

Interim Report 2nd quarter 2016

Nordea Bank Norge Group

Nordea is among the ten largest universal banks in Europe in terms of total market capitalisation and has around 11 million customers, 30,000 employees and approximately 600 branch office locations. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges. We have a broad expertise across the wide range of products, services and solutions that we provide within banking, asset management and insurance. In Nordea we build trusted relationships through our strong engagement with both customers and society.

Key financial figures¹

Income statements

	Q2	Q1	Change	Q2	Change	Jan-Jun	Jan-Jun	Change
NOKm	2016	2016	%	2015	%	2016	2015	%
Net interest income	2,354	2,278	3	2,292	3	4,632	4,677	-1
Net fee and commission income	724	640	13	650	11	1,364	1,337	2
Net result from items at fair value	152	77	97	106	43	229	412	-44
Equity method	37	20		33		57	68	
Other operating income	64	50		46		114	88	
Total operating income	3,331	3,065	9	3,127	7	6,396	6,582	-3
Staff costs	-733	-715	3	-745	-2	-1,448	-1,520	-5
Other expenses	-484	-458	6	-440	10	-942	-892	6
Depreciation of tangible and intangible assets	-32	-36	-11	-33	-3	-68	-65	5
Total operating expenses before loan losses	-1,249	-1,209	3	-1,218	3	-2,458	-2,477	-1
Profit before loan losses	2,082	1,856	12	1,909	9	3,938	4,105	-4
Net loan losses	-354	-261	36	-190	86	-615	-452	36
Operating profit	1,728	1,595	8	1,719	1	3,323	3,653	-9
Income tax expense	-409	-350	17	-469	-13	-759	-926	-18
Net profit for the period	1,319	1,245	6	1,250	6	2,564	2,727	-6

Business volumes, key items

	30 Jun	31 Mar	Change	30 Jun	Change
NOKbn	2016	2016	%	2015	%
Loans to the public	518.0	512.0	1	499.4	4
Deposits and borrowings from the public	236.3	235.5	0	230.0	3
Equity	58.6	57.3	2	54.3	8
Total assets	679.2	668.0	2	640.0	6

Ratios and key figures

	Q2 ³	Q1 ⁴	Q2 ⁴	Jan-Jun ³	Jan-Jun ⁴
	2016	2016	2015	2016	2015
Basic/diluted Earnings per share (EPS), NOK	2.4	2.3	2.3	4.6	4.9
EPS, rolling 12 months up to period end, NOK	9.0	8.9	10.1	9.0	10.1
Equity per share ² , NOK	106.3	103.9	98.5	106.3	98.5
Shares outstanding ² , million	551	551	551	551	551
Return on equity, %	9.1	8.7	9.9	8.9	11.3
Return on assets ² , %	0.8	0.7	0.8	0.8	0.9
Cost/income ratio, %	37	39	39	38	38
Loan loss ratio, basis points	27	20	15	24	18
Common Equity Tier 1 capital ratio, excl. Basel I floor ² , %	26.3	25.2	24.9	26.3	24.9
Tier 1 capital ratio, excl. Basel I floor ² , %	28.3	27.2	27.1	28.3	27.1
Total capital ratio, excl. Basel I floor ² , %	30.6	29.3	29.2	30.6	29.2
Common Equity Tier 1 capital ratio, incl. Basel I floor ² , %	16.1	15.8	14.8	16.1	14.8
Tier 1 capital ratio, incl. Basel I floor ² , %	17.3	17.1	16.1	17.3	16.1
Total capital ratio, incl. Basel I floor ² , %	18.7	18.4	17.4	18.7	17.4
Tier 1 capital, NOKm	62,079	59,749	55,758	62,079	55,758
Risk exposure amount incl. Basel I floor ² , % NOKbn	359	350	346	359	346
Number of employees (full-time equivalents) ²	2,703	2,668	2,689	2,703	2,689

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

² End of period.

³ Capital ratios including profit for the period.

⁴ Capital ratios excluding profit for the period.

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 National Accounts continued to show close to zero growth in the mainland economy for Q1, in line with the picture from the second half of 2015. Business surveys' figures and labour market data showed that the weakness mainly was due to the continued downward pressure in oil related industries. Meanwhile, the overall unemployment level came down during Q2 after stabilising in Q1. Retail sales data was generally weak, but showed some strength towards the end of Q2. House prices overall continued to increase in Q2 but the picture was mixed with Oslo and surrounding areas rising strongly while areas more closely related to the oil sector showed weakness. Core inflation came down by 0.2% during the quarter but was still at elevated levels of around 3% y/y, predominantly driven by a historically weak krone. Norges Bank kept key rates unchanged at 0.5%, but signalled that more easing could come later this year. Norwegian equities rose by 4.7% during the second quarter while the oil price came up by about 25%. The 10-year government bond yield dropped 20bps to 0.99%. The Norwegian krone strengthened by 2% in trade weighted terms.

Business development

Net profit in the second quarter amounted to 1,319m, up from 1,250m in the same period last year. The first half year ended at 2,564m compared to 2,727m last year.

Retail banking

Retail Banking developed the seamless customer experiences across different channels further with deliveries on digital signatures. The activity level measured by number of meetings increased further, and during Q2 more than 20% of personal customer meetings were online meetings. Retail Banking improved its income from last quarter. The development was mainly driven by improved corporate lending margins, stable household lending margins, increased household lending volumes, and savings fee and commission income due to high activity.

From July 1, Retail Banking was split into two new business areas: Personal Banking and Commercial & Business Banking, to become even more focused on how we serve our customers.

Wholesale banking

Corporate & Institutional Banking (CIB)

Deal activity has been good during the second quarter of 2016. Lending volumes have increased even though competition in the market for corporate lending continues to be tough. The volatility (weakening) in the Norwegian krone has had a positive effect on products related to currency hedging, and at the end of June as Brexit was announced, many companies utilized the opening in the market to enter into interest rate swaps.

Capital markets

The second quarter improved mainly due to increased hedging activity for FX and interest rates. The window for primary transaction in the high yield market also opened during the quarter, but few issuers managed to make use of the window before Brexit put an effective stop before the summer.

Shipping, Offshore & Oil Services

Total income was up from previous quarter. The increase mainly came from higher lending fees. The offshore market continues to be affected by low oil prices and reduced exploration and oil production spending among oil and gas companies.

