

Interim Report 1st quarter 2014

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 800 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

	Q1 2014	Q4 2013	Change %	Q1 2013	Change %
NOKm					
Net interest income	2,443	2,478	-1	2,200	11
Net fee and commission income	613	653	-6	550	11
Net result from items at fair value	129	63	105	171	-25
Equity method	-18	105		0	
Other operating income	33	59		60	
Total operating income	3,200	3,358	-5	2,981	7
Staff costs	-766	-558	37	-711	8
Other expenses	-458	-524	-13	-446	3
Depreciation of tangible and intangible assets	-37	-38	-3	-39	-5
Total operating expenses	-1,261	-1,120	13	-1,196	5
Profit before loan losses	1,939	2,238	-13	1,785	9
Net loan losses	-378	-323	17	-371	2
Operating profit	1,561	1,915	-18	1,414	10
Income tax expense	-439	-555	-21	-392	12
Net profit for the period	1,122	1,360	-18	1,022	10

Business volumes, key items

	31 Mar 2014	31 Dec 2013	Change %	31 Mar 2013	Change %
NOKbn					
Loans to the public	465.3	462.8	1	460.6	1
Deposits and borrowings from the public	218.3	218.9	0	216.9	1
of which savings deposits	89.8	87.7	2	88.3	2
Equity	41.9	40.8	3	37.0	13
Total assets ⁵	588.9	598.1	-2	573.0	3

Ratios and key figures

	Q1 2014	Q4 2013	Q1 2013
EPS, rolling 12 months up to period end, NOK	8.7	8.5	7.9
Equity per share ² , NOK	76.0	74.0	67.0
Shares outstanding ² , million	551	551	551
Return on equity, %	10.9	13.6	11.2
Cost/income ratio, %	39	33	40
Loan loss ratio, basis points ⁴	32	29	32
Common equity Tier 1 capital ratio, excluding transition rules ^{2,3} %	19.3	17.8	14.8
Tier 1 capital ratio, excluding transition rules ^{2,3} %	21.7	20.0	16.9
Total capital ratio, excluding transition rules ^{2,3} %	23.3	21.3	18.1
Common equity Tier 1 capital ratio, including transition rules ^{2,3} %	12.6	12.5	10.6
Tier 1 capital ratio, including transition rules ^{2,3} %	14.1	14.0	12.2
Total capital ratio, including transition rules ^{2,3} %	15.1	15.0	13.0
Tier 1 capital ^{2,3} , NOKm	45,176	44,978	38,615
Risk exposure amount including transition rules ² , NOKbn	343	321	317
Number of employees (full-time equivalents) ²	2,867	2,862	2,863

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

²End of period.

³Excluding profit for the three first months.

⁴Comparative figures have been restated to align with Nordea Group Policy.

⁵Comparative figures for 31 March have been restated due to changed accounting policy for recognition of forward starting bonds. See Note 1, Accounting policies of the Annual Report for 2013 for further information.

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

Macroeconomy and financial markets

The first quarter was characterised by mixed financial markets. Following the strong end to 2013, equities initially fell globally in January, but then regained the positive momentum during February and March to end the first quarter slightly above year-end levels. Equities rose 1.3% and 1.7% respectively in US and Europe driven by improving economic data. Interest rates fell slightly and have remained low throughout the quarter as falling inflation data in Europe increased investor expectations that ECB could further ease monetary policy. US and German 10-year yields fell 30 basis points and 36 basis points respectively in the first quarter. Global growth was reported in line with expectations and showed continued divergence with US GDP growth at 2.6% while the EU economies grew 0.2% in the fourth quarter. Still, the positive trend in peripheral Europe continued with both economic data and government yields showing robust improvement.

The economic picture in Norway was mixed with some signs of a slowdown from the strong momentum in recent years. Fourth quarter GDP growth was -0.2% (+1.1% full year) and it showed a fall in exports. Also housing prices have trended gradually lower (-2.6% in the fourth quarter), but remain at a high level. The solid public finances should however support the economy and balance the impact of a potential slowdown. Norwegian equities in the first quarter also followed the broader market development and rose 1.9% YTD, while 10-year yields recovered more than global rates and fell only 7 basis points to 2.9%.

Business development

Total income remained solid, despite lending demand being subdued and interest rates maintained at very low levels. In this environment we continue to execute on our cost and capital efficiency programmes and to capture the business opportunities with our customers.

Retail banking continues to develop and support multi-channel offering of advisory services with over 3,800 new gold and premium customers during the quarter. With remote chat meeting capability and development of shared screen functionality to follow in May, we offer flexible and

convenient solutions for quick access to advice. During April 2014 Nordea Bank Norge announced a 20bp reduction in mortgage lending rates.

In Wholesale the market for bond issuances remained robust. Shipping experienced a strong quarter with high customer activity and limited credit losses.

First quarter 2014 compared to last year Income

Total income is up 7% from the same period last year to NOK 3,200m.

