

Interim Report 1st quarter 2016

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 600 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	Q4	Change	Q1	Change
NOKm	2016	2015	%	2015	%
Net interest income	2,278	2,307	-1	2,385	-4
Net fee and commission income	640	605	6	687	-7
Net result from items at fair value	77	16	381	306	-75
Equity method	20	49		35	
Other operating income	50	104		42	
Total operating income	3,065	3,081	-1	3,455	-11
Staff costs	-715	-1,012	-29	-775	-8
Other expenses	-458	-602	-24	-452	1
Depreciation of tangible and intangible assets	-36	-37	-3	-32	13
Total operating expenses	-1,209	-1,651	-27	-1,259	-4
Profit before loan losses	1,856	1,430	30	2,196	-15
Net loan losses	-261	-196	33	-262	0
Operating profit	1,595	1,234	29	1,934	-17
Income tax expense	-350	-185	89	-457	-23
Net profit for the period	1,245	1,049	19	1,477	-16

Business volumes, key items

	31 Mar	31 Dec	Change	31 Mar	Change
NOKbn	2016	2015	%	2015	%
Loans to the public	512.0	512.0	0	495.2	3
Deposits and borrowings from the public	235.5	240.4	-2	233.2	1
Equity	57.2	56.6	1	46.5	23
Total assets	668.0	660.4	1	656.5	2

Ratios and key figures

	Q1 ⁴	Q4 ³	Q1 ⁴
	2016	2015	2015
Basic/diluted Earnings per share (EPS), NOK	2.3	1.9	2.7
EPS, rolling 12 months up to period end, NOK	8.9	9.3	9.7
Equity per share ² , NOK	103.7	102.7	84.4
Shares outstanding ² , million	551	551	551
Return on equity, %	8.7	9.9	12.9
Return on assets ² , %	0.7	0.8	0.2
Cost/income ratio, %	39	42	36
Loan loss ratio, basis points	20	15	21
Common Equity Tier 1 capital ratio, excl. Basel I floor ² %	25.2	25.2	21.3
Tier 1 capital ratio, excl. Basel I floor ² %	27.2	27.4	23.4
Total capital ratio, excl. Basel I floor ² %	29.3	29.6	25.5
Common Equity Tier 1 capital ratio, incl. Basel I floor ² %	15.8	15.7	12.8
Tier 1 capital ratio, incl. Basel I floor ² %	17.1	17.0	14.0
Total capital ratio, incl. Basel I floor ² %	18.4	18.4	15.3
Tier 1 capital NOKm	59,749	60,351	49,132
Risk exposure amount incl. Basel I floor ² , NOKbn	350	354	350
Number of employees (full-time equivalents) ²	2,668	2,645	2,696

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.

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

Released data in the first quarter indicated that mainland growth remains close to zero, which is in line with the second half of 2015. Business survey figures and labour market data showed that the weakness was mainly due to continued downward pressure in oil related industries. Meanwhile, the overall unemployment level was more or less unchanged in Q1. Consumer confidence and retail sales data have been generally weak while strong growth in consumption of services has compensated for low demand in consumption of goods. House prices increased strongly in Q1 while core inflation remained at elevated levels around 3% y/y, predominantly caused by a previous weakening of the Norwegian currency. Norges Bank lowered key rates to 0.5% in March along with signalling that more easing could come later on this year. Norwegian equities fell 4% during the first quarter while 10-year government yields dropped 38bps to 1.19%. The Norwegian krone strengthened by 3.4% in trade-weighted terms.

Business development

Net profit in the first quarter amounted to 1,245m, down from 1,477m in the same period last year, but up from 1,049m in the last quarter.

Retail banking

Relationship banking is a main driver for customer satisfaction and shareholder value creation.

The swift transformation of our customers' behaviour continues, and with increasing use of our online services our customers experience increased flexibility. The number of household online meetings increased by 7% from last quarter and 120% from same quarter last year. The number of manual transactions was reduced by 60% compared to same quarter last year. Household lending volumes are stable in Q1, while net interest income is under pressure due to lower interest rates.

Wholesale banking

Corporate & Institutional Banking (CIB)

Deal activity has significantly improved during the first quarter of 2016. Lending volumes have increased compared to year end, even though competition within the corporate market continuous to be strong. During 2015, increased

volatility in currencies, particularly the weakening of the Norwegian krone, had a positive effect on markets income. This trend has not been as apparent in the beginning of 2016. On the other hand, income from interest rate swaps has increased during the first quarter.

Capital markets

The first quarter started on a very slow note with weak capital markets across all areas. There was, however, still quite high activity in FX and interest rate hedging activities. Investment products and Fixed Income started to become more active as the markets stabilised, and primary deal windows slowly started to open towards the end of the quarter.

Shipping, Offshore & Oil Services

Total income was down from previous quarter. The income decrease was mainly caused by a reduction in net fee and commission income following a decline in lending activity. The offshore market continues to be affected by low oil prices and reduced exploration and oil production spending among oil and gas companies.

First quarter 2016 compared to the first quarter last year

Total income is down from 3,455m to 3,065m.

Net interest income

Net interest income has been under pressure due to lower margins in all business areas and decreased 4% to 2,278m. Household lending margins are down due to interest rate reductions. Retail banking corporate and CIB are both showing a decrease in margins because of strong competition. Shipping is also experiencing the same downward trend. The decrease is partly offset by improved margins for deposits and growth of volume in household lending and deposits.

Lending to the public increased by 3% to 512bn. Household lending grew 8% driven by mortgage lending. Corporate lending volumes are marginally down 1%.

