

Copenhagen, Helsinki, Oslo, Stockholm, 29 January 2014

Fourth Quarter and Full Year Results 2013

CEO Christian Clausen's comments on the results:

"2013 was another year of low growth and interest rates declined to record-low levels. In this environment, we delivered a stable income level (in local currencies) and saw a continued inflow of relationship customers. For the 13th consecutive quarter, we have kept costs flat. Loan losses decreased by 17% and the operating profit increased by 3% (both in local currencies). The core tier 1 ratio has improved by 180 basis points to 14.9%, due to modest loan demand, strong capital generation and continued efficiencies. The Board of Directors proposes a dividend of EUR 0.43 per share (EUR 0.34).

We expect that the economic growth and the interest rates levels will stay low for a prolonged period of time. Thus, we expect that the loan demand and customer activity will be at a lower level than we foresaw last year when we announced our plans for the future relationship bank. As a consequence we will accelerate and expand our cost efficiency programme. This will enable us to adjust our capacity to the lower activity level and to maintain our position as a strong bank."

(For further viewpoints, see CEO comments, page 2)

Full year 2013 vs. full year 2012 (Fourth quarter 2013 vs. Third quarter 2013)¹:

- Total operating income -1%, in local currencies 0% (+2%)
- Operating profit +2%, in local currencies 3% (-1%)
- Core tier 1 capital ratio up to 14.9% from 13.1% (up from 14.4%)
- Cost/income ratio unchanged at 51% (up to 52% from 51%)
- Loan loss ratio of 21 basis points, down from 26 basis points (up to 21 bps from 20 bps)
- Return on equity 11.0%, down from 11.6% (down to 10.5% from 10.8%)
- Proposed dividend EUR 0.43 per share (last year EUR 0.34 per share)

Summary key figures, continuing operations ¹ , EURm	Q4	Q3	Ch.	Q4	Ch.			Ch.
	2013	2013	%	2012	%	2013	2012	%
Net interest income	1,390	1,386	0	1,382	1	5,525	5,563	-1
Total operating income	2,469	2,426	2	2,570	-4	9,891	9,998	-1
Profit before loan losses	1,186	1,192	-1	1,275	-7	4,851	4,934	-2
Net loan losses	-180	-171	5	-241	-25	-735	-895	-18
Loan loss ratio (ann.), bps	21	20		28		21	26	
Operating profit	1,006	1,021	-1	1,034	-3	4,116	4,039	2
Risk-adjusted profit	821	823	0	867	-5	3,351	3,313	1
Diluted EPS (cont. oper.), EUR	0.19	0.19		0.21		0.77	0.77	
Diluted EPS (total oper.), EUR	0.19	0.19		0.21		0.77	0.78	
Return on equity, %	10.5	10.8		11.9		11.0	11.6	

Currency rates used for DKK, NOK and SEK for the fourth quarter 2013 are for income statement items 7.46, 7.81 and 8.65 respectively.

¹) Key figures for continuing operations, following the agreement to divest the Polish banking, financing and life insurance operations.

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Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 800 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

CEO comment

Although activity has picked up somewhat during the autumn, growth is still subdued and we now foresee a prolonged period of low-growth environment with lower than normal interest rates. As a consequence we accelerate and expand our existing cost efficiency programme. This will enable us to adjust our capacity to the lower activity level and to maintain our position as a strong bank.

Full year report

2013 was yet another year with low-growth and falling interest rates which puts pressure on our margins. In that environment we managed to keep our top-line at stable levels, and our income initiatives have delivered as expected. In 2013 we have welcomed 90,000 new relationship customers and since 2006 the increase is 45%.

We have managed to keep cost flat for 13 consecutive quarters. By reducing costs gross by EUR 210m in 2013 we were able to offset cost inflation as well as regulatory costs and investments in our platform.

Within Retail Banking we have more than 1.3 million customers who are active users of Nordea’s mobile offerings, an increase by around 60%. In Wholesale Banking, Nordea was, for the first time, the largest Nordic broker by market share for Nordic cash equity on Nasdaq OMX. In Wealth Management our Assets under Management reached an all-time-high level of EUR 233bn, with a strong net inflow from our Nordic retail funds, Private Banking and Global Fund Distribution.

Since we foresee in the coming years a lower loan demand, lower customer activity and lower interest rates than previously expected, we will increase our focus on cost efficiency. In the Fourth quarter 2012 report we launched efficiency initiatives with an effect of EUR 450m during 2013 to 2015. We are seeing many of these initiatives delivering better than expected and in addition

