Total comprehensive income			9	17		3,343	0	3,369
Share-based payments ²						12	0	12
Closing balance at 30 Sep 2013	4,411	3,402	9	93	768	30,605	0	39,288

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

NOKm	Share capital ¹	Share pre-mium reserve	Cash Flow hedges	Other reserves		Retained earnings	Non-control-ling interests	Total equity
				Available-for-sale	Defined benefit plans ³			
Reported Opening balance at 1 Jan 2012	3,860	953	0	0	0	25,590	9	30,412
Restatement due to changed accounting policy ³						-1,144		-1,144
Restated opening balance at 1 Jan 2012	3,860	953	0	0	0	24,446	9	29,268
Total comprehensive income ³				72		3,451		3,523
Share-based payments ²						7		7
Dividend for 2011						-1,600	-6	-1,606
Other changes						-49	-3	-52
Closing balance at 30 Sep 2012	3,860	953	0	72	0	26,255	0	31,140

¹ Total shares registered were 551m (31 Dec 2012: 551m, 30 Sep 2012: 551m).

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

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

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

Cash flow statements

NOKm	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Operating activities			
Operating profit	4,644	4,795	6,136
Adjustments for items not included in cash flow	3,111	2,342	800
Income taxes paid	-346	-187	-207
Cash flow from operating activities before changes in operating assets and liabilities	7,409	6,950	6,729
Changes in operating assets and liabilities	-12,016	-3,744	-7,008
Cash flow from operating activities	-4,607	3,206	-279
Investing activities			
Acquisitions of business operations	0	51	0
Acquisition of property and equipment	-38	-57	-79
Sale of property and equipment	61	57	76
Acquisition of intangible assets	-23	-63	-71
Sale of intangible assets	0	-3	-3
Cash flow from investing activities	0	-15	-77
Financing activities			
Other changes in equity	0	32	-57
Issued/amortised Subordinate debt	0	-301	-1,107
Increase in par value and share premium	0	0	3,000
Dividend paid	0	-1,600	-1,600
Cash flow from financing activities	0	-1,869	236
Cash flow for the period	-4,607	1,322	-120
Cash and cash equivalents at beginning of period	16,793	16,940	16,940
Translation differences	-25	-40	-27
Cash and cash equivalents at end of period	12,161	18,222	16,793
Change	-4,607	1,322	-120
Cash and cash equivalents	30 Sep	30 Sep	31 Dec
The following items are included in cash and cash equivalents (NOKm):	2013	2012	2012
Cash and balances with central banks	2,387	5,565	3,836
Loans to credit institutions, payable on demand	9,774	12,656	12,957

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

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

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

Notes to the financial statements

Note 1 - Accounting policies

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

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

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

Changed accounting policies and presentation

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

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

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

IAS 19 Employee Benefits

The amended IAS 19 Employee Benefits was implemented 1 January 2013. A detailed description of these changes is included in the Annual Report 2012, Note 1 Accounting policies section 3 Changes in IFRSs not yet applied by Nordea. The comparative figures have been restated accordingly and are disclosed in the below tables.

NBN Group						
Income statements NOKm	Q3 2012		Jan-Sep 2012		Full year 2012	
	New policy	Old policy	New policy	Old policy	New policy	Old policy
Staff costs	675	683	2,189	2,234	2,930	2,982
Income tax expense	469	467	1,341	1,328	1,696	1,681
Other comprehensive income, net of tax	39	39	69	69	844	76

Balance sheets NOKm	31 Dec 2012		30 Sep 2012		1 Jan 2012	
	New policy	Old policy	New policy	Old policy	New policy	Old policy
Net retirement benefit obligations	1,673	1,204	2,705	1,161	2,676	1,087
Net deferred tax assets	336	206	635	203	714	269
Other comprehensive income, net of tax	844	76	69	69	0	0
Retained earnings	27,252	28,359	26,255	27,367	24,446	25,590

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

Classification of dividend receivables on securities lending

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

NBN Group NOKm	Q3 2012		Jan-Sep 2012		Full year 2012	
	New policy	Old policy	New policy	Old policy	New policy	Old policy
Fee and commission income	823	788	2,463	2,334	3,360	3,176
Fee and commission expense	-227	-192	-697	-568	-948	-764
Net fee and commission income	596	596	1,766	1,766	2,412	2,412

