

Interim Report 3rd quarter 2015

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 650 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	2015	2015	%	2014	%	2015	2014	%
Net interest income	2,350	2,292	3	2,468	-5	7,027	7,337	-4
Net fee and commission income	658	650	1	683	-4	1,995	1,898	5
Net result from items at fair value	-26	106	-125	135	-119	386	420	-8
Equity method	140	33		9		208	-39	
Other operating income	44	46		31		132	106	
Total operating income	3,166	3,127	1	3,326	-5	9,748	9,722	0
Staff costs	-757	-745	2	-716	6	-2,277	-2,453	-7
Other expenses	-446	-440	1	-420	6	-1,338	-1,382	-3
Depreciation of tangible and intangible assets	-33	-33	0	-243	-86	-98	-332	-70
Total operating expenses	-1,236	-1,218	1	-1,379	-10	-3,713	-4,167	-11
Profit before loan losses	1,930	1,909	1	1,947	-1	6,035	5,555	9
Net loan losses	-122	-190	-36	-124	-2	-574	-767	-25
Operating profit	1,808	1,719	5	1,823	-1	5,461	4,788	14
Income tax expense	-461	-469	-2	-471	-2	-1,387	-1,287	8
Net profit for the period	1,347	1,250	8	1,352	0	4,074	3,501	16

Business volumes, key items

	30 Sep	30 Jun	Change	30 Sep	Change
NOKbn	2015	2015	%	2014	%
Loans to the public	508.2	499.4	2	481.3	6
Deposits and borrowings from the public	234.0	230.2	2	224.9	4
Equity	55.2	54.3	2	43.8	26
Total assets	667.0	640.0	4	611.1	9

Ratios and key figures

	Q3 ³	Q2 ⁴	Q3 ⁴	Jan-Sep ³	Jan-Sep ⁴
	2015	2015	2014	2015	2014
Basic/diluted Earnings per share (EPS), NOK	2.4	2.3	2.5	7.4	6.3
EPS, rolling 12 months up to period end, NOK	10.0	10.1	8.8	10.0	8.8
Equity per share ² , NOK	108.0	106.3	79.4	100.2	79.4
Shares outstanding ² , million	551	551	551	551	551
Return on equity, %	9.8	9.9	12.5	10.8	11.0
Return on assets ² , %	0.8	0.8	0.9	0.8	0.8
Cost/income ratio, %	39	39	41	38	43
Loan loss ratio, basis points	10	15	10	15	21
Common Equity Tier 1 capital ratio, excl. Basel I floor ^{2,5} %	24.2	24.9	19.5	24.2	19.5
Tier 1 capital ratio, excl. Basel I floor ^{2,5} %	26.3	27.1	21.9	26.3	21.9
Total capital ratio, excl. Basel I floor ^{2,5} %	28.4	29.2	23.7	28.4	23.7
Common Equity Tier 1 capital ratio, incl. Basel I floor ^{2,6} %	15.3	14.8	11.7	15.3	11.7
Tier 1 capital ratio, incl. Basel I floor ^{2,6} %	16.7	16.1	13.1	16.7	13.1
Total capital ratio, incl. Basel I floor ^{2,6} %	18.0	17.4	14.2	18.0	14.2
Tier 1 capital, NOKm	59,063	55,758	48,174	59,063	48,174
Risk exposure amount incl. Basel I floor ² , NOKbn	354	346	204	354	204
Number of employees (full-time equivalents) ²	2,723	2,689	2,750	2,723	2,750

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

² End of period.

³ Including profit for the period.

⁴ Excluding profit for the period.

⁵ Capital ratios as reported using the Basel III framework.

⁶ Capital ratios as reported using the Basel II framework.

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. All figures are in NOK.

Macro economy and financial markets

The Norwegian economy showed signs of slowdown during the third quarter and the prospects have weakened as a result of the new downturn in oil and energy prices. According to Norges Bank's Regional Network Report, weakness is mainly within oil related industries although the service sector generally reports lower growth as well. Unemployment indicators provided a mixed picture of the labour market as the oil and energy related lay-offs partly have been offset by higher employment in other sectors. Inflation has been higher than expected despite weaker growth momentum, mainly caused by higher food prices and a weaker currency. Norges Bank cut the key policy rate by 25bps in September to 0.75% along with signalling that further easing could come as a response to the weakening of the Norwegian economy. Norwegian equities fell 9% during the third quarter while 10-year yields dropped by 38bps. The Norwegian krone weakened by 6% in trade weighted terms.

Business development

Net profit in the third quarter amounted to 1,347m, marginally down from 1,352m in the same period last year. YTD net profit amounts to 4,074m compared to 3,501m last year.

Retail banking develops and supports multi-channel offerings of advisory services with seamless customer experience across the different channels and welcomed close to 2,500 new relationship customers during the quarter. The number of online meetings has increased further and after summer season September was lifted to all time high level. Volume development impacted by summer season but high activity both within lending and savings related volumes.

In Wholesale banking, activity picked up after the summer, driven by higher volatility particularly on FX. Bond markets in Norway were hit by the renewed drop in the oil price over the summer. Even the Norwegian Investment Grade bond market has experienced dramatic spread widening post summer. The competition continues to be intense in the lending market, however the recent development in the bond market might lead to a bond to bank flow back going forward.

Outlook for the offshore sector has further weakened due to continued low oil price and reduction in exploration and production spending in the oil and gas industry and close monitoring of the sector continued in Q3. Loan volumes increased slightly, but less than the strengthened USD/NOK rate; volumes in transaction currency were slightly reduced. Income was good, mainly from yield fees and guarantee commissions.

Net loan losses ended at 122m, corresponding to a loan loss ratio of 15 basis points.

First nine months of 2015 compared to first nine months of 2014

Income

Total income is marginally up from 9,722m to 9,748m.

Net interest income

Net interest income decreased 4% to 7,027m and is mainly caused by lower spreads in all business areas. Household lending spreads are down YTD due to interest rate reductions. Retail banking corporate is also showing a decrease in spreads because of strong competition. The lending spread in CIB is on par with last year while Shipping decreased marginally. The decrease is partly offset by improved spreads for deposits and growth of volume in both lending and deposits.

Lending to the public increased by 6% to 508bn. Household lending grew 9% driven by mortgage lending. Corporate lending volumes are showing a stable growth.