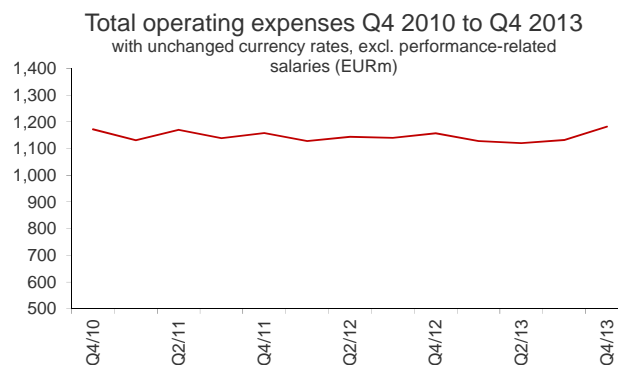
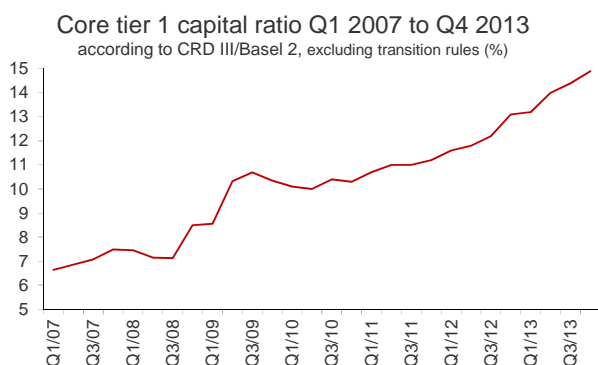
we will also accelerate the efficiency programme. Thus, we have raised the ambition from EUR 450m towards a level of EUR 900m during 2013 to 2015. EUR 210m of this have already been achieved. Part of this will be offset by reinvestments but net we expect to have an approx. 5 % lower cost base in 2015 compared to 2013. This will be possible by reducing activity related expenses, adjusting distribution to meet changed customer behaviour, increasing the Product and IT platform efficiency, optimising processes and reducing cost in central functions, including downscaling the internal service levels. We will revert with more details about the programme later in 2014.

Capital position and dividend proposal

In 2013 the Basel 2.5 core tier 1 ratio was up by 180 basis points, to 14.9%. In the fourth quarter Nordea received an approval to use a foundation internal ratings-based approach for our Russian operation, which improved the core tier 1 ratio by 20 basis points. On 14 January 2014, Nordea received approval to use an advanced internal ratings-based approach for our corporate exposures in the Nordic region, which will improve the core tier 1 ratio by 70 basis points. At the end of 2013 our fully loaded Basel 3 pro forma core tier 1 ratio was 14.6% and 15.5-16.0% including initiatives in 2014 and 2015. In 2013 we have increased our capital base by another EUR 0.8bn, which means that we have doubled the capital base since 2006.

The Board proposes a dividend of EUR 0.43 per share (EUR 0.34). The ambition is to increase the dividend payout ratio in 2014 and 2015, while maintaining a strong capital base. The long-term target will be decided once the regulatory regime is clarified.

Christian Clausen
President and Group CEO



Income statement^{1,2}

EURm	Q4	Q3	Change	Q4	Change	Jan-Dec	Jan-Dec	Change
	2013	2013	%	2012	%	2013	2012	%
Net interest income	1,390	1,386	0	1,382	1	5,525	5,563	-1
Net fee and commission income	703	652	8	682	3	2,642	2,468	7
Net result from items at fair value	333	346	-4	442	-25	1,539	1,774	-13
Equity method	21	14	50	33	-36	79	93	-15
Other operating income	22	28	-21	31	-29	106	100	6
Total operating income	2,469	2,426	2	2,570	-4	9,891	9,998	-1
Staff costs	-739	-732	1	-749	-1	-2,978	-2,989	0
Other expenses	-480	-441	9	-458	5	-1,835	-1,808	1
Depreciation of tangible and intangible assets	-64	-61	5	-88	-27	-227	-267	-15
Total operating expenses	-1,283	-1,234	4	-1,295	-1	-5,040	-5,064	0
Profit before loan losses	1,186	1,192	-1	1,275	-7	4,851	4,934	-2
Net loan losses	-180	-171	5	-241	-25	-735	-895	-18
Operating profit	1,006	1,021	-1	1,034	-3	4,116	4,039	2
Income tax expense	-246	-257	-4	-215	14	-1,009	-970	4
Net profit for period from continuing operations	760	764	-1	819	-7	3,107	3,069	1
Net profit for the period from discontinued operations, after tax	13	12	8	23	-43	9	57	-84
Net profit for the period	773	776	0	842	-8	3,116	3,126	0

Business volumes, key items^{1,2}

EURbn	31 Dec	30 Sep	Change	31 Dec	Change	Change in local currency, %	
	2013	2013	%	2012	%	Q4/Q3	Q4/Q4
Loans to the public	342.5	343.2	0	346.3	-1	1	4
Deposits and borrowings from the public	200.7	200.5	0	200.7	0	1	4
Assets under management	233.3	227.8	2	218.3	7		
Equity ⁵	29.2	28.6	2	28.0	4		
Total assets ⁵	630.4	625.8	1	668.2	-6		