Total deposits from the public increased by 1% to 235.5bn at the end of the period. Retail Household is the main contributor but Shipping and Retail Corporate are also up. CIB is showing a decrease.

Net fee and commission income

Net fee and commission income decreased 7%, ending at 640m. There was a decrease in fixed income sales following a slowdown in the bond market. This was partly offset by increased business driven lending related activities.

Net result from items at fair value

Net result from items at fair value ended at 77m, down from 306m last year. The decrease is mainly related to gain from sale of a debt portfolio in Retail Banking during first quarter 2015. Further decrease is related to a reduction in income

from bond issuance caused by a slower bond market. The decrease is offset by Treasury portfolio improving slightly with USD Bonds/swaps spreads widening in the first quarter.

Equity method

Net result for companies accounted for using the equity method amounted to 20m, which mainly relates to the 23.21% holding in Eksportfinans ASA. NBN continues to apply its own valuation model to the valuation of Eksportfinans's own debt. The decreased result of 15m compared to last year, relates to general market conditions and related effects on credit spreads.

Other operating income

Other income amounted to 50m compared to 42m in the same period last year.

Expenses

Total operating expenses were down by 4% and ended at 1,209m compared to 1,259m in the same period last year. A decrease of staff related costs were slightly offset by an increase in other expenses. The cost/income ratio increased from 36% to 39%. Numbers of employees (FTEs) are reduced by 1%.

Net loan losses

Net loan losses are unchanged at 261m. A decrease in individual losses offsets an increase of collective provisions. Net loan loss ratio (annualized) in 2016 equals 20bp compared to 21bp in 2015.

Taxes

The effective tax rate was 22%, down from 23.6 % from the same period last year.

Net profit

Net profit for the first quarter was 1,245m and decreased 16% compared to the same period last year. Return on equity (annualised) for the first three months 2016 was 8.7%.

First quarter 2016 compared to the fourth quarter last year

Income

Total income had a 1% decrease from previous quarter to 3,065m.

Net interest income decreased 1%, driven by a reduction in margins on lending, mainly within household, partly offset by improved margins on deposits and increased lending margins in CIB. Total lending to public was unchanged while deposit volume decreased with 2%.

Net fee and commission income increased 6% from last quarter. Lending related commission increased as business driven activities picked up in Q1.

Net result from items at fair value amounted to 77m in Q1. The spreads widened within the Treasury portfolio and contributed positively for the quarter. Fixed income sales were on a continued low level while income from derivatives performed better following higher market values.

Expenses

Total operating expenses are down 27%. Excluding non-recurring items in Q4 expenses are down 10%. The decrease relates mainly to other expenses.

Net loan losses

Total net loan losses for Q1 2016 was 261m, up from 196m in Q4 2015. Adjusted for technical reallocation in fourth quarter between entities in Nordea (without effect for the Group) net loan losses were down 88m. There was an increase of individual loan losses and a decrease of collective provisions.

Net profit

Net profit has increased from 1,049m previous quarter to 1,245m. Excluding non-recurring items net profit for previous quarter was 1,272m.

Other information

Credit portfolio

Total lending to the public was unchanged compared to the previous quarter.

Impaired loans gross is up 5% compared to one year ago and has increased 7% from three months ago ending at 4,761m. 41% of impaired loans gross are performing loans and 59% are non-performing loans.

The total allowance rate is 58 basis points, compared to 59 basis points one year ago and 56 basis points at the end of last quarter. The industries with the largest allowances were industrial commercial services, shipping and offshore, other financial institutions, consumer durables and real estate management.

Balance Sheet

Total assets in the balance sheet grew 2% compared to one year ago and increased 1% 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 partly offset by a decrease in other assets. The main change in liabilities is related to increase in debt securities in issue and deposits and borrowings from the public offset by a decrease in deposit by credit institutions.

Capital position and risk-weighted exposure

NBN's common equity tier 1 capital ratio excluding Basel I rules was 25.2% excluding profit (25.6% including profit) at the end of the first quarter, an increase of 2.1 percentage points from the end of the previous quarter.

Excluding profit, the tier 1 capital ratio excluding Basel I rules increased 2.0 percentage points to 27.2% (27.6% including profit). The total capital ratio excluding Basel I rules, excluding profit increased 1.9 percentage points to 29.3% (29.7% including profit). Risk Exposure Amount, REA (previously referred to as risk-weighted assets) was NOK 220bn excluding Basel I rules, a decrease of NOK 0.9bn, or 0.4% compared to the previous quarter. The decrease was mainly driven by the IRB retail portfolio and the IRB corporate portfolio. The decrease was somewhat off-set by the institution portfolio in the standardised approach. The common equity tier 1 ratio including Basel I rules was 15.8% excluding profit (16.1% including profit) at the end of the first quarter. Excluding profit, the own funds was NOK 64bn (65bn including profit), the tier 1 capital was NOK 60bn excluding profit (NOK 61bn including profit) and the common equity tier 1 capital was NOK 55bn excluding profit (56bn including profit).

Nordea's funding and liquidity operations

The NBN group, through its subsidiary Nordea Eiendoms kreditt AS (NEK), issued approximately 14.6bn of covered bonds in the first three months of 2016, whereof 5.9bn in GBP. Amounts maturing and purchased back were approximately 0.1bn during the first three months of 2016. A total of approximately 94.3bn has been rated and sold in the open market of NEK bonds (approximately 8.3bn issued in USD and 13.4bn in GBP).

For further information on liquidity management see the Annual Report 2015.