Total deposits from the public increased by 4% to 234bn at the end of the period. Retail Household is the main contributor but Shipping is also up. Other business areas are showing a slightly decrease.

Net fee and commission income

Net fee and commission income increased 5%, ending at 1,995m. Growth was driven by high levels of savings and payment related services.

Net result from items at fair value

Net result from items at fair value ended at 386m, down from 420m last year. During 2015 Retail had a good year where sales of debt portfolio gave a large contribution. This is offset in Q3 by reduced contribution from Treasury. The reason is higher spreads having a negative effect on the liquidity buffer valuation.

Equity method

Net result for companies accounted for using the equity method amounted to 208m, which mainly relates to the 23.21% holding in Eksportfinans ASA. Nordea continues to apply its own valuation model to the valuation of

Eksportfinans's own debt. The increased result compared to last year relates to improved credit spread effects.

Other operating income

Other income amounted to 132m compared to 106m in the same period last year.

Expenses

Total operating expenses were down by 11% and ended at 3,713m compared to 4,167m in the same period last year. Adjusted for one time effects related to Accelerated Cost Efficiency (ACE) and impairment of intangible assets booked in Q3 last year total operating expenses are unchanged. The cost/income ratio decreased from 43% to 38%. Adjusted for one time effects the cost/income ratio is unchanged. Numbers of employees (FTEs) are reduced by 1%.

Net loan losses

Net loan losses dropped 25% with reductions in individual losses. Decrease in individual loan losses (14 basis points annualised) were driven by customers in Retail Banking and CIB.

Taxes

The effective tax rate was 25,4%, down from 26,8 % from same period last year.

Net profit

Net profit for the first nine months was 4,074m and increased 3% compared to the same period last year when adjusted for the aforementioned one time effects. Return on equity (annualised) for the first nine months 2015 was 10.8%.

Third quarter 2015 compared to the second quarter 2015

Income

Total income had a 1% increase from previous quarter to 3,166m.

Net interest income increased 3%, driven by higher volumes and a positive development in spreads. Total lending to public and deposit volume increased with 2%.

Net fee and commission income was marginally up 1% from last quarter.

Markets had an increase of revenue due to interest portfolio sales gains while treasury experienced a decrease in revenue compared to Q2 2015. The decrease was caused by a tightening of derivatives spreads not reflected in the bonds, leaving the net result from items at fair value for Q3 at a loss of 26m.

Expenses

Total operating expenses were up 1%, mainly due to staff related expenses.

Net loan losses

Total net loan losses for Q3 2015 was 122m, down from 190m Q2 2015 mainly due to lower individual losses.

Net profit

Net profit has increased from 1,250m previous quarter to 1,347m. Return on equity (third quarter annualised) was 9.8%

Other information

Credit portfolio

Total lending to the public increased by 2% to 508bn compared to the previous quarter.

Impaired loans gross is down 2% compared to one year ago and has increased 17% from three months ago ending at 4,697m, corresponding to 86 basis points of total loans to the public. 58% of impaired loans gross are performing loans and 42% are non-performing loans.

The total allowance rate is 54 basis points, compared to 64 basis points one year ago and 56 basis points at the end of last quarter. The industries with the largest allowances were construction and engineering, shipping and offshore, industrial commercial services and real estate management.

Balance Sheet

Total assets in the balance sheet grew 9% compared to one year ago and increased 4% compared to previous quarter. The main drivers of change in the last twelve months have been increased lending to the public and interest bearing securities. The main growth in liabilities is related to deposits from central banks and credit institutions, deposits from the public and debt securities in issue.

Capital position and risk-weighted exposure

NBN Group's common equity tier 1 capital ratio including Basel I rules was 15.3% including profit (14.3 % excluding profit) at the end of the third quarter, an decrease of 0.5 percentage points from the end of the previous quarter.

Including profit, the tier 1 capital ratio including Basel I rules decreased 0.5 percentage points to 16.7 % (15.6% excluding profit). The total capital ratio including Basel I rules decreased 0.4 percentage points to 18.0% (16.9% excluding profit).

Risk Exposure Amount, REA (previously referred to as risk-weighted assets) was NOK 354bn including Basel I rules, an increase of NOK 8.3bn or 2.4% compared to the previous quarter. The increase was mainly driven by a reduction in credit quality in IRB corporate as well as increased

requirements due to the outcome of the Supervisory Review and Evaluation Process (SREP). These drivers were partially offset by a reduction in the Basel I floor adjustment.

Including profit, own funds was NOK 63.7bn (NOK 60.0bn excluding profit), the tier 1 capital was NOK 59.0bn including profit (NOK 55.4bn excluding profit) and the common equity tier 1 capital was NOK 54.4bn including profit (NOK 50.7bn excluding profit). Excluding Basel I rules, the common equity tier 1 ratio was 24.2 % including profit (22.6% excluding profit).

Regulation

Nordea is identified as a systemically important institution, and as communicated by the Ministry of Finance on 23 June 2015 the risk buffer was activated at 1% on 1 July 2015. The Ministry of Finance, on 24 September, decided not to amend the countercyclical buffer rate communicated on 18 June 2015. Hence, the buffer rate applicable from 30 June 2016 will be 1.5 %.

Nordea's funding and liquidity operations

The NBN group, through its subsidiary Nordea Eiendomskreditt AS (NEK), issued approximately 10.5bn of covered bonds in the first nine months of 2015, whereof 1.6bn in GBP. Amounts maturing and purchased back were approximately 11.0bn during the first nine months of 2015. A total of approximately 80.6bn has been rated and sold in the open market of NEK bonds (approximately 8.5bn issued in USD and 8.1bn in GBP).

For further information on liquidity management see the Annual Report 2014.

Continued focus on delivering on plan

Many challenges still remain in a time of fundamental changes in our sector. But our journey continues in a clear and unchanged direction. We will continue to develop our services to meet the changing needs of our customers, and invest in our IT platform to secure our long-term ability to provide even more personalised and convenient solutions for our customers.