Net interest income

Net interest income increased 11% compared to Q1 last year to NOK 2,443m. The rise has been driven by higher lending volumes and margins.

Lending to the public was up 1% compared to last year to NOK 465bn.

Corporate lending

Growth in Corporate lending volumes in Retail Banking was offset by reduced volumes in CIB and Shipping. Total corporate volumes fell 1% compared to one year ago. Corporate lending margins are up in all major areas compared to the same quarter last year, with the most significant increases in CIB, driven by focus on risk-based pricing.

Household lending

Household lending was up 3% compared to prior year, with growth driven by mortgage lending. Household mortgage lending margins rose compared to Q1 last year and reflects the increased underlying cost of capital.

Corporate and household deposits

Total deposits from the public were up 1% to NOK 218bn compared to prior year. Aggressive competition for deposits lead to a drop in CIB, offset by increased deposit volumes in Shipping and Retail. Deposit margins have decreased with Household experiencing the largest fall.

Net fee and commission income

Net fee and commission income increased 11% from the same period last year, ending at NOK 613m. High levels of customer activity were experienced across all product areas, mainly driven by lending services and bond issuances.

Net result from items at fair value

Net result from items at fair value decreased 25% compared to the same period last year. The main drivers of the reduction are higher than normal gains on equity instruments in Q1 2013, and lower result from FX related derivatives in Treasury during the current period.

Equity method

Net result for companies accounted for using the equity method netted negative NOK 18m, which mainly relates to the 23.21% holding in Eksportfinans ASA. The reduction from Q1 2013 is driven by the controlled run-off of the company's business activity. Nordea continues to apply its own valuation model towards the valuation of Eksportfinans' own debt.

Other operating income

Other income amounted to NOK 33m, compared to NOK 60m in the same period last year.

Expenses

Total expenses increased 5% compared to the same period last year to NOK 1,261m. When adjusted for one-time effects in Q1 2013 total expenses increased 3%, mainly related to regular inflation of staff costs and a climb in variable salaries in line with increased income. The number of employees (FTEs) is stable compared to the prior year.

The cost/income ratio amounts to 39%, down from 40% one year ago.

Net loan losses

Net loan losses for the first quarter this year were NOK 378m, of which new net collective provisions were NOK 48m. Individual losses were mainly within CIB and Retail Banking while collective losses were mainly within Shipping. The annualised loan loss ratio was stable in the first quarter compared to same period one year ago at 32 basis points. Individual net loan losses amounted to 28 basis points annualised and collective provisions net amounted to 4 basis points annualised this quarter.

Taxes

The effective tax rate for the first quarter was 28.12% compared to 28.98% in the previous quarter and 27.72% in the first quarter last year.

Net profit

Net profit increased to NOK 1,122m, up 10% compared to the first quarter last year. Return on equity for the period was 10.9%.

First quarter 2014 compared to Q4 2013

Total income fell 5% compared to prior quarter, mainly driven by equity method income and record levels of net commission income during last quarter.

Income

Net interest income fell 1%, mainly due to 2 less banking days than in the prior quarter. Deposit and lending margins fell in all major areas, with the exception of lending margins in Retail household.

Net fee and commission income eased down by 6% from

record levels, while net result from items at fair value was up 105% with positive contribution from both the bond portfolio and bond sales.

Expenses

Total expenses were up 13%, yet decreased by 2% when adjusted for one-time pension effects previous quarter.

Net loan losses

Net loan loss provisions increased 17% compared to prior quarter, mainly driven by CIB.

Net profit

Net profit fell 18% compared to prior quarter, and 7% when adjusted for the one-time pension effect in the previous quarter.

Other information

Credit portfolio

Total lending to the public went up 1% to NOK 465bn compared to the previous quarter and one year ago.

Impaired loans gross have decreased 31% compared to one year ago and 3% from three months ago ending at NOK 3,410m, with an allowance corresponding to 70 basis points of total loans to the public. 43% of impaired loans gross are performing loans and 57% are non-performing loans.

The total allowance ratio is 58 basis points, compared to 50 basis points one year ago and 49 basis points at the end of the fourth quarter. The industries with the largest allowances were Telecommunication operators, Shipping & offshore, and Real estate.

Balance Sheet

Total assets in the balance sheet were reduced 2% compared to previous quarter and grew by 3% compared to one year ago. The main drivers of change the last twelve months are increased lending to central banks and credit institutions as well as to the public.

Capital position and risk-weighted exposure

NBN's common equity tier 1 capital ratio excluding transition rules was 19.3% at the end of the first quarter, a strengthening of 1.6% point from the end of the previous quarter.

The tier1 capital ratio excluding transition rules increased 1.7% point to 21.7%. The total capital ratio excluding transition rules increased 1.9% point to 23.3%.

Risk Exposure Amount, REA (previously referred to as risk-weighted assets) were NOK 208bn excluding transition rules, a decrease of NOK 17bn, or 7.6%, compared to the previous quarter. This was mainly due to the advanced IRB approval for the corporate portfolio as

well as other REA initiatives. The effect was counteracted by the implementation of the increased Loss Given Default (LGD) floor of 20% (from 10%) for retail mortgage loans.