Simplified legal structure

At the Nordea Bank AB Annual General Meeting, shareholders approved the plans for the mergers of the Norwegian, Danish and Finnish banking subsidiaries with Nordea Bank AB. The merger is to be executed in early January 2017. The final approvals of the planned changes to the legal structure depend, among other things, on regulatory consent and a satisfactory outcome of discussions with the authorities in each country.

2016 plan

The coming three years will be a period for executing our transformational change agenda in order to generate a truly digital bank and to deliver on the future relationship bank. The Simplification programme is a crucial enabler for making this possible and has now been running for a year and a half. Through the programme we build three new platforms: Core banking platform, Payment platform and Information platform with Group common data. These will work together and with the benefit of increased agility, scale and resilience enable more customer orientation and flexibility. The programme is progressing according to plan and is already delivering on its promises. At the same time we are building up change capabilities to the benefit of the whole organisation in order to meet the future and the continuous changing environment.

Quarterly development

NOKm	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net interest income	2,278	2,307	2,350	2,292	2,385
Net fee and commission income	640	605	658	650	687
Net result from items at fair value	77	16	-26	106	306
Equity method	20	49	140	33	35
Other operating income	50	104	44	46	42
Total operating income	3,065	3,081	3,166	3,127	3,455
General administrative expenses:					
Staff costs	-715	-1,012	-757	-745	-775
Other expenses	-458	-602	-446	-440	-452
Depreciation of tangible and intangible assets	-36	-37	-33	-33	-32
Total operating expenses	-1,209	-1,651	-1,236	-1,218	-1,259
Profit before loan losses	1,856	1,430	1,930	1,909	2,196
Net loan losses	-261	-196	-122	-190	-262
Operating profit	1,595	1,234	1,808	1,719	1,934
Income tax expense	-350	-185	-461	-469	-457
Net profit for the period	1,245	1,049	1,347	1,250	1,477
Basic/diluted Earnings per share (EPS), NOK	2.3	1.9	2.4	2.3	2.7
EPS, rolling 12 months up to period end, NOK	8.9	9.3	10.0	10.1	9.7

Income statements

NOKm	Note	Q1 2016	Q1 2015	Full year 2015
Operating income				
Interest income		4,118	4,584	17,591
Interest expense		-1,840	-2,199	-8,257
Net interest income		2,278	2,385	9,334
Fee and commission income		804	887	3,482
Fee and commission expense		-164	-200	-882
Net fee and commission income	3	640	687	2,600
Net result from items at fair value	4	77	306	402
Equity Method		20	35	257
Other operating income		50	42	236
Total operating income		3,065	3,455	12,829
Operating expenses				
General administrative expenses:				
Staff costs		-715	-775	-3,289
Other expenses	5	-458	-452	-1,940
Depreciation of tangible and intangible assets		-36	-32	-135
Total operating expenses		-1,209	-1,259	-5,364
Profit before loan losses		1,856	2,196	7,465
Net loan losses	6	-261	-262	-770
Operating profit		1,595	1,934	6,695
Income tax expense		-350	-457	-1,572
Net profit for the period		1,245	1,477	5,123
Attributable to:				
Shareholder of Nordea Bank Norge ASA		1,245	1,477	5,123
Total		1,245	1,477	5,123
Basic/diluted Earnings per share (EPS), NOK		2.3	2.7	9.3

Statements of comprehensive income

NOKm	Q1 2016	Q1 2015	Full year 2015
Net profit for the period	1,245	1,477	5,123
Items that may be reclassified subsequently to the income statement			
Available-for-sale investments: ²			
Valuation gains/losses taken to equity	59	-42	-523
Tax on valuation gains/losses during the period	-15	11	131
Cash flow hedges:			
Valuation gains/losses during the period	-12	58	135
Tax on valuation gains/losses during the period	3	-16	-32
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	-883	-109	913
Tax on remeasurement of defined benefit plans	221	30	-225
Other comprehensive income, net of tax	-627	-68	399
Total comprehensive income¹	618	1,409	5,522

¹ Attributable to shareholders of Nordea Bank Norge ASA.

² Valuation gains/losses related to hedged risks under fair value hedge accounting are accounted for directly in the income statement.

Balance sheets

NOKm	Note	31 Mar 2016	31 Dec 2015	31 Mar 2015
Assets				
Cash and balances with central banks		2,302	6,860	13,220
Loans to central banks and credit institutions	7	31,040	14,131	35,444
Loans to the public	7	511,951	512,018	495,197
Interest-bearing securities		105,686	107,860	94,923
Financial instruments pledged as collateral		1	75	215
Shares		182	413	345
Derivatives	12	7,823	11,612	7,941
Fair value changes of the hedged items in portfolio hedge of interest rate risk		528	473	549
Investments in associated undertakings		1,771	1,751	1,530
Intangible assets		159	159	151
Property and equipment		1,272	1,232	1,008
Investment property		13	55	65
Other assets		3,201	1,857	4,043
Prepaid expenses and accrued income		2,060	1,946	1,889
Total assets		667,989	660,442	656,520
Liabilities				
Deposits by central banks and credit institutions		240,014	245,461	256,430
Deposits and borrowings from the public		235,461	240,430	233,176
Debt securities in issue		104,373	90,759	90,223
Derivatives	12	3,961	1,622	2,495
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,844	1,625	1,696
Current tax liabilities		1,293	359	1,553
Other liabilities		6,778	6,112	8,410
Accrued expenses and prepaid income		1,929	1,891	1,885
Deferred tax liabilities		2,391	3,194	1,538
Provisions		287	304	268
Retirement benefit obligations		2,231	1,416	2,304
Subordinated liabilities		10,165	10,625	10,011
Total liabilities		610,727	603,798	609,989
Equity				
Share capital		4,962	4,962	4,411
Share premium		8,850	8,850	3,402
Other reserves		144	771	303
Retained earnings		43,306	42,061	38,415
Total equity		57,262	56,644	46,531
Total liabilities and equity		667,989	660,442	656,520
Assets pledged as security for own liabilities		171,194	179,714	166,019
Contingent liabilities		2,119	2,166	1,748
Commitments		116,312	118,390	115,577