Ratios and key figures

	Q4	Q3	Q4	Jan-Dec	Jan-Dec
	2013	2013	2012	2013	2012
Diluted earnings per share, EUR - Total operations	0.19	0.19	0.21	0.77	0.78
Share price ³ , EUR	9.78	8.95	7.24	9.78	7.24
Total shareholders' return, %	11.8	7.1	-4.4	44.6	21.0
Proposed/ actual dividend per share, EUR	0.43	-	0.34	0.43	0.34
Equity per share ³ , EUR	7.27	7.12	6.96	7.27	6.96
Potential shares outstanding ³ , million	4,050	4,050	4,050	4,050	4,050
Weighted average number of diluted shares, million	4,020	4,019	4,024	4,020	4,026
Return on equity, % - Continuing operations	10.5	10.8	11.9	11.0	11.6
Cost/income ratio, % - Continuing operations	52	51	50	51	51
Loan loss ratio, basis points	21	20	28	21	26
Core Tier 1 capital ratio, excl transition rules ^{3,4} , %	14.9	14.4	13.1	14.9	13.1
Tier 1 capital ratio, excl transition rules ^{3,4} , %	15.7	15.3	14.3	15.7	14.3
Total capital ratio, excl transition rules ^{3,4} , %	18.1	17.5	16.2	18.1	16.2
Core Tier 1 capital ratio ^{3,4} , %	11.0	10.9	10.2	11.0	10.2
Tier 1 capital ratio ^{3,4} , %	11.7	11.5	11.2	11.7	11.2
Total capital ratio ^{3,4} , %	13.4	13.2	12.7	13.4	12.7
Tier 1 capital ^{3,4} , EURm	24,444	24,338	23,953	24,444	23,953
Risk-weighted assets incl transition rules ³ , EURbn	209	211	215	209	215
Number of employees (full-time equivalents) - Continuing operations ³	29,429	29,501	29,491	29,429	29,491
Risk-adjusted profit, EURm - Continuing oper.	821	823	867	3,351	3,313
Economic profit, EURm - Continuing operations	266	257	268	1,080	889
Economic capital ³ , EURbn - Total operations	22.8	23.4	23.8	22.8	23.8
Economic capital ³ , EURbn - Continuing oper.	21.9	22.5	22.8	21.9	22.8
EPS, risk-adjusted, EUR - Continuing operations	0.19	0.19	0.21	0.77	0.77
RAROCAR, % - Continuing operations	14.5	14.4	14.6	14.8	13.9
MCEV, EURm	4,700	-	-	4,700	3,762

¹ Income statement line items represent continued operations and have been restated for historical periods, following the agreement to divest the Polish banking, financing and life insurance operations. Discontinued operations separated into one profit line. Balance sheet items are classified as held for sale as from Q2 2013.

² For exchange rates used in the consolidation of Nordea Group see Note 1.

³ End of period.

⁴ The capital ratios for 2012 have not been restated due to the implementation of the amended IAS 19 Employee benefits.

⁵ Restated due to the implementation of the amended IAS 19 Employees benefits, see Note 1.

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Macroeconomic and financial market trend

The fourth quarter was characterised by some improvements in global economic data and a positive development in financial markets. In the Nordic economies, the latest developments have been weaker, although the overall picture still appears relatively robust.

Macroeconomic trend

This global macroeconomic trend throughout most of the year continued in the fourth quarter although the development in the Nordic economies was weaker. The US and UK economies showed strong signs with US GDP growth rising to 4.1% and unemployment in the US falling to 7%. In Europe, the improvements were more modest with GDP growth reported at 0.1%. Sentiment indicators however were more positive with manufacturing reports improving, particularly in Spain and Italy, suggesting a gradual supportive trend.

The Nordic economies show lower growth, although the overall picture still appears relatively robust. In Sweden, GDP growth reported for the third quarter disappointed slightly at 0.1%, but the broader picture for 2013 remains solid with expected full year growth close to 1%.

Quarterly growth in Denmark was in-line with expectations at 0.4% while Norway was at 0.5%. The broader picture still supports a gradual improvement in Denmark. Norway is expected to see a GDP growth of 1.8%. In Finland, growth fell short of expectations at 0% and instead followed the more mixed picture seen in the Euroland with an estimate of -0.4% for 2013.

Financial market trend

Financial markets were characterised by continued positive investor sentiment. The stronger-than-expected economic data in combination with the decision of the US Federal Reserve to reduce asset purchases (tapering) and the budget deal reached by US politicians caused equities to rise on a broad front and US stock indices to touch new record highs in the fourth quarter. Similarly, yields in the US and core European countries rose over the quarter as investors gradually began to factor a more positive overall outlook and more normalised central bank behaviour into future expectations. Peripheral yields and credit spreads likewise prolonged the tightening seen during the year.

The Nordic markets overall followed the positive global picture with equities rising between 6% and 10% during the quarter. Long-end government yields also rose in line with international developed markets while the short-dated rates diverged with falling yields in Denmark, Sweden and Norway in contrast to the European development. The positive investor sentiment caused spreads to tighten significantly in Nordic covered bonds markets in the fourth quarter.

Group results and performance

Fourth quarter 2013

The comments on income, expenses and other items as well as operating profit relate to the continuing operations, excluding the Polish operations which, in the reporting, are separated as discontinued operations and included only as one line in net profit, following the agreement to divest the Polish operations.

Currency fluctuation impact

Currency fluctuations had a reducing effect of 2 %-points on income and expenses for the fourth quarter compared to the third quarter of this year and a reducing effect of 3 %-points on income and expenses for the fourth quarter compared to the fourth quarter of the previous year. The effect on loan and deposit volumes was approx. zero compared to the previous quarter and -3 %-points compared to one year ago.

Income

Total income increased 2% from the previous quarter to EUR 2,469m. In local currencies, the increase was 4%.

Net interest income

Net interest income was largely unchanged compared to the previous quarter at EUR 1,390m. In local currencies, net interest income was up 3%. Net interest income was affected by higher net interest income in Group Corporate Centre while net interest margin* was largely unchanged at 1.07% in the fourth quarter. Deposit margins were down somewhat while lending margins were up.