The common tier 1 ratio including transition rules was 12.6% at the end of the first quarter. The own funds was NOK 48bn, the tier 1 capital was NOK 45bn and the common equity tier 1 capital was NOK 40bn.

Capital regulation

New capital adequacy requirements were introduced in Norway as from 1 July 2013. A common equity tier 1 capital ratio including transition rules of 9%, comprising of a minimum common equity 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%.

Nordea's funding and liquidity operations

The NBN group issued approximately NOK 9.8bn and bought back approximately NOK 0.2bn of covered bonds during the first three months of 2014.

A total of approximately 77bn has been rated and sold in the open market of NEK bonds (approx. 18bn NOK issued in US currency). For further information on liquidity management see the Q1 2014 report for Nordea Bank AB Group.

2015 plan and simplification

The execution on the initial efficiency programme, which was launched in the beginning of 2013 has continued. In addition, plans are currently being detailed in all business units on the accelerated cost efficiency programme. The plans are expected to be finalised in the second quarter of 2014. The efficiency improvements will be possible by reducing activity related expenses, adjusting distribution to meet changed customer behaviour, increasing the Product and IT platform efficiency, optimising processes and reducing costs in central functions.

In addition to the efficiency programme, a process of simplification has been embarked upon. This is being done as a prerequisite to become more agile and responsive to the swiftly changing customer needs. With digitalisation as a key driver, the banking sector and our customers' demands are changing at a high pace. The process of simplification is ongoing in all parts of the bank. Nordea is reviewing its processes, products and IT systems with the aim of reducing complexity and innovating its business model to the benefit of the customers.

Quarterly development

NOKm	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest income	2,443	2,478	2,396	2,317	2,200
Net fee and commission income	613	653	596	641	550
Net result from items at fair value	129	63	91	187	171
Profit from companies accounted for under the equity method	-18	105	34	0	0
Other operating income	33	59	54	30	60
Total operating income	3,200	3,358	3,171	3,175	2,981
General administrative expenses:					
Staff costs	-766	-558	-704	-701	-711
Other expenses	-458	-524	-473	-457	-446
Depreciation of tangible and intangible assets	-37	-38	-37	-37	-39
Total operating expenses	-1,261	-1,120	-1,214	-1,195	-1,196
Profit before loan losses	1,939	2,238	1,957	1,980	1,785
Net loan losses	-378	-323	-439	-268	-371
Operating profit	1,561	1,915	1,518	1,712	1,414
Income tax expense	-439	-555	-428	-483	-392
Net profit for the period	1,122	1,360	1,090	1,229	1,022
Basic/diluted Earnings per share (EPS), NOK	2.03	2.47	1.98	2.23	1.85
EPS, rolling 12 months up to period end, NOK	8.71	8.53	7.85	7.96	7.87

Income statements

NOKm	Note	Q1 2014	Q1 2013	Full year 2013
Operating income				
Interest income		4,908	4,718	19,375
Interest expense		-2,465	-2,518	-9,984
Net interest income		2,443	2,200	9,391
Fee and commission income		853	717	3,402
Fee and commission expense		-240	-167	-962
Net fee and commission income	3	613	550	2,440
Net result from items at fair value	4	129	171	512
Profit from companies accounted for under the equity method		-18	0	139
Other operating income		33	60	203
Total operating income		3,200	2,981	12,685
Operating expenses				
General administrative expenses:				
Staff costs		-766	-711	-2,674
Other expenses	5	-458	-446	-1,900
Depreciation, amortisation and impairment charges of tangible and intangible assets		-37	-39	-151
Total operating expenses		-1,261	-1,196	-4,725
Profit before loan losses		1,939	1,785	7,960
Net loan losses	6	-378	-371	-1,401
Operating profit		1,561	1,414	6,559
Income tax expense		-439	-392	-1,858
Net profit for the period ¹		1,122	1,022	4,701
Basic/diluted earnings per share, NOK		2.03	1.85	8.53

Statements of comprehensive income

NOKm	Q1 2014	Q1 2013	Full year 2013
Net profit for the period	1,122	1,022	4,701
Currency translation differences during the period	-1	-3	0
Items that may be reclassified subsequently to the income statement			
Available-for-sale investments:			
Valuation gains/losses taken to equity	44	26	18
Tax on valuation gains/losses during the period	-12	-7	-5
Transferred to profit or loss on sale for the period	0	4	4
Tax on transfers to profit or loss on sale for the period	0	-1	-1
Cash flow hedges:			
Valuation gains/losses during the period	-41	0	4
Tax on valuation gains/losses during the period	11	0	-1
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	0	0	172
Tax on remeasurement of defined benefit plans	0	0	-36
Other comprehensive income, net of tax	1	19	155
Total comprehensive income ¹	1,123	1,041	4,856

¹ Attributable to shareholder of Nordea Bank Norge ASA.