Statements of changes in equity

NOKm	Share capital ¹	Share premium	Other reserves			Retained earnings	Total equity
			Cash Flow hedges	Available-for-sale investments	Defined benefit plans		
Opening balance at 1 Jan 2016	4,962	8,850	191	-214	793	42,061	56,644
Total comprehensive income			-9	44	-662	1,245	618
Closing balance at 31 Mar 2016	4,962	8,850	182	-170	131	43,306	57,262

NOKm	Share capital ¹	Share premium	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			103	-392	688	5,123	5,522
Share capital increase	551	5,449				0	6,000
Share-based payments ²						1	1
Other changes						1	1
Closing balance at 31 Dec 2015	4,962	8,850	191	-214	793	42,061	56,644

NOKm	Share capital ¹	Share premium	Other reserves			Retained earnings	Total equity
			Cash Flow hedges	Available-for-sale	Defined benefit plans		
Opening balance at 1 Jan 2015	4,411	3,402	88	178	105	36,936	45,120
Total comprehensive income			42	-31	-79	1,477	1,409
Share-based payments ²						1	1
Other changes						1	1
Closing balance at 31 Mar 2015	4,411	3,402	130	147	26	38,415	46,531

¹ Total shares registered were 551m (31 Dec 2015: 551m, 31 Mar 2015: 551m).

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

Cash flow statements

NOKm	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Operating activities			
Operating profit	1,595	1,934	6,695
Adjustments for items not included in cash flow	-478	957	2,222
Income taxes paid	-5	-154	-1,425
Cash flow from operating activities before changes in operating assets and liabilities	1,112	2,737	7,491
Changes in operating assets and liabilities	2,776	15,701	-9,033
Cash flow from operating activities	3,888	18,438	-1,542
Investing activities			
Sale/acquisitions of business operations	0	0	56
Property and equipment	-70	-103	73
Intangible assets	-3	-6	-30
Sale/acquisition of other financial fixed assets	0	0	-456
Net investments in debt securities, held to maturity	-2	6	375
Cash flow from investing activities	-75	-103	19
Financing activities			
Increase in par value and share premium	0	0	6,000
Cash flow from financing activities	0	0	6,000
Cash flow for the period	3,813	18,335	4,477
Cash and cash equivalents at beginning of period	19,902	15,425	15,425
Cash and cash equivalents at end of period	23,715	33,760	19,902
Change	3,813	18,335	4,477
Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (NOKm):	2016	2015	2015
Cash and balances with central banks	2,302	13,220	6,860
Loans to credit institutions, payable on demand	21,413	20,540	13,042

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) 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 2015 Annual Report, except for the presentation of Net fee and commission income as described below. Below follows also information on changes in IFRSs implemented and published during the quarter.

Net fee and commission income

The presentation of Net fee and commission income has been changed to better reflect NBNs net return on different product lines. The main change compared with the earlier presentation is that income and related expenses are presented net as opposed to the earlier gross presentation.

New presentation of Net fee and commission income

	Q4	Q1	Full year
NOKm	2015	2015	2015
Asset management commissions	55	42	184
Life insurance	28	25	107
Deposit Products	12	8	41
Brokerage, securities issues and corporate finance	122	130	447
Custody and issuer services	23	21	91
Payments	35	23	113
Cards	105	111	476
Lending Products	245	271	1054
Guarantees and documentary payments	4	10	25
Other commission income	-24	45	62
Net fee and commission income	605	686	2,600

IFRS amendments implemented during the quarter

The following amendments published by IASB were implemented on 1 January 2016 but have not had any significant impact on Nordea's financial statements:

- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
- IAS 1 "Disclosure Initiative"
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Annual Improvements to IFRSs, 2012-2014 Cycle

New IFRS standards not yet implemented

IFRS 16 was issued in January 2016. The new standard sets out the principles for recognition, measurement, presentation and disclosure related to lease contracts and impacts mainly lessee accounting. It is effective as of 1 January 2019, however, early implementation is possible as long as IFRS 15 Revenue from Contracts with customers is implemented at the same time. The new standard has not yet been endorsed by the EU Commission.

Exchange rates

	Jan-Mar 2016	Full year 2015	Jan-Mar 2015
EUR 1 = NOK			
Income statement (average)	9.5273	8.9434	8.7313
Balance sheet (at end of period)	9.4145	9.6030	8.7035

USD 1 = NOK

Income statement (average)	8.6428	8.0624	7.7500
Balance sheet (at end of period)	8.2692	8.8206	8.0895

SEK 1 = NOK

Income statement (average)	1.0219	0.9562	0.9309
Balance sheet (at end of period)	1.0205	1.0450	0.9369

DKK 1 = NOK

Income statement (average)	1.2770	1.1991	1.1720
Balance sheet (at end of period)	1.2635	1.2868	1.1652