Corporate lending

Corporate lending volumes, excluding reverse repurchase agreements, were down 1% in local currencies at the end of the fourth quarter compared to the previous quarter. The average corporate lending volume in the fourth quarter was largely unchanged compared to in the previous quarter.

Household lending

Household lending volumes were up 1% in local currencies compared to the previous quarter.

Corporate and household deposits

Total deposits from the public were EUR 201bn, up 1% in local currencies. In the business areas, deposits were up 1% in local currencies excluding repurchase agreements. The average deposit volume in the business areas was up 1% from the previous quarter in local currencies excluding repurchase agreements.

Group Corporate Centre

Net interest income increased to EUR 101m compared to EUR 74m in the previous quarter, mainly due to interest

*) The net interest margin for the Group is the total net interest income on lending and deposits in relation to total lending and deposit volumes.

rate positions positively impacted by lower short-term interest rates towards the end of the quarter.

Net fee and commission income

Net fee and commission income increased 8% compared to the previous quarter to EUR 703m, mainly in commissions from savings and investments and also from lending-related commissions. Stability fund and deposit fund fees were EUR 33m, largely unchanged from the previous quarter.

Savings and investments commissions

Fees and commissions from savings and investments increased 14% in the fourth quarter to EUR 505m, mainly due to higher commissions from asset management, life insurance and brokerage, securities issues and corporate finance. Asset management commissions increased 9% in the quarter, partly due to performance fees. Assets under Management (AuM) increased 2% to EUR 233bn following a positive investment performance in the portfolios and a sustained strong net inflow.

Payments and cards and lending-related commissions

Payments and cards commissions were unchanged at EUR 237m. Lending-related commissions increased 5% to EUR 175m.

Net result from items at fair value

The net result from items at fair value decreased 4% from the previous quarter to EUR 333m, due to continued weak corporate activity and low volatility in the markets. Results were down somewhat for Capital Markets unallocated income compared to the previous quarter.

Capital Markets income for customers in Wholesale Banking and Retail Banking

The customer-driven capital markets activities generated higher income in the customer business compared to the previous quarter, albeit still at subdued levels, due to low corporate activity. The net fair value result for the business units was EUR 204m, compared to EUR 171m in the previous quarter.

Capital Markets unallocated income

The net fair value result for Capital Markets unallocated income, ie income from managing the risks inherent in customer transactions, decreased to EUR 133m compared to EUR 140m in the previous quarter.

Group Functions and eliminations

The net fair value result of Group Corporate Centre decreased to EUR -9m compared to EUR 35m in the previous quarter mainly related to interest rate-related items and buy-back of issued debt. In other Group functions and eliminations, the net result from items at fair value was EUR -50m in the fourth quarter (EUR -60m in the third quarter).

Life & Pensions

The net result from items at fair value for Life & Pensions was EUR 55m in the fourth quarter (EUR 59m).

Equity method

Income from companies accounted for under the equity method was EUR 21m, compared to EUR 14m in the previous quarter. Income related to the holding in the Norwegian export agency Eksportfinans was EUR 15m (EUR 4m).

Other operating income

Other operating income was EUR 22m compared to EUR 28m in the previous quarter.

Expenses

Total expenses amounted to EUR 1,283m, up 6% from the previous quarter in local currencies, mainly due to seasonality. Staff costs were EUR 739m, up 3% in local currencies. Other expenses were EUR 480m, up 11% in local currencies. Compared to the fourth quarter last year, total expenses were up 2% in local currencies when excluding performance-related salaries and profit sharing, ie with the cost definition for the cost target in the financial plan. The increase was mainly due to IT restructuring expenses, related to insourcing of IT operations.

The number of employees (FTEs) at the end of the fourth quarter was largely unchanged compared to at the end of the previous quarter and also compared to the end of the fourth quarter of 2012.

The cost/income ratio was 52%, up slightly from the previous quarter.

Provisions for performance-related salaries in the fourth quarter were EUR 81m, compared to EUR 66m in the previous quarter.

Cost efficiency

Cost-efficiency measures have proceeded according to plan in the fourth quarter. An annualised gross reduction in total expenses of EUR 70m has been conducted in the fourth quarter and EUR 210m for the full year 2013.

The number of employees (FTEs) has been reduced by around 2,500 from the end of the second quarter of 2011 and by around 60 compared to the end of the fourth quarter of 2012.

Net loan losses

Net loan loss provisions were EUR 180m in the continuing operations and the loan loss ratio was 21 basis points (EUR 171m or 20 basis points in the previous quarter). As expected, provisions for future loan losses in Denmark decreased somewhat from the previous quarter, but remained at elevated levels, while provisions in shipping

were down compared to the previous quarter. In other areas, the losses were relatively stable, with a normal volatility between quarters.

Collective provisions were increased by EUR 8m in the fourth quarter (increase in collective provisions of EUR 17m in the previous quarter).

Overall credit quality is solid with strongly rated customers and a largely stable effect from migration for both corporate and retail portfolios.

In Banking Denmark, net loan loss provisions were EUR 73m, slightly lower than the previous quarter (EUR 74m). The loan loss ratio was 45 basis points (46 basis points in the previous quarter).