First half year 2016 compared to first half year 2015

Income

Total income is down from 6,582m to 6,396m.

Net interest income

Net interest income has been under pressure due to lower lending margins and has decreased 1% to 4,632m. Retail banking household and corporate lending margins are down due to interest rate reductions and strong competition. Shipping and CIB is experiencing the same downward trend. During the second quarter of 2016, the lending margins towards corporate have improved. The decrease in net interest income is partly offset by reduced interest rates on deposits and growth of volume in household lending and deposits.

Lending to the public increased by 4% to 518bn. Household lending grew 7% driven by mortgage lending. Corporate lending volumes are marginally up 0.5%.

Total deposits from the public increased by 3% to 236bn at the end of the period. CIB is the main contributor but Retail corporate and household are also up. Shipping is showing a decrease.

Net fee and commission income

Net fee and commission income increased 2%, ending at 1,364m. The increase stems mainly from business driven lending related activities offset by decreased payment

related commissions as a result of sale of Merchant Acquiring business to Nets in 2015.

Net result from items at fair value

Net result from items at fair value ended at 229m, down from 412m last year. The decrease is mainly related to gain from sale of a debt portfolio in Retail Banking during the first half of 2015. It is partly offset by Treasury portfolio improving slightly with USD Bonds/swaps spreads widening in the beginning of the year.

Equity method

Net result for companies accounted for using the equity method amounted to 57m, 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 11m compared to last year relates to general market conditions and related effects on credit spreads.

Other operating income

Other income amounted to 114m compared to 88m in the same period last year.

Expenses

Total operating expenses were down by 1% and ended at 2,458m compared to 2,477m in the same period last year. A decrease of staff related costs were slightly offset by an increase in IT related expenses. The cost/income ratio was unchanged at 38%. Number of employees (FTEs) is up by 0.5%.

Net loan losses

Net loan losses are up from 452m to 615m. The increase relates primarily to an increase in collective provisions and a small increase in individual loan losses. Net loan loss ratio (annualised) in 2016 equals 24bp compared to 18bp in 2015.

Taxes

The effective tax rate was 22.8%, down from 25.3 % from the same period last year.

Net profit

Net profit for the first half of 2016 was 2,564m and decreased 6% compared to the same period last year. Return on equity (annualised) for the first six months of 2016 was 8.9% compared to 11.3% last year.

Second quarter 2016 compared to the first quarter 2016

Income

Total income had a 9% increase from previous quarter to 3,331m.

Net interest income increased 3%, driven by improved

margins for corporate lending, primarily within Retail and CIB. Growth in lending volumes for household and corporate volumes in CIB contributes positively. Reduced interest rate on deposits within Retail also contributes to the increase. Total lending to public increased 1% while deposit volume was unchanged.

Net fee and commission income increased 13% from last quarter. Lending related commission in the second quarter remained on a high level from Q1. In addition the quarter had a positive business driven development in brokerage, issuing securities and corporate finance activities.

Net result from items at fair value amounted to 152m in Q2. The increase from 77m in Q1 was driven primarily by activity within FX and interest rate related instruments.

Expenses

Total operating expenses are up 3% due to an increase within staff costs and other expenses. Cost/income ratio was 37% compared to 39% in Q1.

Net loan losses

Total net loan losses for Q2 2016 was 354m, up from 261m in Q1 2016. Net loan losses of 354m consist of 229m in individual loan losses, compared to 219m in Q1, and an increase in collective provisions from previous quarter of 125m. The increase in collective provisions is mainly due to the uncertainty within the oil and offshore sector.

Net profit

Net profit has increased from 1,245m previous quarter to 1,319m.

Other information

Credit portfolio

Total lending to the public increased 1% compared to the previous quarter.

Impaired loans gross is up 34% compared to one year ago and has increased 13% from three months ago ending at 5,360m. 49% of impaired loans gross are performing loans and 51% are non-performing loans.

The total allowance rate is 61 basis points, compared to 56 basis points one year ago and 57 basis points at the end of last quarter. The industries with the largest allowances were industrial commercial services, shipping and offshore, other financial institutions, real estate management and consumer durables.

Balance Sheet

Total assets in the balance sheet grew 6% compared to one year ago and increased 2% compared to previous quarter. The main drivers of change in the last twelve

months have been increased lending to the public, primarily within household, and interest bearing securities through Nordea's funding operation. Other assets have also increased and relates to several minor items. The main growth in liabilities is related to debt securities in issue, where NBN has issued more bonds. Other liabilities are also up and the increase is spread across several items.

Capital position and risk-weighted exposure

NBN's Common Equity Tier 1 capital ratio excluding Basel I rules was 26.3% including profit (25.3% excluding profit) at the end of the second quarter, an increase of 0.7 percentage points from the end of the previous quarter.

Including profit, the Tier 1 capital ratio excluding Basel I rules increased 0.7 percentage points to 28.3% (27.3% excluding profit). The Total capital ratio excluding Basel I rules, including profit increased 0.9 percentage points to 30.6% (29.5% excluding profit).

Risk Exposure Amount, REA (previously referred to as risk-weighted assets) was NOK 219bn excluding Basel I rules, a decrease of NOK 0.5bn, or 0.2% compared to the previous quarter. The decrease was mainly driven by decreased market risk where stressed value-at-risk was the main driver. The overall decrease was somewhat offset by the IRB institution portfolio and to a lesser extent the institution portfolio in the standardised approach.

The Common Equity Tier 1 ratio including Basel I rules was 16.1% including profit (15.4% excluding profit) at the end of the second quarter. Including profit, the Own Funds was NOK 67bn (65bn excluding profit), whereas the Tier 1 capital was NOK 62bn including profit (NOK 60bn excluding profit) and the Common Equity Tier 1 capital was NOK 58bn including profit (55bn excluding profit).

Liquidity coverage ratio

For Nordea Bank Norge Group combined LCR, as specified by Delegated Act, was 119%, NOK LCR 39%, EUR LCR 34% and USD LCR 471%. For Nordea Bank Norge ASA combined LCR was 122%, NOK LCR 36%, EUR LCR 34% and USD LCR 475%.

Regulation

On June 27, Finanstilsynet published "Finanstilsynets praksis for vurdering av risiko og kapitalbehov". The document outlines Finanstilsynet's methods for calculation of Pillar 2 add-ons.