Note 2 - Segment reporting¹

	Wholesale Banking								Group Corporate Centre				Total Operating segments		Reconciliation ^{2,3}		Total Group	
	Retail Banking NO		CIB Total		Shipping, Offshore & Oil Services		Other Wholesale ^{3,4}		Group Corporate Centre		Wealth Management ⁴		Total Operating segments		Reconciliation ^{2,3}		Total Group	
	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015
Total operating income, NOKm	2 045	2 434	553	516	348	404	148	309	910	927	-127	-143	3 877	4 447	-812	-992	3 065	3 455
Operating profit, NOKm	840	1 211	397	303	223	341	-6	115	777	892	-88	-95	2 143	2 767	-548	-833	1 595	1 934
Loans to the public, NOKbn	419	409	39	34	53	52	1	0	0	0	0	0	512	495	0	0	512	495
Deposits and borrowings from the public, NOKbn	172	170	47	49	16	14	0	0	0	0	0	0	235	233	0	0	235	233

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 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015
	2016	2015	2016	2015	2016	2015	2016	2015
Total Operating segments	3,877	4,447	2,143	2,767	512	495	235	233
Reconciliation ²	-477	-558	-371	-549	0	0	0	0
Eliminations	0	0	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	-335	-433	-178	-284	0	0	0	0
Total	3,065	3,455	1,595	1,934	512	495	236	233

¹ Segment reporting has been changed as a consequence of organisational changes so far in 2016. 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 Retail Banking.

⁵ Income tax expense has been allocated amongst the segments based on internal reporting to the chief operating decision maker (GEM).

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 2015 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.

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 income¹

NOKm	Q1 2016	Q4 2015	Q1 2015	Full year 2015
Asset management commissions	39	55	42	184
Life insurance	30	28	25	107
Deposit Products	3	12	8	41
Brokerage, securities issues and corporate finance	73	122	130	447
Custody and issuer services	16	23	21	91
Payments	36	35	23	113
Cards	120	105	111	476
Lending Products	304	245	271	1054
Guarantees and documentary payments	9	4	10	25
Other commission income	10	-24	45	62
Net fee and commission income	640	605	686	2,600

¹ The presentation has been changed, see Note 1 Accounting policies for further information.

Note 4 - Net result from items at fair value

NOKm	Q1 2016	Q1 2015	Full year 2015
Shares/participations and other share-related instruments	16	17	41
Interest related instruments and foreign exchange gains/losses	58	289	358
Investment properties	3	0	3
Total	77	306	402

Note 5 - Other expenses

NOKm	Q1 2016	Q1 2015	Full year 2015
Information technology	182	147	673
Marketing and representation	18	24	96
Postage, transportation, telephone, and office expenses	33	43	156
Rents, premises and real estate expenses	84	111	442
Other	141	127	573
Total	458	452	1,940

Note 6 - Net loan losses

NOKm	Q1 2016	Q1 2015	Full year 2015
Divided by class			
Realised loan losses	-132	-91	-1,000
Allowances to cover realised loan losses	111	72	864
Recoveries on previous realised loan losses	18	15	64
Provisions	-481	-334	-1,273
Reversals of previous provisions	224	165	574
Loans to the public¹	-260	-173	-771
Provisions	-2	-89	-13
Reversals of previous provisions	1	0	14
Off-balance sheet items	-1	-89	1
Net loan losses	-261	-262	-770

¹ See Note 7 Loans and impairment.

Note 7 - Loans and impairment

NOKm	Total		
	31 Mar 2016	31 Dec 2015	31 Mar 2015
Loans, not impaired	541,369	524,659	529,270
Impaired loans	4,761	4,455	4,531
– Performing	1,954	2,649	1,923
– Non-performing	2,807	1,806	2,608
Loans before allowances	546,130	529,114	533,801
Allowances for individually assessed impaired loans	-2,284	-2,152	-2,531
– Performing	-1,116	-1,229	-840
– Non-performing	-1,168	-923	-1,691
Allowances for collectively assessed impaired loans	-854	-813	-629
Allowances	-3,138	-2,965	-3,160
Loans, carrying amount	542,992	526,149	530,641

NOKm	Central banks and credit institutions			The public		
	31 Mar 2016	31 Dec 2015	31 Mar 2015	31 Mar 2016	31 Dec 2015	31 Mar 2015
Loans, not impaired	31,040	14,131	35,444	510,329	510,528	493,826
Impaired loans	0	0	0	4,761	4,455	4,531
– Performing	0	0	0	1,954	2,649	1,923
– Non-performing	0	0	0	2,807	1,806	2,608
Loans before allowances	31,040	14,131	35,444	515,090	514,983	498,357
Allowances for individually assessed impaired loans	0	0	0	-2,284	-2,152	-2,531
– Performing	0	0	0	-1,116	-1,229	-840
– Non-performing	0	0	0	-1,168	-923	-1,691
Allowances for collectively assessed impaired loans	0	0	0	-854	-813	-629
Allowances	0	0	0	-3,138	-2,965	-3,160
Loans, carrying amount	31,040	14,131	35,444	511,952	512,018	495,197

Allowances and provisions

NOKm	31 Mar 2016	31 Dec 2015	31 Mar 2015
Allowances for items in the balance sheet	-3,139	-2,965	-3,160
Provisions for off balance sheet items	-44	-46	-135
Total allowances and provisions	-3,183	-3,011	-3,295

Key ratios

	31 Mar 2016	31 Dec 2015	31 Mar 2015
Impairment rate, gross ¹ , basis points	87	84	85
Impairment rate, net ² , basis points	45	44	37
Total allowance rate ³ , basis points	57	56	59
Allowances in relation to impaired loans ⁴ , %	48	48	56
Total allowances in relation to impaired loans ⁵ , %	66	67	70
Non-performing, not impaired, NOKm	609	920	447