Quarterly development

NOKm	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Jan-Sep 2015	Jan-Sep 2014
Net interest income	2,350	2,292	2,385	2,471	2,468	7,027	7,337
Net fee and commission income	658	650	687	770	683	1,995	1,898
Net result from items at fair value	-26	106	306	200	135	386	420
Equity method	140	33	35	-19	9	208	-39
Other operating income	44	46	42	29	31	132	106
Total operating income	3,166	3,127	3,455	3,451	3,326	9,748	9,722
General administrative expenses:							
Staff costs	-757	-745	-775	-735	-716	-2,277	-2,453
Other expenses	-446	-440	-452	-566	-420	-1,338	-1,382
Depreciation of tangible and intangible assets	-33	-33	-32	-30	-243	-98	-332
Total operating expenses	-1,236	-1,218	-1,259	-1,331	-1,379	-3,713	-4,167
Profit before loan losses	1,930	1,909	2,196	2,120	1,947	6,035	5,555
Net loan losses	-122	-190	-262	-54	-124	-574	-767
Operating profit	1,808	1,719	1,934	2,066	1,823	5,461	4,788
Income tax expense	-461	-469	-457	-604	-471	-1,387	-1,287
Net profit for the period	1,347	1,250	1,477	1,462	1,352	4,074	3,501
Basic/diluted Earnings per share (EPS), NOK	2.4	2.3	2.7	2.7	2.5	7.4	6.3
EPS, rolling 12 months up to period end, NOK	10.0	10.1	9.7	9.0	8.8	10.0	8.8

Income statements

NOKm	Note	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Operating income						
Interest income		4,365	4,931	13,412	14,778	19,743
Interest expense		-2,015	-2,463	-6,385	-7,441	-9,935
Net interest income		2,350	2,468	7,027	7,337	9,808
Fee and commission income		888	885	2,644	2,511	3,501
Fee and commission expense		-230	-202	-649	-613	-833
Net fee and commission income	3	658	683	1,995	1,898	2,668
Net result from items at fair value	4	-26	135	386	420	620
Profit/-loss from the companies accounted for under the equity method		140	9	208	-39	-58
Other operating income		44	31	132	106	135
Total operating income		3,166	3,326	9,748	9,722	13,173
Operating expenses						
General administrative expenses:						
Staff costs		-757	-716	-2,277	-2,453	-3,188
Other expenses	5	-446	-420	-1,338	-1,382	-1,948
Depreciation, amortisation and impairment charges of tangible and intangible assets		-33	-243	-98	-332	-362
Total operating expenses		-1,236	-1,379	-3,713	-4,167	-5,498
Profit before loan losses		1,930	1,947	6,035	5,555	7,675
Net loan losses	6	-122	-124	-574	-767	-821
Operating profit		1,808	1,823	5,461	4,788	6,854
Income tax expense		-461	-471	-1,387	-1,287	-1,891
Net profit for the period		1,347	1,352	4,074	3,501	4,963
Attributable to:						
Shareholder of Nordea Bank Norge ASA		1,347	1,352	4,074	3,501	4,963
Total		1,347	1,352	4,074	3,501	4,963
Basic/diluted Earnings per share (EPS), NOK		2.4	2.5	7.4	6.3	9.7

Statements of comprehensive income

NOKm	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Net profit for the period	1,347	1,352	4,074	3,501	4,963
Items that may be reclassified subsequently to the income statement					
Currency translation differences during the period	0	0	0	-1	0
Available-for-sale investments: ¹					
Valuation gains/losses taken to equity	-216	41	-305	98	117
Tax on valuation gains/losses during the period	58	-11	82	-26	-31
Cash flow hedges:					
Valuation gains/losses during the period	91	135	112	-50	117
Tax on valuation gains/losses during the period	-24	-36	-30	13	-32
Items that may not be reclassified subsequently to the income statement					
Defined benefit plans:					
Remeasurement of defined benefit plans	-465	-485	267	-430	-1,094
Tax on remeasurement of defined benefit plans	126	131	-72	116	295
Other comprehensive income, net of tax	-430	-225	54	-280	-628
Total comprehensive income	917	1,127	4,128	3,221	4,335

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

Nordea Bank Norge ASA
Oslo, 2 November 2015

Lennart Jacobsen
Chairman

Tom Johannessen
Deputy chairman

Karin S. Thorburn

Hilde M. Tonne

Hans Chr. Riise
Employee representative

Gunn Wærsted
Chief Executive Officer

Balance sheets

NOKm	Note	30 Sep 2015	31 Dec 2014	30 Sep 2014
Assets				
Cash and balances with central banks		661	2,499	5,007
Loans to central banks and credit institutions	7	32,335	17,863	23,036
Loans to the public	7	508,205	499,922	481,261
Interest-bearing securities		105,243	91,574	82,202
Financial instruments pledged as collateral		44	1,392	1,203
Shares		374	443	366
Derivatives	12	11,371	11,951	3,357
Fair value changes of the hedged items in portfolio hedge of interest rate risk		518	626	460
Investments in associated undertakings		1,702	1,495	1,513
Intangible assets		158	149	151
Property and equipment		1,192	922	751
Investment property		55	65	195
Current tax assets		328	0	0
Other assets		2,820	18,790	9,191
Prepaid expenses and accrued income		2,041	2,049	2,443
Total assets		667,047	649,740	611,136
Liabilities				
Deposits by central banks and credit institutions		259,453	239,053	224,870
Deposits and borrowings from the public		233,970	236,754	224,943
Debt securities in issue		89,456	84,664	85,192
Derivatives	12	2,153	1,732	2,718
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,728	1,816	1,180
Current tax liabilities		450	1,214	1,407
Other liabilities		7,319	23,884	10,898
Accrued expenses and prepaid income		1,897	1,900	4,337
Deferred tax liabilities		2,821	1,576	812
Provisions		261	196	199
Retirement benefit obligations		1,931	2,360	2,190
Subordinated liabilities		10,359	9,471	8,611
Total liabilities		611,798	604,620	567,357
Equity				
Share capital		4,962	4,411	4,411
Share premium reserve		8,850	3,402	3,402
Other reserves		425	371	495
Retained earnings		41,012	36,936	35,471
Total equity		55,249	45,120	43,779
Total liabilities and equity		667,047	649,740	611,136
Assets pledged as security for own liabilities		164,903	171,007	163,675
Contingent liabilities		1,736	1,774	1,761
Commitments		119,270	120,159	119,449