Exchange rates

	Jan-Sep 2013	Jan - Dec 2012	Jan-Sep 2012
EUR 1 = NOK			
Income statement (average)	7.6340	7.4756	7.5126
Balance sheet (at end of period)	8.1140	7.3483	7.3695

USD 1 = NOK			
Income statement (average)	5.8193	5.8186	5.8657
Balance sheet (at end of period)	6.0082	5.5694	5.6995

SEK 1 = NOK			
Income statement (average)	0.8928	0.8590	0.8607
Balance sheet (at end of period)	0.9372	0.8563	0.8722

DKK 1 = NOK			
Income statement (average)	1.0274	1.0043	1.0100
Balance sheet (at end of period)	1.0880	0.9849	0.9885

Note 2 - Segment reporting¹

Wholesale Banking																		
Retail Bank- ing NO		CIB Total		Shipping, Offshore & Oil Services		Other Wholesale ³		Group Corpo- rate Centre		Other segments ⁴		Total		Reconcilia- tion ^{2,3}		Total Group		
												Operating segments						
Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	Jan- Sep	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
Total operat- ing income, NOKm	6,668	5,929	1,568	1,642	1,026	1,178	576	472	2,580	2,460	-417	-403	12,001	11,278	-2,674	-2,259	9,327	9,019
Operating profit, NOKm	3,441	2,514	300	1,130	650	734	180	15	2,373	2,257	-287	-273	6,657	6,377	-2,013	-1,582	4,644	4,795
Loans to the public, NOKbn	384	385	33	34	44	48	0	1	0	0	0	0	461	468	0	0	461	468
Deposits and borrowings from the pub- lic, NOKbn	162	160	41	38	12	15	0	0	0	0	0	0	215	213	0	0	215	213

Reconciliation between total operating segments and financial statements

	Total operating income, NOKm ^{3,4}		Operating profit, NOKm ^{3,4}		Loans to the public, NOKbn		Deposits and borrowings from the public, NOKbn	
	Jan-Sep 2013	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	30. Sep 2013	30. Sep 2012	30. Sep 2013	30. Sep 2012
Total Operating segments	12,001	11,278	6,657	6,377	461	468	215	213
Reconciliation ²	-1,390	-859	-1,329	-718	0	0	0	0
Eliminations	-125	-115	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets ³	-1,159	-1,285	-684	-864	0	0	0	0
Total	9,327	9,019	4,644	4,795	461	468	215	213

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

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

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

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

Note 2 – Segment reporting¹ cont.

Measurement of operating segments' performance

The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In Nordea the CODM has been defined as Group Executive Management (GEM).

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

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

Changes in basis of segmentation

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

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

Reportable Operating segments

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

Note 3 - Net fee and commission income

NOKm	Q3 2013	Q2 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Asset management commissions	17	18	16	38	48	78
Life insurance	17	18	17	53	51	68
Brokerage, securities issues and corporate finance	116	204	132	421	458	642
Custody and issuer services	50	49	54	144	156	203
Deposits	34	19	21	68	51	79
Total savings and investments	234	308	240	724	764	1,070
Payments	89	95	87	278	273	373
Cards	220	208	218	615	611	815
Total payment and cards	309	303	305	893	884	1,188
Lending	266	277	236	755	690	928
Guarantees and documentary payments	22	20	13	62	51	75
Total lending related to commissions	288	297	249	817	741	1,003
Other commission income	22	23	29	67	74	99
Fee and commission income	853	931	823	2,501	2,463	3,360
Savings and investments	-84	-124	-65	-240	-224	-310
Payments	-74	-71	-68	-196	-184	-254
Cards	-91	-87	-82	-250	-248	-335
Lending	0	0	0	-1	-2	-2
Other commission expenses	-8	-8	-12	-27	-39	-47
Fee and commission expense	-257	-290	-227	-714	-697	-948
Net fee and commission income	596	641	596	1,787	1,766	2,412