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	2,302						2,302
Loans to central banks and credit institutions	30,652		388				31,040
Loans to the public	511,820		131				511,951
Interest-bearing securities		5,513	31,019			69,154	105,686
Financial instruments pledged as collateral			1				1
Shares			56	127			182
Derivatives			65		7,758		7,823
Fair value changes of the hedged items in portfolio							
hedge of interest rate risk	528						528
Other assets	1,191			1,036			2,228
Prepaid expenses and accrued income	1,836						1,836
Total 31 Mar 2016	548,329	5,513	31,660	1,163	7,758	69,154	663,577
Total 31 Dec 2015	535,242	5,510	37,600	770	5,566	71,605	656,293
Total 31 Mar 2015	548,662	5,881	44,390	561	6,343	47,209	653,046

	Financial liabilities at fair value through profit or loss				
	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
NOKm					
Liabilities					
Deposits by credit institutions	233			239,780	240,013
Deposits and borrowings from the public	220			235,241	235,461
Debt securities in issue				104,373	104,373
Derivatives	1,789		2,172		3,961
Fair value changes of the hedged items in portfolio hedge of interest rate risk				1,844	1,844
Other liabilities		2,858		1,344	4,202
Accrued expenses and prepaid income				863	863
Subordinated liabilities				10,165	10,165
Total 31 Mar 2016	2,242	2,858	2,172	593,610	600,882
Total 31 Dec 2015	1,008	3,220	1,107	589,268	594,604
Total 31 Mar 2015	1,959	1,650	1,136	595,194	599,939

Note 9 - Fair value of financial assets and liabilities

NOKm	31 Mar 2016		31 Dec 2015	
	Carrying amount	Fair value ¹	Carrying amount	Fair value ¹
Financial assets				
Cash and balances with central banks	2,302	2,302	6,860	6,860
Loans	543,519	534,498	526,622	536,694
Interest-bearing securities	105,686	105,687	107,860	107,877
Financial instruments pledged as collateral	1	1	75	75
Shares	182	182	413	413
Derivatives	7,823	7,823	11,612	11,612
Other assets	2,228	2,228	988	988
Prepaid expenses and accrued income	1,836	1,836	1,863	1,863
Total	663,577	654,557	656,293	666,382
Financial liabilities				
Deposits and debt instruments	581,691	581,690	588,901	588,803
Derivatives	3,961	3,961	1,622	1,622
Other liabilities	5,065	5,065	3,294	3,294
Accrued expenses and prepaid income	10,165	10,165	787	787
Total	600,882	600,881	594,604	594,506

¹The determination of fair value is described in the 2015 Annual Report, Note 39 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	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)	Total
Assets at fair value on the balance sheet¹				
Loans to central banks and credit institutions	0	388	0	388
Loans to the public	0	131	0	131
Interest-bearing securities	40,645	59,529	0	100,174
Shares ²	1	0	182	183
Derivatives	46	7,777	0	7,823
Other assets	0	1,036	0	1,036
Investment properties	0	0	65	65
Total 31 Mar 2016	40,692	68,861	247	109,800
Total 31 Dec 2015	39,624	75,732	239	115,595
Liabilities at fair value on the balance sheet¹				
Deposits by credit institutions	0	233	0	233
Deposits and borrowings from the public	0	220	0	220
Derivatives	56	3,905	0	3,961
Other liabilities	0	2,858	0	2,858
Total 31 Mar 2016	56	7,216	0	7,272
Total 31 Dec 2015	58	5,278	0	5,336

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

² Of which NOK 1m 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 2015 Annual Report, Note 39 Assets and liabilities at fair value.

Transfers between level 1 and 2

During the period, Nordea transferred interest-bearing securities of NOK 1m from Level 2 to Level 1. 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 3¹

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 2016	Unrealised fair value gains/losses recorded in the income statement	Purchases	Sales	Translation differences	31 Mar 2016
Assets						
Shares	184	0	0	0	-2	182

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 relate 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	182	Discounted cash flow/net asset value
Total 31 Mar 2016	182	

Note 11 - Capital adequacy

These figures are according to part 8 of CRR

Summary of items included in own funds

NOKm	31 Mar 2016	31 Dec ¹ 2015	31 Mar 2015
Calculation of own funds			
Equity in the consolidated situation	56,118	56,731	45,054
Proposed/actual dividend			
Common Equity Tier 1 capital before regulatory adjustments	56,118	56,731	45,054
Deferred tax assets			
Intangible assets	-119	-118	-151
IRB provisions shortfall (-)	-447	-330	-141
Deduction for investments in credit institutions (50%)			
Pension assets in excess of related liabilities	-1	-0	-1
Other items, net	-243	-609	-168
Total regulatory adjustments to Common Equity Tier 1 capital	-810	-1,057	-461
Common Equity Tier 1 capital (net after deduction)	55,308	55,674	44,593
Additional Tier 1 capital before regulatory adjustments	4,441	4,677	4,539
Total regulatory adjustments to Additional Tier 1 capital			
Additional Tier 1 capital	4,441	4,677	4,539
Tier 1 capital (net after deduction)	59,749	60,351	49,132
Tier 2 capital before regulatory adjustments	4,548	4,852	4,449
IRB provisions excess (+)/shortfall (-)			
Deduction for investments in credit institutions (50%)			
Deductions for investments in insurance companies			
Pension assets in excess of related liabilities			
Other items, net			
Total regulatory adjustments to Tier 2 capital			
Tier 2 capital	4,548	4,852	4,449
Own funds (net after deduction)	64,297	65,203	53,581

¹ Including profit

Own Funds including profit

NOKm	31 Mar 2016	31 Dec 2015	31 Mar 2015
Common Equity Tier 1 capital, including profit	56,195	55,674	46,069
Total Own Funds, including profit	65,184	65,203	55,058

Note 11 - Capital adequacy cont.