Statements of changes in equity

NOKm	Share capital ¹	Share premium reserve	Other reserves			Retained earnings	Total equity
			Cash Flow hedges	Available-for-sale investments	Defined benefit plans		
Opening balance at 1 Jan 2015	4,411	3,402	88	178	105	36,936	45,120
Total comprehensive income			81	-223	195	4,074	4,128
Share capital increase	551	5,449				0	6,000
Share-based payments ²						1	1
Other changes						0	0
Closing balance at 30 Sep 2015	4,962	8,850	169	-45	300	41,012	55,249

NOKm	Share capital ¹	Share premium reserve	Other reserves			Retained earnings	Total equity
			Cash Flow hedges	Available-for-sale investments	Defined benefit plans		
Opening balance at 1 Jan 2014	4,411	3,402	3	92	904	31,963	40,775
Total comprehensive income			85	86	-799	4,963	4,335
Share-based payments ²						18	18
Other changes						-8	-8
Closing balance at 31 Dec 2014	4,411	3,402	88	178	105	36,936	45,120

NOKm	Share capital ¹	Share premium reserve	Other reserves			Retained earnings	Total equity
			Cash Flow hedges	Available-for-sale investments	Defined benefit plans		
Opening balance at 1 Jan 2014	4,411	3,402	3	92	904	31,963	40,775
Total comprehensive income			62	102	-668	3,500	2,996
Share-based payments ²						15	15
Other changes						-7	-7
Closing balance at 30 Sep 2014	4,411	3,402	65	194	236	35,471	43,779

¹ The share capital is 4,962m (31 Dec 2014: 4,411m, 30 Sep 2014: 4,411m) consisting of 551m shares at par value of 9.00 (8.00 in 31 Dec 2014 and 30 Sep 2014).

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

Cash flow statements

NOKm	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Operating activities			
Operating profit	5,461	4,788	6,854
Adjustments for items not included in cash flow	2,687	3,462	3,371
Income taxes paid	-2,514	-445	-431
Cash flow from operating activities before changes in operating assets and liabilities	5,635	7,805	9,794
Changes in operating assets and liabilities	-9,169	-2,935	-4,360
Cash flow from operating activities	-3,534	4,870	5,434
Investing activities			
Property and equipment	-325	-222	-623
Intangible assets	-23	-18	-23
Net investments in debt securities, held to maturity	378	454	431
Cash flow from investing activities	30	214	-215
Financing activities			
Other changes in equity	0	0	0
Increase in par value and share premium	6,000	0	0
Cash flow from financing activities	6,000	0	0
Cash flow for the period	2,496	5,084	5,219
Cash and cash equivalents at beginning of the period	15,425	10,207	10,207
Translation difference	0	0	-1
Cash and cash equivalents at end of the period	17,921	15,291	15,425
Change	2,496	5,084	5,219
Cash and cash equivalents	30 sep	30 Sep	31 Dec
The following items are included in cash and cash equivalents (NOKm):	2015	2014	2014
Cash and balances with central banks	661	5,007	2,499
Loans to credit institutions, payable on demand	17,259	10,283	12,926

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 2014 Annual Report, except for the presentation of covered bonds as described below.

Commitments in NBN ASA towards outstanding covered bonds in Nordea Eiendomskreditt ASA

To better reflect NBN ASA's commitment in relation to the outstanding amounts of issued covered bonds in Nordea Eiendomskreditt AS, the amounts outstanding to third parties are included in the commitments in NBN ASA. NBN ASA has also committed to the future payment of interest, however this is not included. The comparative figures have been restated accordingly and are disclosed in the table below. No restatement has been made for NBN Group as this is an internal guarantee within NBN Group.

NBN ASA	Q4 2014		Q3 2014	
	New Policy	Old Policy	New Policy	Old Policy
NOKm				
Commitments	201,610	112,241	207,007	115,808

IFRIC 21 Levies

IFRIC 21 Levies published by IASB was implemented 1 January 2015. IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. IFRIC 21 has not had any significant impact on Nordea's financial statements.

Other changes in IFRS

The following amendments published by IASB were implemented on 1 January 2015 but have not had any significant impact on Nordea's financial statements:

- Amendments to IAS 19 "Defined benefit plans: Employee Contributions"
- Annual Improvements to IFRSs, 2010–2012 Cycle
- Annual Improvements to IFRSs, 2011–2013 Cycle

Exchange rates

	Jan-Sep 2015	Full year 2014	Jan-Sep 2014
EUR 1 = NOK			
Income statement (average)	8.8109	8.3597	8.2276
Balance sheet (at end of period)	9.5425	9.0420	8.1190
USD 1 = NOK			
Income statement (average)	7.9060	6.3069	6.1094
Balance sheet (at end of period)	8.5017	7.4475	6.4524
SEK 1 = NOK			
Income statement (average)	0.9402	0.9186	0.9157
Balance sheet (at end of period)	1.0124	0.9626	0.8877
DKK 1 = NOK			
Income statement (average)	1.1814	1.1214	1.1097
Balance sheet (at end of period)	1.2768	1.2145	1.0908

Note 2 - Segment reporting¹

		Wholesale Banking																	
		Retail Banking NO		CIB Total		Shipping, Offshore & Oil Services		Other Wholesale ^{3,4}		Group Corporate Centre		Wealth Management ⁴		Total Operating segments		Reconcilia- tion ^{2,3}		Total Group	
Jan- Sep 2015	Jan- Sep 2014	Jan- Sep 2015	Jan- Sep 2014	Jan- Sep 2015	Jan- Sep 2014	Jan- Sep 2015	Jan- Sep 2014	Jan- Sep 2015	Jan- Sep 2014	Jan- Sep 2015	Jan- Sep 2014	Jan- Sep 2015	Jan- Sep 2014	Jan- Sep 2015	Jan- Sep 2014	Jan- Sep 2015	Jan- Sep 2014		
Total operat- ing income, NOKm	7,198	6,909	1,378	1,366	1,195	1,131	515	593	2,213	2,851	-422	-400	12,077	12,450	-2,329	-2,728	9,748	9,722	
Operating profit, NOKm	3,852	3,509	728	647	1,030	878	-8	102	1,979	2,539	-273	-249	7,308	7,426	-1,847	-2,638	5,461	4,788	
Loans to the public, NOKbn	423	403	29	30	56	45	0	3	0	0	0	0	508	481	0	0	508	481	
Deposits and borrowings from the pub- lic, NOKbn	173	172	43	42	18	11	0	0	0	0	0	0	234	225	0	0	234	225	

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 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2014
Total Operating segments	12,077	12,450	7,308	7,426	508	481	234	225
Reconciliation ²	-1,203	-1,639	-1,186	-2,044	0	0	0	0
Eliminations	0	-17	0	0	0	0	0	0
Differences in accounting policies	0	0	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets ³	-1,126	-1,072	-661	-594	0	0	0	0
Total	9,748	9,722	5,461	4,788	508	481	234	225

¹ Segment reporting has been changed as a consequence of organisational changes throughout 2015. 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 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).