Balance sheets

NOKm	Note	31 Mar 2014	31 Dec 2013	31 Mar 2013
Assets				
Cash and balances with central banks		6,714	2,600	6,524
Loans to central banks and credit institutions	7	21,355	33,076	12,875
Loans to the public	7	465,315	462,772	460,625
Interest-bearing securities ¹		77,674	82,907	76,766
Financial instruments pledged as collateral		512	1,024	83
Shares		527	572	556
Derivatives	12	2,933	5,190	3,128
Fair value changes of the hedged items in portfolio hedge of interest rate risk		453	436	721
Investments in associated undertakings		1,534	1,553	1,413
Intangible assets		363	375	393
Property and equipment		508	361	301
Investment property		206	203	131
Deferred tax assets		0	0	247
Current tax assets		0	0	44
Other assets		8,291	4,408	6,139
Prepaid expenses and accrued income		2,465	2,643	3,049
Total assets		588,850	598,120	572,995
Liabilities				
Deposits by central banks and credit institutions		215,378	243,146	227,464
Deposits and borrowings from the public		218,335	218,862	216,925
Debt securities in issue		82,216	70,977	68,651
Derivatives	12	2,442	1,508	1,674
Fair value changes of the hedged items in portfolio hedge of interest rate risk		890	747	1,093
Current tax liabilities		871	601	1,974
Other liabilities ¹		13,003	8,526	4,785
Accrued expenses and prepaid income		3,374	2,472	3,705
Deferred tax liabilities		958	962	0
Provisions		115	121	284
Retirement benefit obligations		1,138	1,129	1,355
Subordinated liabilities		8,229	8,294	8,128
Total liabilities		546,949	557,345	536,038
Equity				
Share capital		4,411	4,411	4,411
Share premium reserve		3,402	3,402	3,402
Other reserves		1,001	999	866
Retained earnings		33,087	31,963	28,278
Total equity		41,901	40,775	36,957
Total liabilities and equity		588,850	598,120	572,995
Assets pledged as security for own liabilities		154,219	161,229	164,878
Contingent liabilities		1,762	1,777	1,789
Commitments		112,770	113,076	106,544

¹ Comparative figures for 31 March have been restated due to changed accounting policy for recognition of forward starting bonds. See Note 1, Accounting policies of the Annual Report for 2013 for further information.

Statements of changes in equity

NOKm	Share capital ¹	Share premium reserve	Cash Flow hedges	Other reserves			Total equity
				Available-for-sale	Defined benefit plans	Retained earnings	
Opening balance at 1 Jan 2014	4,411	3,402	3	92	904	31,963	40,775
Total comprehensive income			-30	32	0	1,121	1,123
Share-based payments ²						10	10
Other changes						-7	-7
Closing balance at 31 Mar 2014	4,411	3,402	-27	124	904	33,087	41,901

NOKm	Share capital ¹	Share premium reserve	Cash Flow hedges	Other reserves			Total equity
				Available-for-sale	Defined benefit plans	Retained earnings	
Opening balance at 1 Jan 2013	4,411	3,402	0	76	768	27,252	35,909
Total comprehensive income			3	16	136	4,701	4,856
Share-based payments ²						18	18
Other changes						-8	-8
Closing balance at 31 Dec 2013	4,411	3,402	3	92	904	31,963	40,775

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

¹ Total shares registered were 551m (31 Dec 2013: 551m, 31 Mar 2013: 551m).

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

Cash flow statements

NOKm	Jan-Mar 2014	Jan-Mar 2013	Full year 2013
Operating activities			
Operating profit	1,561	1,414	6,559
Adjustments for items not included in cash flow	1,424	1,302	1,082
Income taxes paid	-169	-66	-1,697
Cash flow from operating activities before changes in operating assets and liabilities	2,816	2,650	5,944
Changes in operating assets and liabilities	6,688	-4,573	-12,992
Cash flow from operating activities	9,504	-1,923	-7,048
Investing activities			
Property and equipment	-121	-1	-73
Intangible assets	-5	-1	-31
Net investments in debt securities, held to maturity	20	13	593
Cash flow from investing activities	-106	11	489
Financing activities			
Other changes in equity	4	-312	0
Issued/amortised Subordinate debt	0	249	0
Cash flow from financing activities	4	-63	0
Cash flow for the period	9,402	-1,975	-6,559
Cash and cash equivalents at beginning of period	10,207	16,793	16,793
Translation differences	0	8	-27
Cash and cash equivalents at end of period	19,609	14,826	10,207
Change	9,402	-1,975	-6,559
Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (NOKm):	2014	2013	2013
Cash and balances with central banks	6,714	6,524	2,600
Loans to credit institutions, payable on demand	12,895	8,302	7,607

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 2013 Annual Report, except for the presentation of forward starting bonds as described below.