Nordea's funding and liquidity operations

The NBN group, through its subsidiary Nordea Eiendomskreditt AS (NEK), issued approximately 21.5bn of covered bonds in the first half year of 2016, whereof 5.6bn in GBP. Amounts maturing and purchased back

were approximately 6.7bn during the first half year of 2016. A total of approximately 94.3bn has been rated and sold in the open market of NEK bonds (approximately 8.4bn issued in USD and 12.7bn in GBP). For further information on liquidity management see the Annual Report 2015.

Progress on the simplification programme and compliance procedures

In the beginning of June our first product successfully went live on our core banking platform. This was achieved less than six months after installing the model bank. The product is a fixed term deposit, accessible 24/7, fully digitised and offered to Nordea employees in Finland. In June, all incoming and outgoing SEPA Interbank payments for Baltics and Nordic non-Euro countries were successfully added to our Global Payment Engine. The next step will be SEPA Interbank payments in Finland.

On May 17, the Swedish Financial Authority approved the plans for the mergers of the Norwegian, Danish and Finnish banking subsidiaries with NBAB. Our intention is to execute on the merger plan in early January 2017. The changes to the legal structure depend among other things on regulatory approvals and a satisfactory outcome of discussions with the local authorities.

In mid-April we initiated an internal investigation in full co-operation with all relevant authorities to verify that the business activities in our Private Banking operations are in line with internal policies as well as external tax rules and anti-money laundering regulations. The investigation covered Panama-related offshore structures in Nordea Bank S.A. in Luxembourg (NBSA) as well as Nordic Private Banking. The main conclusions from the investigation are presented in a separate press release that Nordea issued today.

Although there are many challenges remaining, we can start to report progress in our simplification program and compliance procedures and we are getting closer to be the bank our customers want us to be.

Quarterly development

NOKm	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Jan-Jun 2016	Jan-Jun 2015
Net interest income	2,354	2,278	2,307	2,350	2,292	4,632	4,677
Net fee and commission income	724	640	605	658	650	1,364	1,337
Net result from items at fair value	152	77	16	-26	106	229	412
Equity method	37	20	49	140	33	57	68
Other operating income	64	50	104	44	46	114	88
Total operating income	3,331	3,065	3,081	3,166	3,127	6,396	6,582
General administrative expenses:							
Staff costs	-733	-715	-1,012	-757	-745	-1,448	-1,520
Other expenses	-484	-458	-602	-446	-440	-942	-892
Depreciation of tangible and intangible assets	-32	-36	-37	-33	-33	-68	-65
Total operating expenses before loan losses	-1,249	-1,209	-1,651	-1,236	-1,218	-2,458	-2,477
Profit before loan losses	2,082	1,856	1,430	1,930	1,909	3,938	4,105
Net loan losses	-354	-261	-196	-122	-190	-615	-452
Operating profit	1,728	1,595	1,234	1,808	1,719	3,323	3,653
Income tax expense	-409	-350	-185	-461	-469	-759	-926
Net profit for the period	1,319	1,245	1,049	1,347	1,250	2,564	2,727
Basic/diluted Earnings per share (EPS), NOK	2.4	2.3	1.9	2.4	2.3	4.6	4.9
EPS, rolling 12 months up to period end, NOK	9.0	8.9	9.3	10.0	10.1	9.0	10.1

Income statements

NOKm	Note	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Operating income						
Interest income		4,085	4,463	8,203	9,047	17,591
Interest expense		-1,731	-2,171	-3,571	-4,370	-8,257
Net interest income		2,354	2,292	4,632	4,677	9,334
Fee and commission income		912	869	1,716	1,756	3,482
Fee and commission expense		-188	-219	-352	-419	-882
Net fee and commission income	3	724	650	1,364	1,337	2,600
Net result from items at fair value	4	152	106	229	412	402
Equity method		37	33	57	68	257
Other operating income		64	46	114	88	236
Total operating income		3,331	3,127	6,396	6,582	12,829
Operating expenses						
General administrative expenses:						
Staff costs		-733	-745	-1,448	-1,520	-3,289
Other expenses	5	-484	-440	-942	-892	-1,940
Depreciation of tangible and intangible assets		-32	-33	-68	-65	-135
Total operating expenses before loan losses		-1,249	-1,218	-2,458	-2,477	-5,364
Profit before loan losses		2,082	1,909	3,938	4,105	7,465
Net loan losses	6	-354	-190	-615	-452	-770
Operating profit		1,728	1,719	3,323	3,653	6,695
Income tax expense		-409	-469	-759	-926	-1,572
Net profit for the period		1,319	1,250	2,564	2,727	5,123
Attributable to:						
Shareholder of Nordea Bank Norge ASA		1,319	1,250	2,564	2,727	5,123
Total		1,319	1,250	2,564	2,727	5,123
Basic/diluted Earnings per share (EPS), NOK		2.4	2.3	4.7	4.9	9.3

Statements of comprehensive income

NOKm	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net profit for the period	1,319	1,250	2,564	2,727	5,123
Items that may be reclassified subsequently to the income statement					
Available-for-sale investments: ²					
Valuation gains/losses taken to equity	156	-47	215	-89	-523
Tax on valuation gains/losses during the period	-38	13	-53	24	131
Cash flow hedges:					
Valuation gains/losses during the period	-43	-37	-56	21	135
Tax on valuation gains/losses during the period	11	10	14	-6	-32
Items that may not be reclassified subsequently to the income statement					
Defined benefit plans:					
Remeasurement of defined benefit plans	-110	841	-994	732	913
Tax on remeasurement of defined benefit plans	28	-228	249	-198	-225
Other comprehensive income, net of tax	4	552	-625	484	399
Total comprehensive income¹	1,322	1,802	1,939	3,211	5,522

¹ Attributable to shareholder 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.