Compared with the 2014 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. 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 2015	Q2 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Asset management commissions	57	30	32	129	70	104
Life insurance	27	27	21	79	64	87
Brokerage, securities issues and corporate finance	92	125	81	356	305	409
Custody and issuer services	47	48	63	140	165	222
Deposits	12	9	18	29	40	61
Total savings and investments	235	239	215	733	644	883
Payments	109	95	88	299	271	372
Cards	236	228	232	662	636	852
Total payment and cards	345	323	320	961	907	1,224
Lending	267	272	308	811	802	1,198
Guarantees and documentary payments	8	3	7	21	15	17
Total lending related commissions	275	275	315	832	817	1,215
Other commission income	33	32	35	118	143	179
Fee and commission income	888	869	885	2,644	2,511	3,501
Savings and investments	-36	-36	-35	-105	-103	-134
Payments	-77	-71	-67	-220	-212	-283
Cards	-104	-100	-92	-291	-267	-373
State guarantee fees	-1	-1	-1	-2	-5	-6
Other commission expenses	-12	-11	-7	-31	-26	-37
Fee and commission expenses	-230	-219	-202	-649	-613	-833
Net fee and commission income	658	650	683	1,995	1,898	2,668

Note 4 - Net result from items at fair value

NOKm	Q3 2015	Q2 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Shares/participations and other share-related instruments	8	27	35	52	52	100
Interest related instruments and foreign exchange gains/losses	-37	79	100	331	366	514
Investment properties	3	0	0	3	2	6
Total	-26	106	135	386	420	620

Note 5 - Other expenses

NOKm	Q3 2015	Q2 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Information technology	175	166	136	488	451	695
Marketing and representation	23	21	25	68	84	135
Postage, transportation, telephone, and office expenses	33	34	39	110	136	177
Rents, premises, and real estate expenses	98	99	103	308	322	384
Other	117	120	117	364	389	557
Total	446	440	420	1,338	1,382	1,948

Note 6 - Net loan losses

NOKm	Q3 2015	Q2 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Divided by class						
Realised loan losses	0	0	0	0	0	0
Recoveries on previous realised loan losses	0	0	0	0	0	0
Loans to credit institutions¹	0	0	0	0	0	0
Realised loan losses	-61	-580	-67	-732	-159	-1,083
Allowances to cover realised loan losses	41	558	50	671	116	-347
Recoveries on previous realised loan losses	14	6	9	35	28	249
Provisions	-248	-276	-228	-858	-987	318
Reversals of previous provisions	138	100	111	402	214	40
Loans to the public¹	-116	-192	-125	-482	-788	-823
Realised loan losses	0	0	0	0	0	-19
Provisions	-6	1	1	-93	1	21
Reversals of previous provisions	0	1	0	1	20	0
Off-balance sheet items	-6	2	1	-92	21	2
Net loan losses	-122	-190	-124	-574	-767	-821

¹ See Note 7 Loans and impairment

Note 7 - Loans and impairment

NOKm	Total			
	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Loans, not impaired	538,759	523,274	516,455	502,653
Impaired loans	4,697	4,009	4,374	4,797
– Performing	2,741	1,881	2,330	2,584
– Non-performing	1,956	2,128	2,044	2,213
Loans before allowances	543,456	527,283	520,829	507,450
Allowances for individually assessed impaired loans	-2,271	-2,293	-2,428	-2,513
– Performing	-980	-791	-1,070	-1,046
– Non-performing	-1,291	-1,502	-1,358	-1,467
Allowances for collectively assessed impaired loans	-645	-639	-616	-640
Allowances	-2,916	-2,932	-3,044	-3,153
Loans, carrying amount	540,540	524,351	517,785	504,297

NOKm	Central banks and credit institutions				The public			
	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Loans, not impaired	32,335	24,957	17,863	23,036	506,424	498,317	498,592	479,617
Impaired loans	0	0	0	0	4,697	4,009	4,374	4,797
– Performing	0	0	0	0	2,741	1,881	2,330	2,584
– Non-performing	0	0	0	0	1,956	2,128	2,044	2,213
Loans before allowances	32,335	24,957	17,863	23,036	511,121	502,326	502,966	484,414
Allowances for individually assessed impaired loans	0	0	0	0	-2,271	-2,293	-2,428	-2,513
– Performing	0	0	0	0	-980	-791	-1,070	-1,046
– Non-performing	0	0	0	0	-1,291	-1,502	-1,358	-1,467
Allowances for collectively assessed impaired loans	0	0	0	0	-645	-639	-616	-640
Allowances	0	0	0	0	-2,916	-2,932	-3,044	-3,153
Loans, carrying amount	32,335	24,957	17,863	23,036	508,205	499,394	499,922	481,261

Allowances and provisions

NOKm	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Allowances for items in the balance sheet	-2,916	-2,932	-3,044	-3,153
Provisions for off balance sheet items	-139	-134	-48	-32
Total allowances and provisions	-3,055	-3,066	-3,092	-3,185

Key ratios

	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Impairment rate, gross ¹ , basis points	86	76	84	97
Impairment rate, net ² , basis points	45	33	37	46
Total allowance rate ³ , basis points	54	56	58	64
Allowances in relation to impaired loans ⁴ , %	48	57	56	52
Total allowances in relation to impaired loans ⁵ , %	62	73	70	66
Non-performing, not impaired, NOKm	647	713	840	469

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	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss		Derivatives used for hedging	Available for sale	Total
			Held for trading	Designated at fair value through profit or loss			
Assets							
Cash and balances with central banks	661						661
Loans to central banks and credit institutions	32,267		68				32,335
Loans to the public	507,931		274				508,205
Interest-bearing securities		5,508	33,477			66,258	105,243
Financial instruments pledged as collateral			44				44
Shares			246	128			374
Derivatives			3,198		8,173		11,371
Fair value changes of the hedged items in portfolio hedge of interest rate risk	518						518
Other assets	1,137			849			1,986
Prepaid expenses and accrued income	1,976						1,976
Total 30 Sep 2015	544,490	5,508	37,307	977	8,173	66,258	662,713