Forward starting bonds

The presentation of forward starting bonds was changed in the fourth quarter 2013. See the 2013 Annual Report for further information. The comparative figures on the balance sheet have been restated accordingly and are disclosed in the table below.

NBN Group	31 Mar 2013	
	New	Old
NOKm	policy	policy
Interest-bearing securities	76,766	76,912
Other liabilities	4,785	4,931

Exchange rates

	Jan-Mar 2014	Full year 2013	Jan-Mar 2013
EUR 1 = NOK			
Income statement (average)	8.3495	7.8091	7.4323
Balance sheet (at end of period)	8.2550	8.3630	7.5120
USD 1 = NOK			
Income statement (average)	6.0956	5.8802	5.6331
Balance sheet (at end of period)	5.9871	6.0641	5.8665
SEK 1 = NOK			
Income statement (average)	0.9424	0.9025	0.8751
Balance sheet (at end of period)	0.9225	0.8989	0.8991
DKK 1 = NOK			
Income statement (average)	1.1189	1.0471	0.9964
Balance sheet (at end of period)	1.1057	1.1212	1.0076

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 Operating segments		Reconcilia- tion ^{2,3}		Total Group		
Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	Jan- Mar	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
Total operat- ing income, NOKm	2,305	2,107	443	435	417	337	177	193	992	805	-143	-132	4,191	3,745	-991	-764	3,200	2,981
Operating profit, NOKm	1,141	975	129	74	285	231	17	9	904	752	-94	-89	2,382	1,952	-821	-538	1,561	1,414
Loans to the public, NOKbn	392	377	31	35	42	44	0	5	0	0	0	0	465	461	0	0	465	461
Deposits and borrowings from the pub- lic, NOKbn	163	162	40	43	15	12	0	0	0	0	0	0	218	217	0	0	218	217

Reconciliation between total operating segments and financial statements

	Total operating income, NOKm ^{3,4}		Operating profit, NOKm ^{3,4}		Loans to the public, NOKbn		Deposits and borrowings from the public, NOKbn	
	Jan-Mar 2014	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2013
Total Operating segments	4,191	3,745	2,382	1,952	465	461	218	217
Reconciliation ²	-573	-413	-596	-387	0	0	0	0
Eliminations	-34	-37	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets ³	-384	-314	-225	-151	0	0	0	0
Total	3,200	2,981	1,561	1,414	465	461	218	217

¹ Segment reporting has been changed as a consequence of organisational changes throughout 2014. 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 including 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 allocations 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).

Compared with the 2013 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. Other 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 and institutions. 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	Q1 2014	Q1 2013	Full year 2013
Asset management commissions	19	3	56
Life insurance	21	18	72
Brokerage, securities issues and corporate finance	161	101	568
Custody and issuer services	46	45	202
<u>Deposits</u>	<u>9</u>	<u>15</u>	<u>93</u>
Total savings and investments	256	182	991
Payments	93	94	374
<u>Cards</u>	<u>190</u>	<u>187</u>	<u>831</u>
Total payment and cards	283	281	1,205
Lending	249	212	1031
<u>Guarantees and documentary payments</u>	<u>24</u>	<u>20</u>	<u>85</u>
Total lending related commissions	273	232	1,116
<u>Other commission income</u>	<u>41</u>	<u>22</u>	<u>90</u>
Fee and commission income	853	717	3,402
Savings and investments	-81	-32	-315
Payments	-66	-51	-268
Cards	-83	-72	-344
State guarantee fees	-1	-1	-2
<u>Other commission expenses</u>	<u>-9</u>	<u>-11</u>	<u>-33</u>
Fee and commission expenses	-240	-167	-962
Net fee and commission income	613	550	2,440

Note 4 - Net result from items at fair value

NOKm	Q1 2014	Q1 2013	Full year 2013
Shares/participations and other share-related instruments	4	40	40
Interest-bearing securities and other interest-related instruments	108	99	234
Foreign exchange gains/losses	14	30	222
Investment properties	3	2	16
Total	129	171	512

Note 5 - Other expenses

NOKm	Q1 2014	Q1 2013	Full year 2013
Information technology	139	144	648
Marketing and representation	30	36	143
Postage, transportation, telephone and office expenses	55	49	186
Rents, premises and real estate expenses	95	97	406
Other	139	120	517
Total	458	446	1,900

Note 6 - Net loan losses

NOKm	Q1 2014	Q1 2013	Full year 2013
Loan losses divided by class			
Loans to credit institutions	-1	0	2
- of which write-offs	-1	0	0
- of which recoveries	0	0	2
Loans to the public	-377	-371	-1,363
- of which provisions	-422	-436	-1,423
- of which write-offs	-32	-111	-1,047
- of which allowances used to cover write-offs	23	95	674
- of which reversals	44	71	374
- of which recoveries	10	10	59
Off-balance sheet items	0	0	-40
- of which provisions	0	0	-41
- of which reversals	0	0	1
Total	-378	-371	-1,401

Key ratios

	Q1 2014	Q1 2013	Full year 2013
Loan loss ratio, basis points ¹	32	32	30
- of which individual	28	22	24
- of which collective	4	10	6

¹ Net loan losses (annualised) divided by closing balance of loans to the public (lending). Comparative figures have been restated to align with Nordea Group policy.