In shipping, loan loss provisions were EUR 1m, a loan loss ratio of 4 basis points, down from the previous quarter (EUR 20m or 68 basis points), mainly because ship values have stabilised or improved.

Denmark

A slightly more positive development of the Danish economy is expected in 2014 and 2015, although with geographical differences and variations between industries. Moreover, the economy is still fragile and uncertainty is high. Private consumption and the housing market remain the key drivers for a sustainable and significant improvement and consumers have become more optimistic in recent months. The housing market has also developed positively with prices increasing, although primarily in the larger cities.

The core fundamentals of the Danish economy are relatively favourable with strong public finances, low interest rates, stable and low unemployment, and a limited number of household mortgage customers in difficulty. Most corporates are financially strong with a relatively good outlook, but companies dependent on the domestic market (especially retailers and wholesalers) are being challenged. Loan losses remain at an elevated level, although with a declining trend.

Finland

The continuing moderate economic development has impact on Finnish economy. Small and medium-sized companies are likely to suffer more from the weakening private consumption though no significant change in unemployment has taken place. Even if some pick-up in exports is expected going forward, the direct positive impact on GDP will be weaker than earlier anticipated as the large industrial companies continue to move their production to low-cost countries. However, household debt continues to be at a moderate level and Nordea considers the quality of its retail and corporate portfolios to be stable.

Operating profit

Operating profit was down 1% for the continuing operations to EUR 1,006m.

Taxes

Income tax expense was EUR 246m for the continuing operations, including the bank tax in Finland of EUR 13m. The effective tax rate was 24.5%, compared to 25.2% in the previous quarter and 20.8% in the fourth quarter last year, when there was no bank tax in Finland.

Net profit

Net profit from the continuing operations decreased 1% compared to the previous quarter to EUR 760m, corresponding to a return on equity of 10.5%. Profit from discontinued operations was EUR 13m. Net profit from the total operations was largely unchanged at EUR 773m. Diluted earnings per share were EUR 0.19 for the continuing operations (EUR 0.19 in the previous quarter).

Risk-adjusted profit

Risk-adjusted profit was EUR 821m, largely unchanged from the previous quarter and down 5% compared to the fourth quarter last year.

Full year 2013

Total income was down 1% compared to last year and operating profit was up 2% compared to the last year. Risk-adjusted profit increased by 1% compared to the preceding year.

Currency fluctuation impact

The effect from currency fluctuations was a reducing effect of 1 %-point on income and on expenses and approx. -3 %-points on loan and deposit volumes compared to one year ago.

Income

Net interest income decreased 1% compared to last year. Lending volumes were unchanged excluding reversed repurchase agreements in local currencies. Corporate and household lending margins were higher, while deposit margins overall were down from 2012.

Net fee and commission income increased 7% and the net result from items at fair value decreased by 13% compared to last year.

Expenses

Total expenses were largely unchanged compared to 2012 in local currencies when excluding performance-related salaries and profit sharing, ie with the cost definition for the cost target in the financial plan. Staff costs were also largely unchanged in local currencies when excluding performance-related salaries and profit sharing.

Net loan losses

Net loan loss provisions decreased to EUR 735m for the continuing operations, corresponding to a loan loss ratio of 21 basis points (26 basis points in 2012).

Net profit

Net profit for the continuing operations increased 1% to EUR 3,107m. Net profit for the total operations was largely unchanged at EUR 3,116m.

Risk-adjusted profit

Risk-adjusted profit increased 1% from last year.

Other information**2015 plan**

In 2013, Nordea has delivered on the 2015 plan with a stable income level. The income initiatives delivered as expected. For the 13th consecutive quarter, costs have been kept flat. By reducing costs gross by EUR 210m in 2013, we have been able to offset cost inflation as well as regulatory costs and investments in our platform. Loan losses decreased and operating profit increased. The core tier 1 ratio has improved by 1.8 %-point to 14.9%, due to modest loan demand, strong capital generation and continued efficiencies.

Since we foresee in the coming years a lower loan demand, lower customer activity and lower interest rates than previously expected we will increase the focus on cost efficiency. In the Fourth quarter 2012 report we launched efficiency initiatives with an effect of EUR 450m during 2013 to 2015. We see many of these initiatives delivering better than expected and in addition we will also accelerate the efficiency programme. Thus, we have raised the ambition from EUR 450m towards a level of EUR 900m during 2013 to 2015, of which EUR 210m has already been achieved. Part of this will be offset by reinvestments, but net we expect to have a 5% lower cost base in 2015 compared to 2013. This will be possible by reducing activity related expenses, adjusting distribution to meet changed customer behaviour, increasing the Product and IT platform efficiency, optimising processes and reducing cost in central functions, including downscaling the internal service levels. More details about the programme, including the level of restructuring charge will be presented later in 2014.

Nordea's credit portfolio

Total lending, excluding reversed repurchase agreements, amounted to EUR 303bn, which was largely unchanged compared to the previous quarter in local currencies. Overall, the credit quality of the loan portfolio remained solid in the fourth quarter, with a largely stable effect from migration in both the corporate and retail portfolios.

The impaired loans ratio decreased to 178 basis points of total loans (182 basis points). Total impaired loans gross remained largely unchanged compared to the previous quarter. The provisioning ratio was unchanged compared to the end of the third quarter at 43% (43%).