Total 31 Dec 2014	532,461	5,887	64,375	2		5,867	37,727	646,319
Total 30 Sep 2014	515,783	5,866	50,595	1		2,523	32,128	606,896

	Financial liabilities at fair value through profit or loss				
NOKm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities					
Deposits by credit institutions	83			259,370	259,453
Deposits and borrowings from the public	197			233,773	233,970
Debt securities in issue				89,456	89,456
Derivatives	826		1,327		2,153
Fair value changes of the hedged items in portfolio hedge of interest rate risk				1,728	1,728
Other liabilities		3,327		1,078	4,405
Accrued expenses and prepaid income				816	816
Subordinated liabilities				10,359	10,359
Total 30 Sep 2015	1,106	3,327	1,327	596,580	602,340
Total 31 Dec 2014	10,965	0	1,241	582,084	594,290
Total 30 Sep 2014	6,414	0	1,304	551,483	559,201

Note 9 - Fair value of financial assets and liabilities

NOKm	30 Sep 2015		31 Dec 2014	
	Carrying amount	Fair value ¹	Carrying amount	Fair value ¹
Financial assets				
Cash and balances with central banks	661	661	2,499	2,499
Loans	541,058	545,046	518,411	523,345
Interest-bearing securities	105,243	105,268	91,574	91,626
Financial instruments pledged as collateral	44	44	1,392	1,392
Shares	374	374	443	443
Derivatives	11,371	11,371	11,951	11,951
Other assets	1,986	1,986	18,034	18,034
Prepaid expenses and accrued income	1,976	1,976	2,015	2,015
Total	662,713	666,726	646,319	651,305
	Carrying amount	Fair value ¹	Carrying amount	Fair value ¹
Financial liabilities				
Deposits and debt instruments	594,966	595,645	571,758	573,146
Derivatives	2,153	2,153	1,732	1,732
Other liabilities	4,405	4,405	19,952	19,952
Accrued expenses and prepaid income	816	816	848	848
Total	602,340	603,019	594,290	595,678

¹The determination of fair value is described in the 2014 Annual Report, Note 40 Assets and liabilities at fair value.

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

Categorisation into the fair value hierarchy

	30 Sep 2015			
	Quoted prices in active markets for same instrument	Valuation technique using observable data	Valuation technique using non-observable data	
NOKm	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value on the balance sheet¹				
Loans to central banks and credit institutions		68		68
Loans to the public		274		274
Interest-bearing securities	37,673	62,062		99,735
Shares ²	234		183	417
Derivatives		11,357		11,357
Other assets	14	849		863
Investment properties			55	55
Total 30 Sep 2015	37,921	74,610	238	112,769
Total 31 Dec 2014	31,208	76,584	244	108,036
Liabilities at fair value on the balance sheet¹				
Deposits by credit institutions		83		83
Deposits and borrowings from the public		197		197
Derivatives		2,153		2,153
Other liabilities		3,327		3,327
Total 30 Sep 2015	0	5,760	0	5,760
Total 31 Dec 2014	2,207	9,998	0	12,205

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

² Of which NOK 44m relates to the balance sheet item Financial instruments pledged as collateral

Determination of fair values for items measured at fair value on the balance sheet

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 2014 Annual Report, Note 40 Assets and liabilities at fair value.

Transfers between level 1 and 2

During the period, Nordea transferred interest-bearing securities of NOK 2,191m from Level 1 to Level 2 and NOK 2,005m from Level 2 to Level 1 of the fair value hierarchy. The reason for the transfer from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period 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 period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

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.

NOKm	1 Jan 2015	Unrealised fair value gains/losses recorded in the income statement	Purchases	Sales	Translation differences	30 Sep 2015
Assets						
Shares	179	0	0	0	4	183

¹ Relates to those assets and liabilities held at the end of the reporting period.

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

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

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

NOKm	Fair value	Valuation techniques
Unlisted Shares	183	Discounted cash flow/net asset value
Total 30 Sep 2015	183	

Note 11 - Capital adequacy

These figures are according to part 8 of CRR

Summary of items included in own funds

NOKm	30 Sep ² 2015	31 Dec ² 2014	30 Sep 2014
Calculation of own funds			
Equity in the consolidated situation	55,249	45,120	40,279
Proposed/actual dividend			
Common Equity Tier 1 capital before regulatory adjustments	55,249	45,120	40,279
Deferred tax assets			
Intangible assets	-159	-149	-110
IRB provisions shortfall (-) ¹	-91	-63	-139
Deduction for investments in credit institutions (50%)			
Pension assets in excess of related liabilities	-1	0	-1
Other items, net	-600	-356	-336
Total regulatory adjustments to Common Equity Tier 1 capital	-851	-568	-586
Common Equity Tier 1 capital (net after deduction)	54,398	44,552	39,692
Additional Tier 1 capital before regulatory adjustments	4,665	5,187	4,985
Total regulatory adjustments to Additional Tier 1 capital			
Additional Tier 1 capital	4,665	5,187	4,985
Tier 1 capital (net after deduction)	59,063	49,739	44,677
Tier 2 capital before regulatory adjustments	4,676	4,096	3,549
IRB provisions excess (+)/shortfall (-) ¹			
Deduction for investments in credit institutions (50%)			
Deductions for investments in insurance companies			
Pension assets in excess of related liabilities			
Other items, net	0	77	68
Total regulatory adjustments to Tier 2 capital	0	77	68
Tier 2 capital	4,676	4,173	3,617
Own funds (net after deduction)	63,739	53,912	48,294

¹ Shortfall is now deducted 100% CET1, previously 50% T1, 50% T2

² Including profit

Own Funds excluding profit

NOKm	30 Sep 2015	31 Dec 2014	30 Sep 2014
Common Equity Tier 1 capital, excluding profit	50,701	39,589	39,692
Total Own Funds, excluding profit	60,042	48,949	48,294

Note 11 - Capital adequacy cont.