Note 7 - Loans and impairment

NOKm	Total		
	31 Mar 2014	31 Dec 2013	31 Mar 2013
Loans, not impaired	486,077	494,787	470,909
Impaired loans	3,410	3,525	4,966
– Performing	1,456	1,227	1,556
– Non-performing	1,954	2,298	3,410
Loans before allowances	489,487	498,312	475,875
Allowances for individually assessed impaired loans	-2,097	-1,791	-1,850
– Performing	-698	-435	-516
– Non-performing	-1,399	-1,356	-1,334
Allowances for collectively assessed impaired loans	-720	-673	-525
Allowances	-2,817	-2,464	-2,375
Loans, carrying amount	486,670	495,848	473,500

NOKm	Central banks and credit institutions			The public		
	31 Mar 2014	31 Dec 2013	31 Mar 2013	31 Mar 2014	31 Dec 2013	31 Mar 2013
Loans, not impaired	21,355	33,076	12,875	464,722	461,711	458,034
Impaired loans	0	0	0	3,410	3,525	4,966
– Performing	0	0	0	1,456	1,227	1,556
– Non-performing	0	0	0	1,954	2,298	3,410
Loans before allowances	21,355	33,076	12,875	468,132	465,236	463,000
Allowances for individually assessed impaired loans	0	0	0	-2097	-1791	-1850
– Performing	0	0	0	-698	-435	-516
– Non-performing	0	0	0	-1,399	-1,356	-1,334
Allowances for collectively assessed impaired loans	0	0	0	-720	-673	-525
Allowances	0	0	0	-2,817	-2,464	-2,375
Loans, carrying amount	21,355	33,076	12,875	465,315	462,772	460,625

Allowances and provisions

NOKm	31 Mar 2014	31 Dec 2013	31 Mar 2013
Allowances for items in the balance sheet	-2,817	-2,464	-2,375
Provisions for off balance sheet items	0	-47	-17
Total allowances and provisions	-2,817	-2,511	-2,392

Key ratios

	31 Mar 2014	31 Dec 2013	31 Mar 2013
Impairment rate, gross ¹ , basis points	70	71	104
Impairment rate, net ² , basis points	27	35	65
Total allowance rate ³ , basis points	58	49	50
Allowances in relation to impaired loans ⁴	61	51	37
Total allowances in relation to impaired loans ⁵	83	70	48
Non-performing, not impaired, NOKm	605	616	654

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	6,714								6,714
Loans to central banks and credit institutions	18,640		2,676	39					21,355
Loans to the public	464,809		427	79					465,315
Interest-bearing securities		6,300	42,824				28,550		77,674
Financial instruments pledged as collateral			512						512
Shares			507				20		527
Derivatives			276			2,657			2,933
Fair value changes of the hedged items in portfolio hedge of interest rate risk	453								453
Investments in associated undertakings								1,534	1,534
Intangible assets								363	363
Property and equipment								508	508
Investment property								206	206
Other assets	7,592							699	8,291
Prepaid expenses and accrued income	2,453		12						2,465
Total 31 Mar 2014	500,661	6,300	47,234	118	2,657	28,570	3,310	588,850	
Total 31 Dec 2013	502,951	6,320	50,699	225	2,606	32,023	3,296	598,120	
Total 31 Mar 2013 ¹	485,238	6,899	49,773	3,366	2,133	22,686	2,900	572,995	

NOKm	Financial liabilities at fair value through profit or loss					Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
	Held for trading	Designated at fair value through profit or loss							
Liabilities									
Deposits by credit institutions		962	514				213,902		215,378
Deposits and borrowings from the public			98				218,237		218,335
Debt securities in issue							82,216		82,216
Derivatives		1,371				1,071			2,442
Fair value changes of the hedged items in portfolio hedge of interest rate risk							890		890
Current tax liabilities								871	871
Other liabilities		2,520					7,575	2,908	13,003
Accrued expenses and prepaid income		119					2,264	991	3,374
Deferred tax liabilities								958	958
Provisions								115	115
Retirement benefit obligations								1,138	1,138
Subordinated liabilities							8,229		8,229
Total 31 Mar 2014	4,972	612	1,071	533,313	6,981	546,949			
Total 31 Dec 2013	3,046	713	1,039	544,961	7,586	557,345			
Total 31 Mar 2013 ¹	1,752	454	1,115	527,802	4,915	536,038			

¹ Comparative figures for 31 March for financial instruments classified as "Available for sale" as well as "Other financial instruments" have been restated due to changed accounting policy for recognition of forward starting bonds. See Note 1, Accounting policies of the Annual Report for 2013 for further information.