Minimum capital requirement and REA

	31 Mar 2016	31 Mar 2016	31 Dec 2015	31 Dec 2015	31 Mar 2015	31 Mar 2015
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
NOKm						
Credit risk	15,224	190,303	15,342	191,783	14,735	184,194
- of which counterparty credit risk	127	1,593	239	2,986	186	2,324
IRB	13,693	171,161	13,986	174,827	13,064	163,301
- corporate	10,125	126,567	10,196	127,454	9,631	120,384
- <i>advanced</i>	9,585	119,813	9,626	120,328	9,081	113,504
- <i>foundation</i>	540	6,754	570	7,126	550	6,880
- institutions	577	7,211	612	7,646	364	4,552
- retail	2,696	33,698	2,932	36,646	2,846	35,574
- <i>secured by immovable property collateral</i>	2,109	26,359	2,226	27,827	2,145	26,816
- <i>other retail</i>	587	7,339	706	8,819	701	8,758
- other	295	3,685	246	3,081	223	2,791
Standardised	1,531	19,142	1,356	16,956	1,671	20,893
- central governments or central banks	0	1	0	1	0	1
- regional governments or local authorities	29	368	21	265	13	163
- public sector entities	1	15	1	13	1	13
- multilateral development banks						
- international organisations						
- institutions	729	9,108	584	7,303	922	11,522
- corporate	7	93	8	104	5	62
- retail	521	6,509	514	6,422	480	6,005
- secured by mortgages on immovable properties						
- in default	4	44	5	57	6	74
- associated with particularly high risk						
- covered bonds						
- institutions and corporates with a short-term credit assessment						
- collective investments undertakings (CIU)						
- equity	62	775	62	774	10	130
- other items	178	2,229	161	2,017	234	2,923
Credit Value Adjustment Risk	33	410	56	690	57	710
Market risk	274	3,424	272	3,405	164	2,049
- trading book, Internal Approach	248	3,099	239	2,990	115	1,436
- trading book, Standardised Approach	26	325	33	415	49	613
- banking book, Standardised Approach						
Operational risk	1,894	23,671	1,826	22,822	1,826	22,822
Standardised	1,894	23,671	1,826	22,822	1,826	22,822
Additional risk exposure amount, Article 3 CRR	144	1,801	145	1,809		
Sub total	17,569	219,609	17,641	220,509	16,782	209,775
Adjustment for Basel I floor						
Additional capital requirement according to Basel I floor1	10,431	130,391	10,697	133,718	11,194	139,928
Total	28,000	350,000	28,338	354,227	27,976	349,703

Note 11 - Capital adequacy cont.

Minimum Capital Requirement & Capital Buffers

Percentage	Minimum Capital requirement	Capital Buffers					Total
		CCoB	CCyB	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	15,750	8,750	2,856	3,500	10,500	25,606	41,356
Tier 1 capital	21,000	8,750	2,856	3,500	10,500	25,606	46,606
Own funds	28,000	8,750	2,856	3,500	10,500	25,606	53,606

Common Equity Tier 1 available to meet Capital Buffers

	31 Mar ² 2016	31 Dec ^{1,2} 2015	31 Mar 2015
Percentage points of REA			
Common Equity Tier 1 capital ¹	10.4	10.4	12.2

¹ Including profit of the period.

² Including Basel I floor.

Capital ratios

Percentage	31 Mar 2016	31 Dec 2015	31 Mar 2015
Common Equity Tier 1 capital ratio, including profit	25.6	25.2	22.0
Tier 1 capital ratio, including profit	27.6	27.4	24.1
Total Capital ratio, including profit	29.7	29.6	26.2
Common Equity Tier 1 capital ratio, excluding profit	25.2	23.1	21.3
Tier 1 capital ratio, excluding profit	27.2	25.2	23.4
Total Capital ratio, excluding profit	29.3	27.4	25.5

Capital ratios including Basel I floor

Percentage	31 Mar 2016	31 Dec 2015	31 Mar 2015
Common Equity Tier 1 capital ratio, including profit	16.1	15.7	13.2
Tier 1 capital ratio, including profit	17.3	17.0	14.5
Total Capital ratio, including profit	18.6	18.4	15.7
Common Equity Tier 1 capital ratio, excluding profit	15.8	14.4	12.8
Tier 1 capital ratio, excluding profit	17.1	15.7	14.0
Total Capital ratio, excluding profit	18.4	17.0	15.3

Leverage ratio

	31 Mar 2016	31 Dec ¹ 2015	31 Mar 2015
Tier 1 capital, transitional definition, NOKm ¹	59,749	60,351	49,132
Leverage ratio exposure, NOKm	794,117	791,786	787,571
Leverage ratio, percentage	7.5	7.6	6.2