Minimum capital requirement and REA

	30 Sep 2015	30 Sep 2015	31 Dec 2014	31 Dec 2014	30 Sep 2014	30 Sep 2014
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
NOKm						
Credit risk	15,148	189,347	14,373	179,658	14,234	177,928
– of which counterparty credit risk	218	2,728	251	3,141	104	1,306
IRB	13,399	167,484	12,884	161,051	12,909	161,357
– of which corporate	9,754	121,928	9,849	123,108	9,841	123,016
– of which advanced	9,188	114,849	9,309	116,355	9,296	116,197
– of which foundation	566	7,079	540	6,753	545	6,818
– of which institutions	440	5,494	333	4,168	283	3,532
– of which retail	2,943	36,782	2,498	31,227	2,505	31,311
– of which secured by immovable property collateral	2,259	28,233	1,816	22,699	1,817	22,709
– of which other retail	684	8,549	682	8,528	688	8,603
– of which other	262	3,280	204	2,548	280	3,499
Standardised	1,749	21,863	1,489	18,607	1,326	16,571
– of which central governments or central banks	17	206	0	0	0	0
– of which regional governments or local authorities	22	276	15	190	14	180
– of which public sector entities	1	13	0	0	0	0
– of which multilateral development banks	0	0	0	0	0	0
– of which international organisations	0	0	0	0	0	0
– of which institutions	920	11,499	755	9,441	609	7,614
– of which corporate	7	88	4	54	6	75
– of which retail	502	6,280	484	6,048	481	6,018
– of which secured by mortgages on immovable property						
– of which in default	7	84	5	63	6	76
– of which associated with particularly high risk	0	0	0	0	0	0
– of which covered bonds	0	0	0	0	0	0
– of which institutions and corporates with a short-term credit assessment	0	0	0	0	0	0
– of which collective investments undertakings (CIU)	0	0	0	0	0	0
– of which equity	21	266	9	106	10	124
– of which other items	252	3,151	217	2,705	199	2,485
Credit Value Adjustment Risk	52	654	35	436	15	190
Market risk	280	3,495	276	3,447	299	3,741
– of which trading book, Internal Approach	233	2,908	218	2,719	189	2,362
– of which trading book, Standardised Approach	47	587	58	728	16	195
– of which banking book, Standardised Approach					95	1,185
Operational risk	1,826	22,822	1,744	21,806	1,744	21,806
Standardised	1,826	22,822	1,744	21,806	1,744	21,806
Additional risk exposure amount due to Article 3 CRR	659	8,239				
Sub total	17,965	224,557	16,428	205,347	16,293	203,665
Adjustment for Basel I floor						
Additional capital requirement according to Basel I floor ¹	10,388	129,859	11,658	145,728	10,889	136,117
Total	28,353	354,416	28,086	351,075	27,183	339,782

¹ Norwegian regulatory requirement as reported under the Basel III regulation framework

Note 11 - Capital adequacy cont.

Minimum Capital Requirement & Capital Buffers

Percentage	Minimum Capital requirement	Capital Buffers					Total
		CCoB	CCyB	O-SII	SRB	Capital Buffers total	
Common Equity Tier 1 capital	4.5	2.5	0.8	1	3	7.3	11.8
Tier 1 capital	6	2.5	0.8	1	3	7.3	13.3
Own funds	8	2.5	0.8	1	3	7.3	15.3

NOKm							
Common Equity Tier 1 capital	15,949	8,860	2,937	3,544	10,632	25,974	41,923
Tier 1 capital	21,265	8,860	2,937	3,544	10,632	25,974	47,239
Own funds	28,353	8,860	2,937	3,544	10,632	25,974	54,328

Common Equity Tier 1 available to meet Capital Buffers

	30 Sep ^{1,2} 2015	31 Dec ¹ 2014	30 Sep 2014
Percentage points of REA			
Common Equity Tier 1 capital	10.0	12.6	10.4

¹ Including profit of the period

² Including Basel I floor

Capital ratios

Percentage	30 Sep 2015	31 Dec 2014	30 Sep 2014
Common Equity Tier 1 capital ratio, including profit	24.2	21.7	21.2
Tier 1 capital ratio, including profit	26.3	24.2	23.7
Total Capital ratio, including profit	28.4	26.3	25.4
Common Equity Tier 1 capital ratio, excluding profit	22.6	19.3	19.5
Tier 1 capital ratio, excluding profit	24.7	21.8	21.9
Total Capital ratio, excluding profit	26.7	23.8	23.7

Capital ratios including Basel I floor

Percentage	30 Sep 2015	31 Dec 2014	30 Sep 2014
Common Equity Tier 1 capital ratio, including profit	15.3	12.7	12.7
Tier 1 capital ratio, including profit	16.7	14.2	14.2
Total Capital ratio, including profit	18.0	15.4	15.2
Common Equity Tier 1 capital ratio, excluding profit	14.3	11.3	11.7
Tier 1 capital ratio, excluding profit	15.6	12.8	13.1
Total Capital ratio, excluding profit	16.9	13.9	14.2

Leverage ratio

	30 Sep ¹ 2015	31 Dec ¹ 2014	30 Sep 2014
Tier 1 capital, transitional definition, NOKm ¹	59,063	49,739	44,677
Leverage ratio exposure, NOKm	797,505	781,048	740,038
Leverage ratio, percentage	7.4	6.4	6.0

¹ Including profit of the period

Note 11 - Capital adequacy cont.