Loan loss ratios and impaired loans

Basis points of loans	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Loan loss ratios annualised, Group	21 ¹	20 ¹	22 ¹	22 ¹	28 ¹
of which individual	20	18	24	18	29
of which collective	1	2	-2	4	-2
Banking Denmark	45 ¹	46 ¹	46 ¹	47 ¹	55 ¹
Banking Finland	18	12	7	12	13
Banking Norway	14	7	-11	9	11
Banking Sweden	8	7	11	7	7
Banking Baltic countries	75	-19	33	19	47
Corporate & Institutional Banking	34	41	50	34	33
Shipping, Offshore & Oil Services	4	68	111	122	185
Impaired loans ratio gross, Group (bps)	178	182	185	181	188
- performing	60%	57%	57%	57%	58%
- non-performing	40%	43%	43%	43%	42%
Total allowance ratio, Group (bps)	77	79	79	78	77
Provisioning ratio, Group ²	43%	43%	43%	43%	41%

¹ Loan loss ratios in the table are excluding the provisions related to the Danish deposit guarantee fund. Including these provisions, loan loss ratios are for each quarter 21, 20, 22, 23 and 28 bps respectively in the Group, and 45, 46, 46, 52 and 55 bps respectively in Banking Denmark.

² Total allowances in relation to gross impaired loans.

Market risk

Interest-bearing securities were EUR 97bn at the end of the fourth quarter, of which EUR 21bn were in the life insurance operations and the remainder in the liquidity buffer and trading portfolios. 27% of the portfolio comprises government or municipal bonds and 37% mortgage bonds, when excluding EUR 10bn of pledged securities.

Total market risk measured as Value at Risk increased by EUR 77m to EUR 148m in the fourth quarter 2013 compared to the third quarter, mainly due to increased interest rate VaR, reflecting changed positions and an increased interest rate level, with the largest part of the interest rate sensitivity stemming from interest rate positions in EUR and SEK.

Market risk

EURm	Q4 2013	Q3 13	Q2 13	Q4 2012
Total risk, VaR	148	71	84	31
Interest rate risk, VaR	153	76	93	36
Equity risk, VaR	6	4	4	11
Foreign exchange risk, VaR	7	7	6	13
Credit spread risk, VaR	18	16	17	16
Diversification effect	20%	31%	31%	60%

Balance sheet

Total assets in the balance sheet increased 1% compared to the end of the previous quarter to EUR 631bn.

Capital position and risk-weighted assets

The Group's core tier 1 capital ratio, excluding transition rules, was 14.9% at the end of the fourth quarter, a strengthening of 0.5 %-points from the end of the previous quarter. Excluding the increased dividend payout ratio, the strengthening of the core tier 1 capital ratio would have been 0.8 %-points. The tier 1 capital ratio excluding transition rules increased 0.4 %-point to 15.7%. The total capital ratio excluding transition rules increased 0.6 %-point to 18.1%. The increase in core tier 1 capital ratio has been achieved by RWA efficiency initiatives and strong profit generation during the quarter.

Nordea has during the quarter received foundation IRB approval for the corporate and institutions portfolio in Russia, which had a positive core tier 1 effect of approx. 0.2 %-points. Additionally, in January 2014 the Swedish Financial Supervisory Authority (FSA), in agreement with the three other Nordic FSAs approved Nordea's application to use the advanced IRB approach for the Group's corporate exposures in the Nordic region. The advanced IRB approach will be implemented in the capital adequacy calculations during the first quarter in 2014 and the pro forma fourth quarter 2013 impact on the core tier 1 capital ratio is calculated at approximately 0.7 %-point.

RWA were EUR 155.3bn excluding transition rules, a decrease of EUR 4.3bn, or 2.7%, compared to the previous quarter. RWA reduction of EUR 3.2bn has been realised in the quarter, driven by the IRB approval in Russia as well as other RWA initiatives. Currency fluctuation effects also contributed to a lower RWA.

The core tier 1 ratio including transition rules under Basel II was 11.0%. The capital base was EUR 28.0bn, the tier 1 capital was EUR 24.4bn and the core tier 1 capital was EUR 23.1bn.

Economic Capital (EC) was at the end of the fourth quarter EUR 22.8bn, a decrease of EUR 0.6bn from the end of the previous quarter.

On 21 May 2013, the Swedish Financial Supervisory Authority (FI) announced its decision to introduce a risk weight floor of 15% for Swedish mortgage portfolios, according to the proposal presented in November 2012. The floor is introduced as a supervisory measure within pillar 2. The reported capital ratios will thereby be unaffected, since these ratios are calculated according to the regulations in pillar 1. Within the framework of the internal capital adequacy assessment in pillar 2 and in its internal control, Nordea has for some considerable time allocated extra capital to mortgage transactions corresponding to the risk weight floor now determined.

Based on an average 5.3% risk weight pursuant to pillar 1 in Nordea's Swedish mortgage portfolio as per 31 December, the bank needs to retain capital corresponding to a risk-weighted volume of EUR 4.1bn, within the framework of pillar 2. The Swedish core tier 1 capital requirement of 12% (from 2015) and FI's decision mean that Nordea will need to retain extra core tier 1 capital amounting to approx. EUR 0.5bn for its Swedish mortgage portfolio, which corresponds to a core tier 1 capital ratio impact of approx. 32 basis points according to pillar 1.