Note 4 - Net result from items at fair value

NOKm	Q3 2013	Q2 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Shares/participations and other share-related instruments	4	11	4	55	9	6
Interest-bearing securities and other interest-related instruments	21	110	92	230	172	302
Foreign exchange gains/losses	63	63	25	156	101	141
Investment properties	3	3	0	8	0	7
Total	91	187	121	449	282	456

Note 5 - Other expenses

NOKm	Q3 2013	Q2 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Information technology	-159	-154	-143	-457	-422	-587
Marketing and representation	-39	-33	-26	-108	-95	-148
Postage, transportation, telephone and office expenses	-47	-49	-47	-145	-158	-208
Rents, premises and real estate expenses	-103	-105	-109	-305	-321	-420
Other	-125	-116	-121	-361	-354	-493
Total	-473	-457	-446	-1,376	-1,350	-1,856

Note 6 - Net loan losses

NOKm	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	0	0	0
Loans to the public	-439	-256	-107	-1,066	-540	-950
- of which provisions	-275	-417	-160	-1,128	-675	-1,112
- of which write-offs	-272	-352	-126	-735	-479	-884
- of which allowances used for covering write-offs	59	291	105	445	353	691
- of which reversals	33	217	66	321	236	305
- of which recoveries	16	5	8	31	25	50
Off-balance sheet items	0	-12	1	-12	-15	-8
- of which provisions	0	-12	-4	-12	-25	-26
- of which reversals	0	0	5	0	10	18
Total	-439	-268	-106	-1,078	-555	-958

Key ratios

	Q3 2013	Q2 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Loan loss ratio, basis points ¹	38	23	9	32	15	19
- of which individual	29	25	11	26	13	17
- of which collective	9	-2	-2	6	2	2

¹ Net loan losses (annualised) divided by the opening balance of loans to the public (lending), central banks and credit institutions.

Note 7 - Loans and impairment

	Total			
	30 Sep	30 Jun	31 Dec	30 Sep
NOKm	2013	2013	2012	2012
Loans, not impaired	473,495	479,753	471,124	488,905
Impaired loans	3,630	3,910	4,746	3,704
– Performing	1,072	1,077	1,308	1,204
– Non-performing	2,558	2,833	3,438	2,500
Loans before allowances	477,125	483,663	475,870	492,609
Allowances for individually assessed impaired loans	-1,851	-1,737	-1,677	-1,721
– Performing	-381	-301	-411	-480
– Non-performing	-1,470	-1,436	-1,266	-1,241
Allowances for collectively assessed impaired loans	-606	-500	-405	-375
Allowances	-2,457	-2,237	-2,082	-2,096
Loans, carrying amount	474,668	481,426	473,788	490,513

	Central banks and credit institutions				The public			
	30 Sep	30 Jun	31 Dec	30 Sep	30 Sep	30 Jun	31 Dec	30 Sep
NOKm	2013	2013	2012	2012	2013	2013	2012	2012
Loans, not impaired	14,015	21,095	17,798	22,332	459,480	458,658	453,326	466,573
Impaired loans	0	0	0	0	3,630	3,910	4,746	3,704
– Performing	0	0	0	0	1,072	1,077	1,308	1,204
– Non-performing	0	0	0	0	2,558	2,833	3,438	2,500
Loans before allowances	14,015	21,095	17,798	22,332	463,110	462,568	458,072	470,277
Allowances for individually assessed impaired loans	0	0	0	0	-1,851	-1,737	-1,677	-1,721
– Performing	0	0	0	0	-381	-301	-411	-480
– Non-performing	0	0	0	0	-1,470	-1,436	-1,266	-1,241
Allowances for collectively assessed impaired loans	0	0	0	0	-606	-500	-405	-375
Allowances	0	0	0	0	-2,457	-2,237	-2,082	-2,096
Loans, carrying amount	14,015	21,095	17,798	22,332	460,653	460,331	455,990	468,181

Allowances and provisions

	30 Sep	30 Jun	31 Dec	30 Sep
NOKm	2013	2013	2012	2012
Allowances for items in the balance sheet	-2,457	-2,237	-2,082	-2,096
Provisions for off balance sheet items	-28	-28	-17	-24
Total allowances and provisions	-2,485	-2,265	-2,099	-2,120