Note 9 - Fair value of financial assets and liabilities

NOKm	31 Mar 2014	
	Carrying amount	Fair value
Assets		
Cash and balances with central banks	6,714	6,714
Loans to central banks and credit institutions	21,355	21,355
Loans to the public	465,315	465,315
Interest-bearing securities	77,674	77,721
Financial instruments pledged as collateral	512	512
Shares	527	527
Derivatives	2,933	2,933
Fair value changes of the hedged items in portfolio hedge of interest rate risk	453	453
Investments in associated undertakings	1,534	1,534
Intangible assets	363	363
Property and equipment	508	508
Investment property	206	206
Other assets	8,291	8,291
Prepaid expenses and accrued income	2,465	2,465
Total	588,850	588,897
	Carrying amount	Fair value
Liabilities		
Deposits by credit institutions	215,378	215,378
Deposits and borrowings from the public	218,335	218,335
Debt securities in issue	82,216	84,056
Derivatives	2,442	2,442
Fair value changes of the hedged items in portfolio hedge of interest rate risk	890	890
Current tax liabilities	871	871
Other liabilities	13,003	13,003
Accrued expenses and prepaid income	3,374	3,374
Deferred tax liabilities	958	958
Provisions	115	115
Retirement benefit obligations	1,138	1,138
Subordinated liabilities	8,229	8,229
Total	546,949	548,789

The determination of fair value is described in the Annual report 2013, Note 40 Assets and liabilities at fair value.

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

Categorisation into the fair value hierarchy

NOKm	31 Mar 2014		
	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		2,715	
Loans to the public		506	
Interest bearing securities	26,843	44,531	
Shares ²	907		132
Derivatives	1	2,932	
Prepaid expenses and accrued income		12	
Financial Liabilities¹			
Deposits by credit institutions		1,476	
Deposits and borrowings from the public		98	
Derivatives	7	2,435	
Other liabilities	2,520		
Accrued expenses and prepaid income		119	

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

²Of which NOK 512m 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 2013, Note 40 Asset and liabilities at fair value.

Transfers between level 1 and 2

There were no transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value.

Movements in level 3

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

31 Mar 2014, NOKm	Unrealised fair value gains/losses recorded in the			Translation differences		31 Mar 2014
	1 jan 2014	income statement	Purchases	Sales		
Assets						
Shares	133	0	0	-0	-1	132

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

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

Sensitivity of level 3 financial instruments

31 Mar 2014, NOKm	Carrying amount	Effect of reasonably possible alternative assumptions	
		Favourable	Unfavourable
Assets			
Shares	132	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 2013, Note 40 Assets and liabilities at fair value.

Note 11 - Capital adequacy

NOKm	31 Mar 2014	31 Dec 2013	31 Mar 2013
Calculation of own funds			
Equity	40,778	40,775	35,935
Deferred tax assets	0	0	-247
Intangible assets	-363	-376	-1,162
IRB provisions shortfall (-)	-78	-282	-713
Deduction for investments in credit institutions (50%)	0	0	-1
Other items, net	-97	-97	-99
Common Equity Tier 1 capital (net after deduction)	40,240	40,019	33,713
Additional Tier 1 instruments	4,936	4,959	4,901
Deductions for investments in insurance companies			
Tier 1 capital (net after deduction)	45,176	44,978	38,615
Tier 2 instruments	3,333	3,376	3,375
IRB provisions excess (+)/shortfall (-)	-78	-282	-713
Deduction for investments in credit institutions (50%)	0	0	-1
Own funds (net after deduction)	48,431	48,071	41,276

NOKm	31 Mar 2014 Minimum Capital requirement	31 Mar 2014 REA	31 Dec 2013 Minimum Capital requirement	31 Dec 2013 REA	31 Mar 2013 Minimum Capital requirement	31 Mar 2013 REA
Credit risk	14,725	184,073	16,170	202,128	16,416	205,199
IRB	13,476	168,452	14,827	185,342	15,033	187,907
- of which corporate	10,358	129,479	12,484	156,051	12,710	158,874
- of which advanced	9,847	123,088	0	0	0	0
- of which foundation	511	6,390	12,484	156,051	12,710	158,874
- of which institutions	499	6,245	308	3,851	386	4,821
- of which retail	2,434	30,420	1,862	23,276	1,821	22,768
- of which other	185	2,309	173	2,164	116	1,445
Standardised	1,249	15,621	1,343	16,786	1,383	17,292
- of which sovereign	11	137	14	172	17	215
- of which retail	596	7,458	573	7,159	517	6,462
- of which other	642	8,025	756	9,455	849	10,615
Credit Value Adjustment	0	0	0	0	0	0
Market risk	192	2,398	179	2,237	154	1,929
- of which trading book, Internal Approach	161	2,007	94	1,180	79	983
- of which trading book, Standardised Approach	31	391	85	1,057	76	946
Operational risk	1,738	21,720	1,677	20,957	1,677	20,957
Standardised	1,738	21,720	1,677	20,957	1,677	20,957
Sub total	16,655	208,192	18,026	225,322	18,247	228,085
Adjustment for Basel I floor						
Additional capital requirement according to Basel I floor	8,936	111,703	7,683	96,043	7,094	88,673
Total	25,591	319,895	25,709	321,366	25,341	316,759

Note 11 - Capital adequacy cont.