Nordea Bank Norge ASA
Oslo, 19 July 2016

Topi Manner
Chairman

Tom Johannessen
Deputy Chairman

Tone Wille

Hans Chr. Riise
Employee representative

Snorre Storset
Chief Executive Officer

Balance sheets

NOKm	Note	30 Jun 2016	31 Dec 2015	30 Jun 2015
Assets				
Cash and balances with central banks		1,995	6,860	5,536
Loans to central banks and credit institutions	7	36,653	14,131	24,957
Loans to the public	7	518,003	512,018	499,394
Interest-bearing securities		106,926	107,860	92,586
Financial instruments pledged as collateral		0	75	222
Shares		171	413	354
Derivatives	12	6,856	11,612	8,107
Fair value changes of the hedged items in portfolio hedge of interest rate risk		484	473	367
Investments in associated undertakings		1,808	1,751	1,563
Intangible assets		163	159	158
Property and equipment		1,140	1,232	1,091
Investment property		13	55	65
Current tax assets		0	0	328
Other assets		3,032	1,857	3,411
Prepaid expenses and accrued income		1,930	1,946	1,966
Total assets		679,174	660,442	640,105
Liabilities				
Deposits by central banks and credit institutions		251,177	245,461	245,001
Deposits and borrowings from the public		236,334	240,430	230,041
Debt securities in issue		103,581	90,759	85,439
Derivatives	12	3,721	1,622	1,615
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,791	1,625	1,328
Current tax liabilities		2,358	359	1,598
Other liabilities		5,354	6,112	5,565
Accrued expenses and prepaid income		1,740	1,891	1,864
Deferred tax liabilities		1,731	3,194	1,807
Provisions		282	304	249
Retirement benefit obligations		2,271	1,416	1,450
Subordinated liabilities		10,252	10,625	9,814
Total liabilities		620,592	603,798	585,771
Equity				
Share capital		4,962	4,962	4,962
Share premium reserve		8,850	8,850	8,850
Other reserves		145	771	856
Retained earnings		44,625	42,061	39,666
Total equity		58,582	56,644	54,334
Total liabilities and equity		679,174	660,442	640,105
Assets pledged as security for own liabilities		178,334	179,714	171,936
Contingent liabilities		2,096	2,166	1,736
Commitments		115,932	118,390	114,699

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			-41	161	-745	2,564	1,939
Closing balance at 30 Jun 2016	4,962	8,850	150	-53	48	44,625	58,582

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 investments	Defined benefit plans		
Opening balance at 1 Jan 2015	4,411	3,402	88	178	105	36,936	45,120
Total comprehensive income			16	-65	534	2,727	3,212
Increase in par value and share premium	551	5,449				0	6,000
Share-based payments ²						2	2
Closing balance at 30 Jun 2015	4,962	8,850	104	113	639	39,666	54,334

¹ Total shares registered were 551m (31 Dec 2015: 551m, 30 Jun 2015: 551m).

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

Cash flow statements

NOKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Operating activities			
Operating profit	3,323	3,653	6,695
Adjustments for items not included in cash flow	82	306	2,222
Income taxes paid	-5	-905	-1,425
Cash flow from operating activities before changes in operating assets and liabilities	3,400	3,054	7,491
Changes in operating assets and liabilities	11,595	-6,655	-9,033
Cash flow from operating activities	14,995	-3,601	-1,542
Investing activities			
Sale/acquisition of business operations	0	0	56
Property and equipment	57	-120	73
Intangible assets	-11	-20	-30
Sale/acquisition of other financial fixed assets	0	0	-456
Net investments in debt securities, held to maturity	2,503	4	375
Cash flow from investing activities	2,549	-136	19
Financing activities			
Increase in par value and share premium	0	6,000	6,000
Cash flow from financing activities	0	6,000	6,000
Cash flow for the period	17,544	2,263	4,477
Cash and cash equivalents at beginning of period	19,902	15,425	15,425
Translation differences	0	0	0
Cash and cash equivalents at end of period	37,446	17,688	19,902
Change	17,544	2,263	4,477
Cash and cash equivalents	30 Jun	30 Jun	31 Dec
The following items are included in cash and cash equivalents (NOKm):	2016	2015	2015
Cash and balances with central banks	1,995	5,536	6,860
Loans to credit institutions, payable on demand	35,451	12,151	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

The consolidated interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting.

The same accounting policies and methods of computations are followed as compared to the Annual Report 2015, for more information see Note 1 Accounting Principles in the Annual Report 2015. For changes implemented during 2016, see below.

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 NBN's 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

	Q2	Jan-Jun	Full year
NOKm	2015	2015	2015
Asset management commissions	30	72	184
Life insurance	27	52	107
Deposit Products	9	17	41
Brokerage, securities, issues and corporate finance	113	244	447
Custody and issuer services	24	44	91
Payments	24	48	113
Cards	128	238	476
Lending Products	271	543	1,054
Guarantees and documentary payments	3	13	25
Other commission income	21	66	62
Net fee and commission income	650	1,337	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 9 Financial instruments

IASB has completed the new standard for financial instruments, IFRS 9 "Financial instruments". IFRS 9 covers classification and measurement, impairment and general hedging and replaces the current requirements covering these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. Earlier application is permitted, but IFRS 9 is not yet endorsed by the EU Commission. Nordea does not currently intend to early adopt the standard.

The changes in classification and measurement are not expected to have a significant impact on NBN's income statement or balance sheet as the mixed measurement model will be maintained, and as there will still be a measurement category similar to the current Available For Sale (AFS) category in IAS 39. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy and large exposures are not expected in the period of initial application, but this is naturally dependent on the financial instruments on NBN's balance sheet at transition.

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that the new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy, but no impact on large exposures, in the period of initial application. IFRS 9 requires all assets measured at amortised cost and fair value through other comprehensive income, as well as guarantees and loan commitments, to be included in the impairment test. Currently Nordea does not calculate collective provisions for off-balance sheet exposures or the AFS portfolio. The assets to test for impairment will be divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets where there has been no significant deterioration in credit risk, stage 2 includes assets where there has been a significant deterioration and stage 3 includes assets that have been individually assessed to be impaired. In stage 1, the provisions should equal the 12 month expected loss. In stage 2 and 3, the provisions should equal the lifetime expected losses. Nordea's current model for calculating collective provisions defines a loss event as a deterioration in rating/scoring, but it is not expected that the loss event in the current model will equal the trigger event for moving

items from stage 1 to stage 2 under IFRS 9. Currently Nordea does not, in addition, hold any provisions for assets where there has been no deterioration in credit risk. For assets where there has been a significant deterioration in credit risk, Nordea currently holds provisions based on the losses estimated to occur during the period between the date when the loss event occurred and the date when the loss event is identified on an individual basis, the so-called “Emergence period”, while IFRS 9 will require provisions equal to the lifetime expected loss. This means total provisions will increase when IFRS 9 is implemented.