Key ratios

	30 Sep	30 Jun	31 Dec	30 Sep
	2013	2013	2012	2012
Impairment rate, gross ¹ , basis points	76	81	100	75
Impairment rate, net ² , basis points	37	45	64	40
Total allowance rate ³ , basis points	51	46	44	43
Allowances in relation to impaired loans ⁴	51	44	35	46
Total allowances in relation to impaired loans ⁵	68	57	44	57
Non-performing, not impaired, NOKm	635	657	691	2,291

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

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

³ Total allowances divided by total loans before allowances.

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

⁵ Total allowances divided by total impaired loans before allowances.

Note 8 - Classification of financial instruments

NOKm	Financial assets at fair value through profit or loss					Derivatives used for hedging	Available for sale	Non- financial assets	Total
	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss					
Assets									
Cash and balances with central banks	2,387								2,387
Loans to central banks and credit institutions	11,790		2,143	82					14,015
Loans to the public	460,186		247	220					460,653
Interest-bearing securities		6,315	39,792	2			31,131		77,240
Financial instruments pledged as collateral			240						240
Shares			256				28		284
Derivatives			2,172			2,200			4,372
Fair value changes of the hedged items in portfolio hedge of interest rate risk	429								429
Investments in associated undertakings								1,447	1,447
Intangible assets								385	385
Property and equipment								270	270
Investment property								206	206
Current tax assets									
Other assets	7,172							853	8,025
Prepaid expenses and accrued income	2,542		197					53	2,792
Total 30 Sep 2013	484,506	6,315	45,047	304	2,200	31,159	3,214	572,745	
Total 31 Dec 2012	481,057	6,912	51,967	2,661	1,217	35,406	2,645	581,865	
Total 30 Sep 2012	497,734	6,917	52,342	8,450	1,352	28,631	2,917	598,343	

	Financial liabilities at fair value through profit or loss					
		Designated at fair value through profit or loss	Derivatives used for hedging	Other finan- cial liabilities	Non- financial liabilities	Total
NOKm	Held for trading					
Liabilities						
Deposits by credit institutions	509	748		217,075		218,332
Deposits and borrowings from the public		13		214,664		214,677
Debt securities in issue				70,023		70,023
Derivatives	255		1,043			1,298
Fair value changes of the hedged items in portfolio hedge of interest rate risk				686		686
Current tax liabilities					1,301	1,301
Other liabilities	1,497			7,560	2,720	11,777
Accrued expenses and prepaid income	246			3,271	998	4,515
Deferred tax liabilities					1,042	1,042
Provisions					267	267
Retirement benefit obligations					1,292	1,292
Subordinated liabilities				8,247		8,247
Total 30 Sep 2013	2,507	761	1,043	521,526	7,620	533,457
Total 31 Dec 2012	3,409	985	1,347	535,515	4,700	545,956
Total 30 Sep 2012	2,051	6,000	1,300	552,542	5,310	567,203

Note 9 - Fair value of financial assets and liabilities

NOKm	30 September 2013	
	Carrying amount	Fair value
Financial Assets		
Cash and balances with central banks	2,387	2,387
Loans to central banks and credit institutions	14,015	14,015
Loans to the public	460,653	460,653
Interest-bearing securities	77,240	77,285
Financial instruments pledged as collateral	240	240
Shares	284	284
Derivatives	4,372	4,372
Fair value changes of the hedged items in portfolio hedge of interest rate risk	429	429
Investments in associated undertakings	1,447	1,447
Intangible assets	385	385
Property and equipment	270	270
Investment property	206	206
Deferred tax assets	0	0
Current tax assets	0	0
Other assets	8,025	8,025
Prepaid expenses and accrued income	2,792	2,792
Total	572,745	572,790
	Carrying amount	Fair value
Financial Liabilities		
Deposits by credit institutions	218,332	220,329
Deposits and borrowings from the public	214,677	214,677
Debt securities in issue	70,023	70,048
Derivatives	1,298	1,298
Fair value changes of the hedged items in portfolio hedge of interest rate risk	686	686
Current tax liabilities	1,301	1,301
Other liabilities	11,777	11,777
Accrued expenses and prepaid income	4,515	4,515
Deferred tax liabilities	1,042	1,042
Provisions	267	267
Retirement benefit obligations	1,292	1,292
Subordinated liabilities	8,247	8,240
Total	533,457	535,472