	On-balance exposure, NOKm	Off-balance exposure, NOKm	Exposure value (EAD), NOKm ¹	of which EAD for off-balance, NOKm	Exposure- weighted average risk weight:
Credit risk exposures for which internal models are used, split by rating grade					
Corporate, foundation IRB:	10,597	570	11,101	434	64
- of which rating grades 6	111	7	125	5	16
- of which rating grades 5	1,620	198	1,920	155	31
- of which rating grades 4	5,787	285	5,998	214	63
- of which rating grades 3	2,251	80	2,270	60	93
- of which rating grades 2	132	0	128	0	153
- of which rating grades 1	17	0	17	0	214
- of which unrated	345	0	309	0	120
- of which defaulted	334	0	334	0	0
Corporate, advanced IRB:	227,728	85,132	268,804	42,332	43
- of which rating grades 6	10,365	9,796	15,265	5,002	13
- of which rating grades 5	43,677	33,578	61,302	17,205	27
- of which rating grades 4	136,394	34,967	152,935	16,793	43
- of which rating grades 3	25,336	5,819	27,624	3,041	65
- of which rating grades 2	6,617	338	6,309	204	118
- of which rating grades 1	445	15	450	9	119
- of which unrated	1,032	130	1,106	78	69
- of which defaulted	3,862	489	3,813	0	99
Institutions, foundation IRB:	46,009	4,026	55,067	3,020	10
- of which rating grades 6	40,587	5	42,581	4	6
- of which rating grades 5	4,824	1,086	9,102	814	13
- of which rating grades 4	389	2,935	3,162	2,202	53
- of which rating grades 3	58	0	59	0	112
- of which rating grades 2	0	0	0	0	205
- of which rating grades 1	0	0	0	0	236
- of which unrated	151	0	163	0	83
- of which defaulted					
Retail, of which secured by real estate:	215,350	18,406	221,372	6,022	13
- of which scoring grades A	138,427	15,062	143,313	4,886	5
- of which scoring grades B	42,950	2,039	43,626	675	11
- of which scoring grades C	15,065	642	15,289	224	22
- of which scoring grades D	8,754	315	8,869	115	43
- of which scoring grades E	7,538	300	7,643	105	68
- of which scoring grades F	1,514	30	1,525	11	112
- of which not scored	143	12	146	4	40
- of which defaulted	959	6	961	2	225
Retail, of which other retail:	32,017	11,841	37,375	5,359	23
- of which scoring grades A	14,697	6,730	17,606	2,909	8
- of which scoring grades B	7,368	2,516	8,532	1,163	17
- of which scoring grades C	3,382	1,167	3,949	568	32
- of which scoring grades D	2,331	729	2,709	379	46
- of which scoring grades E	3,274	470	3,501	227	50
- of which scoring grades F	445	66	477	32	75
- of which not scored	154	120	214	60	40
- of which defaulted	366	43	387	21	246
Other non credit-obligation assets:	3,716	65	3,280	48	100

Nordea does not have the following IRB exposure classes: equity exposures, items representing securitisation positions, central governments and central banks, qualifying revolving retail

¹Includes EAD for on-balance, off-balance, derivatives and securities financing

Note 11 - Capital adequacy cont.

Capital requirements for market risk NOKm	Trading book, IM		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other ¹	29	2	294	24	0	0	323	26
Equity risk	759	61	293	23	0	0	1,052	84
Foreign exchange risk	13	1					13	1
Commodity risk	0	0					0	0
Settlement risk	0	0					0	0
Diversification effect	-49	-4					-49	-4
Stressed Value-at-Risk	2,156	173					2,156	173
Incremental Risk Measure	0	0					0	0
Comprehensive Risk Measure	0	0					0	0
Total	2,908	233	587	47	0	0	3,495	280

¹Interest rate risk column Trading book IA includes both general and specific interest rate risk which is elsewhere referred to as interest rate VaR and credit spread VaR.

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 representing 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 2014 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 and its effect on NBN remain uncertain.

None of the above exposures and risks are expected to have any significant adverse effect on NBN or our financial position in the medium term.

Within the framework of 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	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Operating income					
Interest income	3,460	3,857	10,487	11,487	15,346
Interest expense	-1,660	-2,034	-5,249	-6,205	-8,257
Net interest income	1,800	1,823	5,238	5,282	7,089
Fee and commission income	848	845	2,518	2,384	3,330
Fee and commission expense	-227	-200	-640	-606	-823
Net fee and commission income	621	645	1,878	1,778	2,507
Net result from items at fair value	-22	144	404	436	635
Dividends and group contribution	8	0	1,808	675	675
Other operating income	67	52	193	166	213
Total operating income	2,474	2,664	9,521	8,337	11,119
Operating expenses					
General administrative expenses:					
Staff costs	-713	-678	-2,149	-2,331	-3,027
Other expenses	-410	-411	-1,234	-1,322	-1,855
Depreciation of tangible and intangible assets	-18	-225	-59	-308	-329
Total operating expenses	-1,141	-1,314	-3,442	-3,961	-5,211
Profit before loan losses	1,333	1,350	6,079	4,376	5,908
Net loan losses	-108	-119	-542	-716	-760
Operating profit	1,225	1,231	5,537	3,660	5,148
Income tax expense	-333	-321	-1,485	-983	-1,386
Net profit for the period	892	910	4,052	2,677	3,762

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Balance sheet

NOKm	30 Sep 2015	31 Dec 2014	30 Sep 2014
Assets			
Cash and balances with central banks	661	2,499	5,007
Loans to central banks and credit institutions	62,129	54,138	51,996
Loans to the public	387,245	362,445	344,919
Interest-bearing securities	106,407	102,734	98,652
Financial instruments pledged as collateral	44	1,392	1,203
Shares	371	440	365
Derivatives	11,517	12,314	3,614
Fair value changes of the hedged items in portfolio hedge of interest rate risk	446	509	371
Investments in group undertakings	7,218	5,814	5,528
Investments in associated undertakings	417	417	417
Intangible assets	87	85	85
Property and equipment	514	543	552
Investment property	1	1	1
Other assets	2,781	18,674	9,142
Prepaid expenses and accrued income	1,139	1,128	1,587
Total assets	580,977	563,133	523,439
Liabilities			
Deposits by credit institutions	259,548	239,137	224,923
Deposits and borrowings from the public	234,016	236,909	224,974
Debt securities in issue	8,512	4,682	5,649
Derivatives	8,248	6,465	5,065
Fair value changes of the hedged items in portfolio hedge of interest rate risk	42	105	13
Current tax liabilities	19	694	905
Other liabilities	7,358	23,864	10,928
Accrued expenses and prepaid income	1,040	1,072	3,333
Deferred tax liabilities	2,278	979	403
Provisions	261	195	194
Retirement benefit obligations	1,864	2,286	2,143
Subordinated liabilities	10,357	9,471	8,616
Total liabilities	533,543	525,859	487,146
Equity			
Share capital	4,962	4,411	4,411
Share premium reserve	8,850	3,402	3,402
Other reserves	396	290	396
Retained earnings	33,226	29,171	28,084
Total equity	47,434	37,274	36,293
Total liabilities and equity	580,977	563,133	523,439
Assets pledged as security for own liabilities	77,995	67,679	61,883
Contingent liabilities	6,648	6,587	6,471
Commitments ¹	191,148	201,610	207,007

¹ Restated, see Note 1 Accounting Policies for further detail

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