The main change to the general hedging requirements is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea generally uses macro (portfolio) hedge accounting, Nordea’s assessment is that the new requirements will not have any significant impact on NBN’s financial statements, capital adequacy, or large exposures in the period of initial application.

Nordea has not yet finalised the impact assessment of the implementation of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

The IASB has published the new standard, IFRS 15 “Revenue from Contracts with Customers”. The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 “Revenue”. The new standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The EU Commission is expected to endorse the standard during the third quarter of 2016. Nordea does not currently intend to early adopt the standard. The standard does not apply to financial instruments, insurance contracts or lease contracts. Nordea has not finalised the investigation of the impact on the financial statements but the current assessment is that the new standard will not have any significant impact on NBN’s financial statements, capital adequacy, or large exposures in the period of initial application.

IFRS 16 Leases

The IASB has published the new standard, IFRS 16 “Leases”. The new standard changes the accounting requirements for lessees. All leases (except for short term- and small ticket leases) should be accounted for on the balance sheet of the lessee as a right to use the asset and a corresponding liability, and the lease payments should be recognised as amortisation and interest expense. The accounting requirements for lessors are unchanged. Additional disclosures are also required. The new standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The new standard is not yet endorsed by the EU Commission. Nordea does not currently intend to early adopt IFRS 16. NBN’s current assessment is that the new standard will change the accounting of property leases, which mainly affects NBN’s balance sheet.

Other items

ESMA has published a guideline for Alternative Performance Measures. Nordea publishes this information regarding definitions and calculations for Nordea Bank Norge on the shared site for investor relations:

www.nordea.com/en/investor-relations/

Exchange rates

	Jan-Jun 2016	Full year 2015	Jan-Jun 2015
EUR 1 = NOK			
Income statement (average)	9.4241	8.9434	8.6461
Balance sheet (at end of period)	9.3008	9.6030	8.7910
USD 1 = NOK			
Income statement (average)	8.4498	8.0624	7.7489
Balance sheet (at end of period)	8.3776	8.8206	7.8568
SEK 1 = NOK			
Income statement (average)	1.0132	0.9562	0.9256
Balance sheet (at end of period)	0.9869	1.0450	0.9540
DKK 1 = NOK			
Income statement (average)	1.2650	1.1991	1.1596
Balance sheet (at end of period)	1.2502	1.2868	1.1784

Note 2 - Segment reporting¹

	Wholesale Banking												Total Operating segments		Reconcilia- tion ^{2,3}		Total Group	
	Retail Banking NO		CIB Total		Shipping, Offshore & Oil Services		Other Wholesale ^{3,4}		Group Corporate Centre		Wealth Management ⁴							
	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015
Total operating income, NOKm	4,233	4,731	1,136	922	709	785	359	529	1,827	1,771	-257	-299	8,007	8,439	-1,611	-1,857	6,396	6,582
Operating profit, NOKm	1,697	2,470	873	491	428	669	21	171	1,549	1,613	-178	-206	4,390	5,208	-1,067	-1,555	3,323	3,653
Loans to the public, NOKbn	420	422	41	27	56	49	1	1	0	0	0	0	518	499	0	0	518	499
Deposits and borrowings from the public, NOKbn	177	174	43	40	16	16	0	0	0	0	0	0	236	230	0	0	236	230

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-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015
Total Operating segments	8,007	8,439	4,390	5,208	518	499	236	230
Reconciliation ²	-934	-1,053	-707	-1,050	0	0	0	0
Eliminations	-1	-1	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets ³	-675	-803	-360	-505	0	0	0	0
Total	6,396	6,582	3,323	3,653	518	499	236	230

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.

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. 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 income¹

NOKm	Q2 2016	Q1 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Asset management commissions	40	39	30	79	72	184
Life insurance	29	30	27	59	52	107
Deposit Products	6	3	9	9	17	41
Brokerage, securities issues, and corporate finance	140	73	113	213	244	447
Custody and issuer services	29	16	24	45	44	91
Payments	45	36	24	81	48	113
Cards	93	120	128	213	238	476
Lending Products	317	304	271	621	543	1,054
Guarantees and documentary payments	4	9	3	13	13	25
Other commission income	21	10	21	31	66	62
Net fee and commission income	724	640	650	1,364	1,337	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	Q2 2016	Q1 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Shares/participations and other share-related instruments	3	16	27	19	44	41
Interest related instruments and foreign exchange gains/losses	149	58	79	207	368	358
Investment properties	0	3	0	3	0	3
Total	152	77	106	229	412	402

Note 5 - Other expenses

NOKm	Q2 2016	Q1 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Information technology	188	182	166	370	313	673
Marketing and representation	22	18	21	40	45	96
Postage, transportation, telephone, and office expenses	25	33	34	58	77	156
Rents, premises, and real estate expenses	77	84	99	161	210	442
Other	172	141	120	313	247	573
Total	484	458	440	942	892	1,940

Note 6 - Net loan losses

NOKm	Q2 2016	Q1 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Divided by class						
Realised loan losses	-66	-132	-580	-198	-671	-1,000
Allowances to cover realised loan losses	48	111	558	159	630	864
Recoveries on previous realised loan losses	12	18	6	30	21	64
Provisions	-610	-481	-276	-1,091	-610	-1,273
Reversals of previous provisions	260	224	100	484	265	574
Loans to the public¹	-356	-260	-192	-616	-365	-771
Provisions	-4	-2	1	-6	-88	-13
Reversals of previous provisions	6	1	1	7	1	14
Off-balance sheet items	2	-1	2	1	-87	1
Net loan losses	-354	-261	-190	-615	-452	-770

¹ See Note 7 Loans and impairment.