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

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

Categorisation into the fair value hierarchy

NOKm	30 Sep 2013		
	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)
Financial Assets¹			
Loans to central banks and credit institutions		2,225	
Loans to the public		467	
Interest bearing securities ²	37,342	33,763	
Shares ³	206		138
Derivatives		4,372	
Prepaid expenses and accrued income		197	
Financial Liabilities¹			
Deposits by credit institutions		1,257	
Deposits and borrowings from the public		13	
Derivatives	10	1,288	
Other liabilities		1,497	
Accrued expenses and prepaid income		246	

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

²Of which NOK 180m relates to the balance sheet item financial instruments pledged as collateral.

³Of which NOK 60m relates to the balance sheet item financial instruments pledged as collateral.

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

Transfers between level 1 and 2

The following table shows transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value. The reason for the transfers from level 1 to level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. 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.

30 Sep 2013, NOKm	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Assets		
Debt securities	5,061	8,345

Movements in level 3

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

30 Sep 2013, NOKm	1 jan 2013	Unrealised fair value gains/losses recorded in the income statement	Purchases	Sales	30 Sep 2013
Assets					
Shares	124	15	1	-2	138

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

Sensitivity of level 3 financial instruments

30 Sep 2013, NOKm	Carrying amount	Effect of reasonably possible alternative assumptions	
		Favourable	Unfavourable
Assets			
Shares	138	0	0

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

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

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

30 Sep 2013, NOKm	Gross recognised financial assets ¹	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet ²	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	4,280	0	4,280	-797	0	-1,099	2,384
Reverse repurchase agreements	2,390	0	2,390	0	-2,390	0	0
Securities borrowing agreements	302	0	302	0	-302	0	0
Total	6,972	0	6,972	-797	-2,692	-1,099	2,384

30 Sep 2013, NOKm	Gross recognised financial liabilities ¹	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet ²	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	977	0	977	-797	0	-142	38
Repurchase agreements	509	0	509	0	-509	0	0
Securities lending agreements	741	0	741	0	-741	0	0
Total	2,227	0	2,227	-797	-1,250	-142	38

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, NOKm	Gross recognised financial assets ¹	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet ²	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	1,815	0	1,815	-1,310	0	-272	233
Reverse repurchase agreements	0	0	0	0	0	0	0
Securities borrowing agreements	2,465	0	2,465	0	-2,465	0	0
Total	4,280	0	4,280	-1,310	-2,465	-272	233

30 Sep 2012, NOKm	Gross recognised financial liabilities ¹	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet ²	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	1,868	0	1,868	-1,310	0	-275	283
Repurchase agreements	0	0	0	0	0	0	0
Securities lending agreements	791	0	791	0	-791	0	0
Total	2,659	0	2,659	-1,310	-791	-275	283

¹ All amounts are measured at fair value.

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

Enforceable master netting arrangements and similar agreements

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

Note 12 - Derivatives

Fair value NOKm	30 Sep 2013		31 Dec 2012		30 Sep 2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	141	151	194	377	206	489
Equity derivatives	9	16	7	3	29	9
Foreign exchange derivatives	2,022	88	48	348	223	575
Total	2,172	255	249	728	458	1,073

Derivatives used for hedging						
Interest rate derivatives	940	1,043	1,203	1,284	1,005	1,300
Foreign exchange derivatives	1,260	0	14	63	347	0
Total	2,200	1,043	1,217	1,347	1,352	1,300

Total fair value						
Interest rate derivatives	1,081	1,194	1,397	1,661	1,211	1,789
Equity derivatives	9	16	7	3	29	9
Foreign exchange derivatives	3,282	88	62	411	570	575
Total	4,372	1,298	1,466	2,075	1,810	2,373