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:	9,872	901	10,832	687	62
<i>of which</i>					
- rating grades 6	121	2	131	2	16
- rating grades 5	1,801	332	2,102	260	32
- rating grades 4	4,784	445	5,241	333	62
- rating grades 3	2,513	100	2,706	75	90
- rating grades 2	117		113		156
- rating grades 1	22		23		221
- unrated	157	22	160	17	101
- defaulted	357	0	356	0	0
Corporate, advanced IRB:	227,297	81,907	264,084	39,549	45
<i>of which</i>					
- rating grades 6	11,243	9,489	16,078	4,807	13
- rating grades 5	48,286	33,859	65,327	17,027	27
- rating grades 4	116,235	31,138	129,764	14,303	41
- rating grades 3	31,366	4,476	33,475	2,325	65
- rating grades 2	13,625	2,167	13,003	972	121
- rating grades 1	203	21	206	13	116
- unrated	1,921	443	1,962	102	122
- defaulted	4,418	314	4,269		154
Institutions, foundation IRB:	48,186	4,569	58,022	3,909	12
<i>of which</i>					
- rating grades 6	42,220	5	44,729	323	6
- rating grades 5	4,335	1,073	8,944	968	18
- rating grades 4	1,157	3,483	4,064	2,612	64
- rating grades 3	302		51		88
- rating grades 2	73	8	79	6	197
- rating grades 1	0		0		236
- unrated	99	0	155	0	83
- defaulted					
Retail, secured by real estate:	223,082	18,760	229,218	6,136	11
<i>of which</i>					
- scoring grades A	164,321	16,386	169,650	5,329	5
- scoring grades B	29,009	1,289	29,433	425	11
- scoring grades C	12,766	478	12,935	169	23
- scoring grades D	7,374	280	7,477	102	43
- scoring grades E	6,999	286	7,096	97	68
- scoring grades F	1,464	31	1,474	10	111
- not scored	100	3	101	1	40
- defaulted	1,049	7	1,052	3	226
Retail, other retail:	29,348	11,516	34,522	5,177	21
<i>of which</i>					
- scoring grades A	16,759	7,343	19,953	3,194	8
- scoring grades B	4,797	1,645	5,563	766	17
- scoring grades C	2,573	1,071	3,093	522	33
- scoring grades D	1,804	603	2,104	301	47
- scoring grades E	2,528	526	2,764	236	50
- scoring grades F	441	87	481	40	74
- not scored	73	179	162	89	38
- defaulted	373	62	402	29	249
Other non credit-obligation assets:	4,105		3,685		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	Trading book, IM		Trading book, SA		Banking book, SA		Total
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA
NOKm							
Interest rate risk & other ¹	5		86	7			91
Equity risk	805	64	239	19			1,044
Foreign exchange risk							
Commodity risk							
Settlement risk							
Diversification effect	-5						-5
Stressed Value-at-Risk	2,294	184					2,294
Incremental Risk Measure							
Comprehensive Risk Measure							
Total	3,099	248	325	26			3,424

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 2015 Annual Report.

The deteriorating macroeconomic situation has 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	Q1 2016	Q1 2015	Full year 2015
Operating income			
Interest income	3,273	3,539	13,820
Interest expense	-1,489	-1,810	-6,804
Net interest income	1,784	1,729	7,016
Fee and commission income	760	842	3,314
Fee and commission expense	-162	-198	-871
Net fee and commission income	598	644	2,443
Net result from items at fair value	98	333	406
Dividends and group contribution	0	0	1,808
Other operating income	148	64	317
Total operating income	2,628	2,770	11,990
Operating expenses			
General administrative expenses:			
Staff costs	-671	-734	-3,116
Other expenses	-442	-418	-1,796
Depreciation of tangible and intangible assets	-17	-20	-79
Total operating expenses	-1,130	-1,172	-4,991
Profit before loan losses	1,498	1,598	6,999
Net loan losses	-242	-247	-709
Operating profit	1,256	1,351	6,290
Income tax expense	-319	-342	-1,558
Net profit for the period	937	1,009	4,732

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Balance sheet

	31 Mar	31 Dec	31 Mar
NOKm	2016	2015	2015
Assets			
Cash and balances with central banks	2,302	6,860	13,220
Loans to central banks and credit institutions	64,332	54,668	69,108
Loans to the public	377,892	381,338	366,808
Interest-bearing securities	105,356	107,525	96,068
Financial instruments pledged as collateral	1	75	215
Shares	179	410	342
Derivatives	8,127	11,885	8,258
Fair value changes of the hedged items in portfolio hedge of interest rate risk	467	409	445
Investments in group undertakings	7,218	7,218	5,814
Investments in associated undertakings	417	417	417
Intangible assets	79	82	83
Property and equipment	484	489	531
Investment property	1	1	1
Other assets	2,874	1,566	3,969
Prepaid expenses and accrued income	1,198	1,051	1,038
Total assets	570,927	573,994	566,317
Liabilities			
Deposits by central banks and credit institutions	245,042	245,516	257,400
Deposits and borrowings from the public	235,543	240,525	233,232
Debt securities in issue	9,167	9,131	5,199
Derivatives	9,190	8,456	8,087
Fair value changes of the hedged items in portfolio hedge of interest rate risk	95	19	65
Current tax liabilities	859	0	1,056
Other liabilities	6,780	6,115	8,429
Accrued expenses and prepaid income	1,121	1,027	1,112
Deferred tax liabilities	1,726	2,468	985
Provisions	285	303	267
Retirement benefit obligations	2,160	1,369	2,234
Subordinated liabilities	10,165	10,625	10,012
Total liabilities	522,133	525,554	528,078
Equity			
Share capital	4,962	4,962	4,411
Share premium reserve	8,850	8,850	3,402
Other reserves	140	723	244
Retained earnings	34,842	33,905	30,182
Total equity	48,794	48,440	38,239
Total liabilities and equity	570,927	573,994	566,317
Assets pledged as security for own liabilities	171,194	82,893	71,394
Contingent liabilities	2,119	7,232	6,583
Commitments	116,312	191,352	192,591

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