Leverage ratio, as calculated in CRR was unchanged at 4.3%.

Capital ratios

%	Q4 2013	Q3 13	Q2 13	Q4 12*
<i>Excluding transition rules:</i>				
Core tier 1 capital ratio	14.9	14.4	14.0	13.1
Tier 1 capital ratio	15.7	15.3	14.8	14.3
Total capital ratio	18.1	17.5	17.4	16.2
<i>Including transition rules:</i>				
Core tier 1 capital ratio	11.0	10.9	10.7	10.2
Tier 1 capital ratio	11.7	11.5	11.3	11.2
Total capital ratio	13.4	13.2	13.3	12.7
Core tier 1 capital ratio, Basel III (incl new Norwegian risk weights)	13.9	13.4	13.1	

* Capital ratios are not restated for IAS19, but the proforma effect would have been approx. 0.15 %-point lower core tier 1 capital ratios and tier 1 capital ratios excluding transition rules and approx. 0.12 %-point lower ratios including transition rules.

Capital regulation in Norway

On 13 October 2013, the Ministry of Finance in Norway announced that the currently used LGD floor of 10% for retail mortgage loans under Basel II will be increased to 20% as of 1 January 2014. The estimated impact for Nordea is an increase in RWA of approx. EUR 1.0bn, which is equivalent to a 10 basis points decrease in the core tier 1 capital ratio for the Nordea Group and approx. a 50 basis points decrease in the core tier 1 capital ratio for the Nordea Bank Norge Group. In addition, the Ministry of Finance confirmed its continued use of the Basel I floor in Norway as a backstop to IRB models.

Nordea's funding and liquidity operations

Nordea issued approx. EUR 3.8bn in long-term funding in the fourth quarter excluding Danish covered bonds, of which approx. EUR 1.4bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in domestic and international markets. In the fourth quarter, Nordea issued a EUR 1bn 3-year floating-rate bond (FRN).

Nordea's liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. The structural liquidity risk of Nordea is measured and limited through an internal model which conceptually is alike the proposed Net Stable Funding Ratio (NSFR), but it applies internal based assumptions for the stability of assets and liabilities. Nordea has in the past years extended

its average maturity of long-term funding, as well as the long-term funding portion of total funding, which at the end of the fourth quarter was approx. 73% (62% in 2008). Structural liquidity risk in Nordea has decreased compared to the situation a couple of years ago.

In January 2014 the Basel Committee on Banking Supervision issued proposed revisions to the NSFR, and in general the revised definition is an improvement. The revised definition of the NSFR better reflects characteristics of the various balance sheet components as well as mitigates potential cliff effects, but does still not fully reflect the structure of the Nordic savings patterns and mortgage lending market. Even if transparency has increased, Nordea currently finds it premature to apply and disclose the NSFR.

Short-term liquidity risk is measured using several metrics and Liquidity Coverage Ratio (LCR) is one such metric. LCR for the Nordea Group was according to the Swedish FSA's LCR definition 117% at the end of the fourth quarter. The LCR in EUR was 140% and in USD 127% at the end of the fourth quarter. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even higher. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV liquid assets and amounted to EUR 66bn at the end of the fourth quarter (EUR 66bn at the end of the third quarter).

Agreement to divest the Polish banking, life and financing businesses

The Polish operations are in the reporting separated as discontinued operations and included only as one line in net profit, following the agreement to divest the Polish operations.

The transaction is expected to be completed within the next few months and is subject to regulatory approvals.

Nordea share

In the fourth quarter, Nordea's share price on the NASDAQ OMX Nordic Exchange appreciated from SEK 77.50 to SEK 86.65.

Dividend

The Board of Directors proposes to the AGM 2014 a dividend of EUR 0.43 per share (EUR 0.34), corresponding to a payout ratio of 56% of net profit. The ambition is to increase the dividend payout ratio in 2014 and 2015, while maintaining a strong capital base. The long-term target is to be decided once the regulatory regime is clarified. Total proposed dividend amounts to EUR 1,734m.

The ex-dividend date for the Nordea share is 21 March 2014. The proposed record date for the dividend is 25 March, and dividend payments will be made on 1 April.

Mandate to repurchase and convey own shares

In order to be able to adjust the company's capital structure to the capital requirement existing at any time and to use own shares as payment in connection with acquisitions or in order to finance such acquisitions, the Board of Directors proposes to the AGM 2014 an authorisation to decide on repurchase of own shares on a regulated market where the company's shares are listed, or by means of an acquisition offer directed to all shareholders. The authorisation is limited so that Nordea's holdings of own shares is a maximum of 10% of all shares.

The Board of Directors further proposes an authorisation to decide on conveyance of own shares, to be used as payment for or financing of acquisitions of companies or businesses. Conveyance may be made in another way than on a regulated market and with deviation from shareholders' pre-emptive rights.

Mandate to issue of convertible instruments

The Board of Directors proposes that the AGM 2014 should authorise the Board of Directors to decide on issuing convertible instruments, with or without preferential rights for existing shareholders. The authorisation means that the share capital may be increased by a maximum 10% of the Company's share capital. The authorisation may be used on one or several occasions up until the next AGM. An issue of convertible instruments should be done on market conditions.