Minimum Capital Requirement & Buffers

Percentage	Minimum Capital requirement	Buffers				Total
		CCB	CCCB	SIFI	SRB	
Common Equity Tier 1 capital	4.50%	2.50%			2.00%	9.00%
Tier 1 capital	6.00%	2.50%			2.00%	10.50%
Own funds	8.00%	2.50%			2.00%	12.50%

NOKm

Common Equity Tier 1 capital	14,395	7,997	0	0	6,856	28,791
Tier 1 capital	19,194	7,997	0	0	6,856	33,589
Own funds	25,592	7,997	0	0	6,856	39,987

Capital ratios

	31 Mar 2014	31 Dec 2013	31 Mar 2013
Common Equity Tier 1 capital ratio, % ¹	19.3	17.8	14.8
Tier 1 ratio, % ¹	21.7	20.0	16.9
Total Capital ratio, % ¹	23.3	21.3	18.1

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

Capital ratios including Basel I

	31 Mar 2014	31 Dec 2013	31 Mar 2013
Common Equity Tier 1 capital ratio, % ¹	12.6	12.5	10.6
Tier 1 ratio, % ¹	14.1	14.0	12.2
Total Capital ratio, % ¹	15.1	15.0	13.0

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

Note 12 - Risks and uncertainties

Nordea Bank Norge's 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.

Nordea Bank Norge ASA

Income statements

NOKm	Q1 2014	Q1 2013	Full year 2013
Operating income			
Interest income	3,780	3,735	15,115
Interest expense	-2,061	-2,105	-8,377
Net interest income	1,719	1,630	6,738
Fee and commission income	808	672	3,220
Fee and commission expense	-237	-165	-951
Net fee and commission income	571	507	2,269
Net result from items at fair value	127	168	482
Dividends and group contribution	0	0	14
Other operating income	56	70	270
Total operating income	2,473	2,375	9,773
Operating expenses			
General administrative expenses:			
Staff costs	-726	-675	-2,532
Other expenses	-428	-421	-1,801
Depreciation of tangible and intangible assets	-36	-38	-146
Total operating expenses	-1,190	-1,134	-4,479
Profit before loan losses	1,283	1,241	5,294
Net loan losses	-354	-356	-1,340
Operating profit	929	885	3,954
Income tax expense	-261	-244	-1,180
Net profit for the period	668	641	2,774

Nordea Bank Norge ASA

Balance sheets

NOKm	31 Mar 2014	31 Dec 2013	31 Mar 2013
Assets			
Cash and balances with central banks	6,714	2,595	6,521
Loands to central banks and credit institutions	52,435	70,555	51,774
Loans to the public	330,086	326,194	325,027
Interest-bearing securities ¹	94,124	104,067	97,976
Financial instruments pledged as collateral	512	1,024	83
Shares	527	572	556
Derivatives	3,267	5,592	3,343
Fair value changes of the hedged items in portfolio hedge of interest rate risk	372	348	398
Investments in group undertakings	5,042	5,042	4,646
Investments in associated undertakings	417	417	417
Intangible assets	303	318	341
Property and equipment	474	361	300
Investment property	9	10	27
Deferred tax assets	0	0	578
Current tax assets	0	0	44
Other assets	8,215	4,373	6,089
Prepaid expenses and accrued income	1,568	1,744	2,150
Total assets	504,065	523,212	500,270
Liabilities			
Deposits by credit institutions	215,460	243,143	227,519
Deposits and borrowings from the public	218,353	218,875	216,930
Debt securities in issue	4,931	3,147	1,999
Derivatives	4,999	4,027	3,585
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-14	-58	1
Current tax liabilities	261	0	1,538
Other liabilities ¹	13,145	8,511	4,622
Accrued expenses and prepaid income	2,033	1,271	2,421
Deferred tax liabilities	554	555	0
Provisions	114	119	274
Retirement benefit obligations	1,104	1,098	1,326
Subordinated liabilities	8,229	8,294	8,128
Total liabilities	469,169	488,982	468,343
Equity			
Share capital	4,411	4,411	4,411
Share premium reserve	3,402	3,402	3,402
Other reserves	1,013	1,017	852
Retained earnings	26,070	25,400	23,262
Total equity	34,896	34,230	31,927
Total liabilities and equity	504,065	523,212	500,270
Assets pledged as security for own liabilities	49,627	68,777	73,184
Contingent liabilities	6,138	5,811	1,789
Commitments	120,927	123,635	106,544

¹ Comparative figures for 1st quarter have been restated due to changed accounting policy for recognition on the balance sheet of forward starting bonds. See Note 1, Accounting policies of the Annual Report for 2013 for further information.

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