Note 7 - Loans and impairment

NOKm	Total			
	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Loans, not impaired	552,717	541,369	524,659	523,274
Impaired loans	5,360	4,761	4,455	4,009
– Performing	2,645	1,954	2,649	1,881
– Non-performing	2,715	2,807	1,806	2,128
Loans before allowances	558,077	546,130	529,114	527,283
Allowances for individually assessed impaired loans	-2,442	-2,284	-2,152	-2,293
– Performing	-1,328	-1,116	-1,229	-791
– Non-performing	-1,114	-1,168	-923	-1,502
Allowances for collectively assessed impaired loans	-979	-854	-813	-639
Allowances	-3,421	-3,138	-2,965	-2,932
Loans, carrying amount	554,656	542,992	526,149	524,351

NOKm	Central banks and credit institutions				The public			
	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Loans, not impaired	36,653	31,040	14,131	24,957	516,064	510,329	510,528	498,317
Impaired loans	0	0	0	0	5,360	4,761	4,455	4,009
– Performing	0	0	0	0	2,645	1,954	2,649	1,881
– Non-performing	0	0	0	0	2,715	2,807	1,806	2,128
Loans before allowances	36,653	31,040	14,131	24,957	521,424	515,090	514,983	502,326
Allowances for individually assessed impaired loans	0	0	0	0	-2,442	-2,284	-2,152	-2,293
– Performing	0	0	0	0	-1,328	-1,116	-1,229	-791
– Non-performing	0	0	0	0	-1,114	-1,168	-923	-1,502
Allowances for collectively assessed impaired loans	0	0	0	0	-979	-854	-813	-639
Allowances	0	0	0	0	-3,421	-3,138	-2,965	-2,932
Loans, carrying amount	36,653	31,040	14,131	24,957	518,003	511,952	512,018	499,394

Allowances and provisions

NOKm	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Allowances for items in the balance sheet	-3,421	-3,138	-2,965	-2,932
Provisions for off-balance sheet items	-45	-45	-46	-134
Total allowances and provisions	-3,466	-3,183	-3,011	-3,066

Key ratios

	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Impairment rate, gross ¹ , basis points	96	87	84	76
Impairment rate, net ² , basis points	52	45	44	33
Total allowance rate ³ , basis points	61	57	56	56
Allowances in relation to impaired loans ⁴ , %	46	48	48	57
Total allowances in relation to impaired loans ⁵ , %	64	66	67	73
Non-performing, not impaired, NOKm	954	609	920	713

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

	Financial assets at fair value through profit or loss					Derivatives used for hedging	Available for sale	Total
	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss				
NOKm								
Assets								
Cash and balances with central banks	1,995							1,995
Loans to central banks and credit institutions	36,620		33					36,653
Loans to the public	517,715		288					518,003
Interest-bearing securities		3,008	30,624				73,294	106,926
Shares			56	115				171
Derivatives			135			6,721		6,856
Fair value changes of the hedged items in portfolio hedge of interest rate risk	484							484
Other assets	702			1,146				1,848
Prepaid expenses and accrued income	1,850							1,850
Total 30 Jun 2016	559,366	3,008	31,136	1,261	6,721	73,294	674,786	
Total 31 Dec 2015	535,242	5,510	37,600	770	5,566	71,605	656,293	
Total 30 Jun 2015	533,990	5,881	41,198	562	5,606	48,735	635,972	

	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	49			251,128	251,177
Deposits and borrowings from the public				236,334	236,334
Debt securities in issue				103,581	103,581
Derivatives	1,073		2,648		3,721
Fair value changes of the hedged items in portfolio hedge of interest rate risk				1,791	1,791
Other liabilities		2,165		529	2,694
Accrued expenses and prepaid income				816	816
Subordinated liabilities				10,252	10,252
Total 30 Jun 2016	1,122	2,165	2,648	604,431	610,366
Total 31 Dec 2015	1,008	3,220	1,107	589,268	594,604
Total 30 Jun 2015	1,132	1,456	900	573,711	577,199

Note 9 - Fair value of financial assets and liabilities

NOKm	30 Jun 2016		31 Dec 2015	
	Carrying amount	Fair value ¹	Carrying amount	Fair value ¹
Financial assets				
Cash and balances with central banks	1,995	1,995	6,860	6,860
Loans	555,140	552,458	526,622	536,694
Interest-bearing securities	106,926	106,939	107,860	107,877
Financial instruments pledged as collateral	0	0	75	75
Shares	171	171	413	413
Derivatives	6,856	6,856	11,612	11,612
Other assets	1,848	1,848	988	988
Prepaid expenses and accrued income	1,850	1,850	1,863	1,863
Total	674,786	672,117	656,293	666,382
Financial liabilities				
Deposits and debt instruments	592,883	592,916	588,901	588,803
Derivatives	3,721	3,721	1,622	1,622
Other liabilities	3,510	3,510	3,294	3,294
Accrued expenses and prepaid income	10,252	10,252	787	787
Total	610,366	610,399	594,604	594,506

¹ The 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	33	0	33
Loans to the public	0	289	0	289
Interest-bearing securities	37,226	66,693	0	103,919
Shares ²	0	0	171	171
Derivatives	0	6,856	0	6,856
Other assets	0	1,145	0	1,145
Investment properties	0	0	13	13
Total 30 Jun 2016	37,226	75,016	184	112,426
Total 31 Dec 2015	39,624	75,732	239	115,595
Liabilities at fair value on the balance sheet¹				
Deposits by credit institutions	0	49	0	49
Derivatives	0	3,721	0	3,721
Other liabilities	0	2,166	0	2,166
Total 30 Jun 2016	0	5,936	0	5,936
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.

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 292m from Level 1 to Level 2 and NOK 827m 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 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	30 Jun 2016
Assets						
Shares	184	-10	0	0	-3	171

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	171	Discounted cash flow/net asset value
Total 30 Jun 2016	171	

Note 11 - Capital adequacy

These figures are according to part 8 of CRR

Summary of items included in own funds

NOKm	30 Jun ¹ 2016	31 Dec ¹ 2015	30 Jun 2015
Calculation of own funds			
Equity in the consolidated situation	58,655	56,731	51,607
Proposed/actual dividend			
Common Equity Tier 1 capital before regulatory adjustments	58,655	56,731	51,607
Deferred tax assets			
Intangible assets	-122	-118	-159
IRB provisions shortfall (-)	-429	-330	-93
Deduction for investments in credit institutions (50%)			
Pension assets in excess of related liabilities	-1	0	-1
Other items, net	-451	-609	-149
Total regulatory adjustments to Common Equity Tier 1 capital	-1,003	-1,057	-402
Common Equity Tier 1 capital (net after deduction)	57,652	55,674	51,205
Additional Tier 1 capital before regulatory adjustments	4,427	4,677	4,553
Total regulatory adjustments to Additional Tier 1 capital			
Additional Tier 1 capital	4,427	4,677	4,553
Tier 1 capital (net after deduction)	62,079	60,351	55,758
Tier 2 capital before regulatory adjustments	4,608	4,852	4,321
IRB provisions excess (+)/shortfall (-)	366		
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	366		
Tier 2 capital	4,974	4,852	4,321
Own funds (net after deduction)	67,053	65,203	60,079

¹ Including profit.