Nominal amount NOKm	30 Sep 2013	31 Dec 2012	30 Sep 2012
Derivatives held for trading			
Interest rate derivatives	212,347	190,511	234,016
Equity derivatives	410	396	629
Foreign exchange derivatives	138,003	122,645	120,883
Total	350,760	313,552	355,528

Derivatives used for hedging			
Interest rate derivatives	98,424	91,836	87,344
Foreign exchange derivatives	16,764	18,430	17,100
Total	115,188	110,266	104,444

Total nominal amount			
Interest rate derivatives	310,771	282,347	321,360
Equity derivatives	410	396	629
Foreign exchange derivatives	154,767	141,075	137,983
Total	465,948	423,818	459,972

Note 13 - Capital adequacy

Capital base

	30-Sep 2013	31-Dec 2012	30-Sep 2012
NOKm			
Core tier 1 capital ¹	34,712	33,774	26,349
Tier 1 capital ¹	39,655	38,589	31,202
Capital base ¹	42,302	40,771	34,541

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

	30-Sep 2013	30-Sep 2013	31-Dec 2012	31-Dec 2012	30-Sep 2012	30-Sep 2012
Capital requirement						
NOKm	Capital requirement ¹	RWA	Capital requirement ¹	RWA	Capital requirement ¹	RWA
Credit risk	16,029	200,364	16,664	208,297	17,677	220,961
IRB	14,760	184,501	15,177	189,716	16,135	201,692
- of which corporate	12,414	155,178	12,413	155,166	12,658	158,224
- of which institutions	298	3,720	442	5,523	471	5,893
- of which retail	1,879	23,489	2,201	27,520	2,912	36,404
of which retail SME	123	1,536	127	1,589	103	1,293
of which retail real estate	1,219	15,239	1,473	18,417	2,172	27,145
of which retail other	537	6,714	601	7,514	637	7,966
- of which other	169	2,114	121	1,507	94	1,171
Standardised	1,269	15,863	1,487	18,581	1,542	19,269
- of which sovereign	15	182	30	372	21	258
- of which retail	550	6,879	498	6,226	484	6,045
- of which other	704	8,802	959	11,983	1,037	12,966
Market risk	136	1,706	172	2,153	147	1,839
- of which trading book, Internal Approach	70	879	59	735	36	455
- of which trading book, Standardised Approach	66	826	113	1,418	111	1,384
- of which banking book, Standardised Approach	-	-	-	-	-	-
Operational risk	1,677	20,957	1,690	21,125	1,690	21,125
Standardised	1,677	20,957	1,690	21,125	1,690	21,125
Sub total	17,842	223,027	18,526	231,575	19,514	243,925

Adjustment for transition rules

Additional capital requirement according to transition rules	7,440	93,001	6,625	82,815	6,359	79,481
Total	25,282	316,028	25,151	314,390	25,873	323,406

¹ 8% minimum capital requirement.

Capital ratio excl. transition rules	30-Sep 2013	31-Dec 2012	30-Sep 2012
Core tier 1 capital ratio ¹ , %	15.6	14.6	10.8
Tier 1 capital ratio ¹ , %	17.8	16.7	12.8
Capital base ratio ¹ , %	19.0	17.6	14.2

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

Capital ratio incl. transition rules	30-Sep 2013	31-Dec 2012	30-Sep 2012
Core tier 1 capital ratio ¹ , %	11.0	10.7	8.1
Tier 1 capital ratio ¹ , %	12.5	12.3	9.6
Capital base ratio ¹ , %	13.4	13.0	10.7

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

Analysis of capital requirements

Exposure class, 30-Sep 2013	Average risk weight (%)	Capital requirement ¹ (NOKm)
Corporate IRB	56	12,414
Institutions IRB	8	298
Retail IRB	10	1,879
Sovereign	0	15
Other	34	1,424
Total credit risk	31	16,029

¹ 8% minimum capital requirement.

Note 14 - Risks and uncertainties

Nordea Bank Norge's (NBN) revenue base reflects our business with a large and diversified customer base, comprised of both household and corporate customers and represents different geographic areas and industries.