Own Funds, excluding profit

NOKm	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital, excluding profit	55,341	50,860	51,205
Total Own Funds, excluding profit	64,742	60,389	60,079

Note 11 - Capital adequacy cont.

Minimum capital requirement and REA

	30 Jun 2016	30 Jun 2016	31 Dec 2015	31 Dec 2015	30 Jun 2015	30 Jun 2015
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
NOKm						
Credit risk	15,361	192,017	15,342	191,783	14,435	180,432
- of which counterparty credit risk	110	1,374	239	2,986	210	2,628
IRB	13,786	172,330	13,986	174,827	12,904	161,297
- corporate	10,137	126,710	10,196	127,454	9,291	116,143
- <i>advanced</i>	9,499	118,731	9,626	120,328	8,742	109,281
- <i>foundation</i>	638	7,979	570	7,126	549	6,862
- institutions	654	8,170	612	7,646	440	5,493
- retail	2,683	33,545	2,932	36,646	2,937	36,708
- <i>secured by immovable property collateral</i>	2,061	25,765	2,226	27,827	2,209	27,605
- <i>other retail</i>	622	7,780	706	8,819	728	9,103
- other	312	3,905	246	3,081	236	2,953
Standardised	1,575	19,687	1,356	16,956	1,531	19,135
- central governments or central banks	0	1	0	1	0	0
- regional governments or local authorities	29	368	21	265	12	148
- public sector entities	9	109	1	13	1	13
- multilateral development banks						
- international organisations						
- institutions	770	9,623	584	7,303	697	8,711
- corporate	5	61	8	104	6	73
- retail	526	6,577	514	6,422	491	6,136
- secured by mortgages on immovable properties						
- in default	4	50	5	57	36	447
- associated with particularly high risk						
- covered bonds						
- institutions and corporates with a short-term credit assessment						
- collective investments undertakings (CIU)						
- equity	47	583	62	774	49	616
- other items	185	2,315	161	2,017	239	2,991
Credit Value Adjustment Risk	27	332	56	690	53	675
Market risk	106	1,325	272	3,405	151	1,888
- trading book, Internal Approach	96	1,206	239	2,990	107	1,333
- trading book, Standardised Approach	10	119	33	415	44	555
- 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	141	1,768	145	1,809	N/A	N/A
Sub total	17,529	219,113	17,641	220,509	16,465	205,817
Adjustment for Basel I floor						
Additional capital requirement according to Basel I floor1	11,191	139,890	10,697	133,718	11,223	140,284
Total	28,720	359,003	28,338	354,227	27,688	346,101

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	1.2	1.0	3.0	7.7	12.2
Tier 1 capital	6	2.5	1.2	1.0	3.0	7.7	13.7
Own funds	8	2.5	1.2	1.0	3.0	7.7	15.7

NOKm

Common Equity Tier 1 capital	16,155	8,975	4,421	3,590	10,770	27,757	43,912
Tier 1 capital	21,540	8,975	4,421	3,590	10,770	27,757	49,297
Own funds	28,720	8,975	4,421	3,590	10,770	27,757	56,477

Common Equity Tier 1 available to meet Capital Buffers

	30 Jun ² 2016	31 Dec ^{1,2} 2015	30 Jun 2015
Percentage points of REA			
Common Equity Tier 1 capital	10.7	10.4	15.7

¹ Including profit of the period.

² Including Basel I floor.

Capital ratios

Percentage	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital ratio, including profit	26.3	25.2	26.2
Tier 1 capital ratio, including profit	28.3	27.4	28.4
Total capital ratio, including profit	30.6	29.6	30.5
Common Equity Tier 1 capital ratio, excluding profit	25.3	23.1	24.9
Tier 1 capital ratio, excluding profit	27.3	25.2	27.1
Total capital ratio, excluding profit	29.5	27.4	29.2

Capital ratios including Basel I floor

Percentage	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital ratio, including profit	16.1	15.7	15.6
Tier 1 capital ratio, including profit	17.3	17.0	16.9
Total capital ratio, including profit	18.7	18.4	18.1
Common Equity Tier 1 capital ratio, excluding profit	15.4	14.4	14.8
Tier 1 capital ratio, excluding profit	16.6	15.7	16.1
Total capital ratio, excluding profit	18.0	17.0	17.4

Leverage ratio

	30 Jun ¹ 2016	31 Dec ¹ 2015	30 Jun 2015
Tier 1 capital, transitional definition, NOKm ¹	62,079	60,351	55,758
Leverage ratio exposure, NOKm	803,957	791,786	767,146
Leverage ratio, percentage	7.7	7.6	7.3