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

The financial crisis and the deteriorating macroeconomic situation have not had a material impact on NBN'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 NBN or our financial position in the medium term.

Within the framework of the normal business operations, NBN 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 NBN or our financial position in the next six months.

Note 15 - Related-party transactions

During September 2013 Nordea Bank Norge ASA sold its shares in the teleinstallation company Relacom Management AB (Relacom) to Nordea Bank AB (publ). Relacom was an associated company of Nordea Bank Norge ASA accounted for under the equity method, and is a related party to Nordea.

Nordea Bank Norge ASA

Income statements

NOKm	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Operating income					
Interest income	3,738	4,112	11,252	12,503	16,573
Interest expense	-2,060	-2,432	-6,264	-7,062	-9,439
Net interest income	1,678	1,680	4,988	5,441	7,134
Fee and commission income ¹	809	781	2,366	2,338	3,187
Fee and commission expense ¹	-255	-225	-707	-692	-940
Net fee and commission income	554	556	1,659	1,646	2,247
Net result from items at fair value	90	126	419	294	460
Dividends and group contribution	0	0	14	312	312
Other operating income	67	55	191	186	256
Total operating income	2,389	2,417	7,271	7,879	10,409
Operating expenses					
General administrative expenses:					
Staff costs ²	-667	-640	-2,006	-2,079	-2,784
Other expenses	-439	-424	-1,304	-1,284	-1,779
Depreciation of tangible and intangible assets	-34	-39	-108	-125	-197
Total operating expenses	-1,140	-1,103	-3,418	-3,488	-4,760
Profit before loan losses	1,249	1,314	3,853	4,391	5,649
Net loan losses	-423	-106	-1,033	-440	-833
Operating profit	826	1,208	2,820	3,951	4,816
Income tax expense	-247	-354	-802	-1,135	-1,357
Net profit for the period	579	854	2,018	2,816	3,459

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

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

Nordea Bank Norge ASA

Balance sheets

NOKm	30 Sep 2013	31 Dec 2012	30 Sep 2012
Assets			
Cash and balances with central banks	2,384	3,836	5,565
Loands to central banks and credit institutions	54,319	55,519	59,785
Loans to the public	322,369	324,054	339,509
Interest-bearing securities	98,400	110,536	108,135
Financial instruments pledged as collateral	240	1,917	0
Shares	284	493	507
Derivatives	4,781	1,790	2,075
Fair value changes of the hedged items in portfolio hedge of interest rate risk	342	411	404
Investments in group undertakings	5,039	4,646	2,896
Investments in associated undertakings	417	417	417
Intangible assets	330	358	403
Property and equipment	270	297	295
Investment property	11	28	1
Deferred tax assets ¹	0	669	873
Current tax assets	0	43	0
Other assets	7,941	4,657	6,244
Prepaid expenses and accrued income	1,901	2,143	2,200
Total assets	499,028	511,814	529,309
Liabilities			
Deposits by credit institutions	218,383	229,002	255,917
Deposits and borrowings from the public	214,582	218,972	213,233
Debt securities in issue	3,147	2,000	2,001
Derivatives	3,429	3,029	3,425
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-50	2	4
Current tax liabilities	787	1,375	1,039
Other liabilities	11,416	14,960	11,378
Accrued expenses and prepaid income	3,502	1,388	3,362
Deferred tax liabilities	724	0	0
Provisions	259	305	352
Retirement benefit obligations ¹	1,260	1,639	2,652
Subordinated liabilities	8,247	7,879	9,094
Total liabilities	465,686	480,551	502,457
Equity			
Share capital	4,411	4,411	3,860
Share premium reserve	3,402	3,402	953
Other reserves ¹	883	831	72
Retained earnings ¹	24,646	22,619	21,967
Total equity	33,342	31,263	26,852
Total liabilities and equity	499,028	511,814	529,309
Assets pledged as security for own liabilities	63,997	62,683	84,912
Contingent liabilities	5,727	5,618	5,634
Commitments	118,950	110,824	100,335

¹ Figures for 2012 are restated due to the implementation of the amended IAS19 Employee benefits, see Note 1 Accounting Policies for further detail

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