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:	10,821	1,014	11,876	761	67
<i>of which</i>					
- rating grades 6	121	2	131	2	16
- rating grades 5	2,107	348	2,432	262	33
- rating grades 4	5,248	307	5,600	230	64
- rating grades 3	2,391	337	2,764	252	96
- rating grades 2	437	20	447	15	170
- rating grades 1	22		22		226
- unrated	118	0	103	0	113
- defaulted	377	0	377	0	
Corporate, advanced IRB:	226,028	80,553	267,001	44,065	44
<i>of which</i>					
- rating grades 6	10,804	9,737	16,468	5,612	14
- rating grades 5	51,562	33,369	70,433	18,965	26
- rating grades 4	112,972	29,931	127,643	15,651	40
- rating grades 3	24,429	4,552	26,667	2,701	63
- rating grades 2	19,126	1,656	18,692	915	114
- rating grades 1	413	22	416	15	137
- unrated	1,891	363	2,090	206	110
- defaulted	4,831	923	4,592		144
Institutions, foundation IRB:	51,750	5,194	61,400	4,420	13
<i>of which</i>					
- rating grades 6	44,230		46,611	335	6
- rating grades 5	5,858	1,674	10,664	1,445	22
- rating grades 4	1,140	3,512	3,839	2,634	67
- rating grades 3	279		28		91
- rating grades 2	74	8	80	6	166
- rating grades 1	0		0		269
- unrated	169	0	178	0	101
- defaulted					
Retail, secured by real estate:	224,977	19,051	231,195	6,218	11
<i>of which</i>					
- scoring grades A	166,957	16,585	172,345	5,388	5
- scoring grades B	29,975	1,281	30,395	420	11
- scoring grades C	12,326	490	12,496	170	23
- scoring grades D	7,056	271	7,154	98	43
- scoring grades E	6,168	384	6,296	128	67
- scoring grades F	1,280	17	1,286	6	112
- not scored	126	14	130	5	40
- defaulted	1,089	9	1,093	3	227
Retail, other retail:	32,022	11,357	37,059	5,040	21
<i>of which</i>					
- scoring grades A	18,446	7,384	21,631	3,185	8
- scoring grades B	5,469	1,734	6,274	805	17
- scoring grades C	2,472	931	2,910	440	33
- scoring grades D	1,705	551	1,968	264	47
- scoring grades E	2,980	492	3,195	216	49
- scoring grades F	399	44	419	21	74
- not scored	125	176	214	88	39
- defaulted	426	45	448	21	261
Other non credit-obligation assets:	4,411		3,905		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	Capital requirement
NOKm								
Interest rate risk & other ¹	8	1	92	7			100	8
Equity risk	393	31	27	2			420	34
Foreign exchange risk								
Commodity risk								
Settlement risk								
Diversification effect	-5	-1					-5	-1
Stressed Value-at-Risk	810	65					810	65
Incremental Risk Measure								
Comprehensive Risk Measure								
Total	1,206	96	119	10			1,325	106

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	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Operating income					
Interest income	3,212	3,488	6,485	7,027	13,820
Interest expense	-1,378	-1,779	-2,867	-3,589	-6,804
Net interest income	1,834	1,709	3,618	3,438	7,016
Fee and commission income	869	828	1,629	1,670	3,314
Fee and commission expense	-185	-215	-347	-413	-871
Net fee and commission income	684	613	1,282	1,257	2,443
Net result from items at fair value	134	75	232	408	406
Dividends and group contribution	1,440	1,818	1,440	1,818	1,808
Other operating income	155	62	303	126	317
Total operating income	4,247	4,277	6,875	7,047	11,990
Operating expenses					
General administrative expenses:					
Staff costs	-688	-702	-1,359	-1,436	-3,116
Other expenses	-462	-406	-904	-824	-1,796
Depreciation of tangible and intangible assets	-19	-21	-36	-41	-79
Total operating expenses before loan losses	-1,169	-1,129	-2,299	-2,301	-4,991
Profit before loan losses	3,078	3,148	4,576	4,746	6,999
Net loan losses	-331	-187	-573	-434	-709
Operating profit	2,747	2,961	4,003	4,312	6,290
Income tax expense	-666	-810	-985	-1,152	-1,558
Net profit for the period	2,081	2,151	3,018	3,160	4,732

Nordea Bank Norge ASA

Balance sheets

NOKm	30 Jun 2016	31 Dec 2015	30 Jun 2015
Assets			
Cash and balances with central banks	1,995	6,860	5,536
Loans to central banks and credit institutions	76,684	54,668	64,860
Loans to the public	373,694	381,338	370,358
Interest-bearing securities	105,843	107,525	93,750
Financial instruments pledged as collateral	0	75	222
Shares	168	410	351
Derivatives	7,231	11,885	8,386
Fair value changes of the hedged items in portfolio hedge of interest rate risk	432	409	287
Investments in group undertakings	7,218	7,218	7,228
Investments in associated undertakings	417	417	417
Intangible assets	77	82	88
Property and equipment	422	489	529
Investment property	1	1	1
Other assets	2,813	1,566	1,941
Prepaid expenses and accrued income	1,087	1,051	1,104
Total assets	578,082	573,994	555,058
Liabilities			
Deposits by central banks and credit institutions	251,283	245,516	245,064
Deposits and borrowings from the public	236,424	240,525	230,203
Debt securities in issue	9,127	9,131	6,662
Derivatives	7,877	8,456	6,374
Fair value changes of the hedged items in portfolio hedge of interest rate risk	119	19	-9
Current tax liabilities	2,183	0	1,294
Other liabilities	5,435	6,115	4,702
Accrued expenses and prepaid income	938	1,027	1,074
Deferred tax liabilities	1,070	2,468	1,264
Provisions	280	303	248
Retirement benefit obligations	2,205	1,369	1,395
Subordinated liabilities	10,252	10,625	9,814
Total liabilities	527,193	525,554	508,085
Equity			
Share capital	4,962	4,962	4,962
Share premium reserve	8,850	8,850	8,850
Other reserves	153	723	828
Retained earnings	36,924	33,905	32,333
Total equity	50,889	48,440	46,973
Total liabilities and equity	578,082	573,994	555,058
Assets pledged as security for own liabilities	67,567	82,893	73,379
Contingent liabilities	7,039	7,232	6,605
Commitments	215,415	191,352	185,929

Statement by the Chief Executive Officer and the Board of Directors

The Chief Executive Officer and the Board of Directors have today considered and approved the Board of Director's report and the consolidated interim report of Nordea Bank Norge ASA (the group) as of 30 June 2016 and for the first half year 2016 including consolidated comparative figures as of 30 June 2015 and for the first half year 2015 (the interim report).

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Norwegian disclosure requirements for interim financial reports of banks and financial institutions with listed securities within the European Economic Area. According to our best knowledge, the interim report has been prepared in accordance with the applicable accounting standards and gives a true and fair view of the group's and the parent company's assets, liabilities, financial position and net profit as of 30 June 2016 and as of 30 June 2015 and of the results of the group's operations and cash flows for the first half year of 2016 and the first half year of 2015.

According to our best knowledge, the Board of Directors' report gives a true and fair view of the group's and the parent company's development, result and financial position including the description of the most relevant risk and uncertainty factors which the company faces the coming year, and disclosure of related party transactions.

Nordea Bank Norge ASA
Oslo, 19 July 2016

Topi Manner
Chairman

Tom Johannessen
Deputy Chairman

Tone Wille

Hans Chr. Riise
Employee representative

Snorre Storset
Chief Executive Officer

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