The purpose of the authorisation is to facilitate a flexible and cost-effective adjustment of the Company's capital structure to meet new capital requirements rules and attaching to new capital instruments.

Profit sharing and Long-term incentives

The profit-sharing scheme for 2013 is based on Return on Equity and Customer Satisfaction. If both performance criteria are fully met, the cost will amount to approx. EUR 100m.

As Nordea's LTIP 2010, LTIP 2011 and LTIP 2012 are expensed over 36 months, Nordea has LTIP costs also for 2013.

The provision for Nordea's profit-sharing scheme and the LTIPs was EUR 61m (EUR 75m in 2012).

Performance-related salaries

Performance-related salaries in Nordea include bonuses, variable salary parts and the new executive incentive programme. In order to attract and retain high competence in areas directly exposed to international competition: Markets, Investment Banking and Asset Management, Nordea offers performance-related salaries in the form of bonus schemes to a selected group of employees in these areas. Nordea's ambition is to have competitive, but not market-leading, remuneration schemes.

The provisions for bonus in 2013 were unchanged at EUR 175m (EUR 175m), of which approx. EUR 46m refers to Sweden (EUR 55m). The payout ratio – total staff costs including fixed salaries and bonuses in relation to total income – for the areas with bonus schemes was 17.8% in 2013 compared to 17.7% in 2012. Nordea thus continues to have payout ratios at significantly lower levels than most international peers. The bonus in relation to total income increased to 4.9% in 2013 compared to 4.8% in 2012.

Variable salary parts in other areas or units, including costs for LTIP 2010, LTIP 2011 and LTIP 2012, increased to EUR 102m in 2013 (EUR 99m). Nordea variable salary parts are capped – normally to 3 months' fixed salary.

The new executive incentive programme replaces from 2013 variable salary part and Long-Term Incentive Programme (LTIP) for up to 400 managers. Provisions in 2013 amounted to EUR 35m.

The provisions for performance-related salaries in the fourth quarter amounted to EUR 81m, up from EUR 66m in the third quarter.

Annual General Meeting

The Annual General Meeting will be held on Thursday 20 March 2014 at Aula Magna, at Stockholm University, Stockholm at 13.00 (CET).

Quarterly development, Group

EURm	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Net interest income	1,390	1,386	1,391	1,358	1,382	5,525	5,563
Net fee and commission income	703	652	664	623	682	2,642	2,468
Net result from items at fair value	333	346	416	444	442	1,539	1,774
Equity method	21	14	9	35	33	79	93
Other operating income	22	28	10	46	31	106	100
Total operating income	2,469	2,426	2,490	2,506	2,570	9,891	9,998
General administrative expenses:							
Staff costs	-739	-732	-753	-754	-749	-2,978	-2,989
Other expenses	-480	-441	-453	-461	-458	-1,835	-1,808
Depreciation of tangible and intangible assets	-64	-61	-50	-52	-88	-227	-267
Total operating expenses	-1,283	-1,234	-1,256	-1,267	-1,295	-5,040	-5,064
Profit before loan losses	1,186	1,192	1,234	1,239	1,275	4,851	4,934
Net loan losses	-180	-171	-186	-198	-241	-735	-895
Operating profit	1,006	1,021	1,048	1,041	1,034	4,116	4,039
Income tax expense	-246	-257	-248	-258	-215	-1,009	-970
Net profit for the period from continuing operations	760	764	800	783	819	3,107	3,069
Net profit for the period from discontinued operations, after tax	13	12	-29	13	23	9	57
Net profit for the period	773	776	771	796	842	3,116	3,126
Diluted earnings per share (DEPS), EUR							
- Total operations	0.19	0.19	0.19	0.20	0.21	0.77	0.78
DEPS, rolling 12 months up to period end, EUR							
- Total operations	0.77	0.79	0.77	0.79	0.78	0.77	0.78

Business areas

Nordea Group - continuing operations																		
	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
EURm	Q4 2013	Q3 2013	Chg	Q4 2013	Q3 2013	Chg	Q4 2013	Q3 2013	Chg	Q4 2013	Q3 2013	Chg	Q4 2013	Q3 2013	Chg	Q4 2013	Q3 2013	Chg
Net interest income	949	953	0%	270	290	-7%	32	32	0%	101	74	36%	38	37	4%	1,390	1,386	0%
Net fee and commission income	269	268	0%	149	148	1%	282	252	12%	-2	-4		5	-12		703	652	8%
Net result from items at fair value	79	68	16%	222	221	0%	91	82	11%	-9	35		-50	-60		333	346	-4%
Equity method	7	9	-22%	0	0		0	0		0	0		14	5	180%	21	14	50%
Other income	10	17	-41%	0	1	-100%	5	7	-29%	-1	2		8	1		22	28	-21%
Total operating income	1,314	1,315	0%	641	660	-3%	410	373	10%	89	107	-17%	15	-29		2,469	2,426	2%
Staff costs	-335	-340	-1%	-202	-185	9%	-130	-115	13%	-53	-51	5%	-19	-41	-54%	-739	-732	1%
Other expenses	-389	-357	9%	-26	-15	73%	-87	-70	24%	-13	1		35	0		-480	-441	9%
Depreciations	-27	-26	4%	-8	-9	-11%	-1	-2	-50%	-16	-11	48%	-12	-13	-9%	-64	-61	5%
Total operating expenses	-751	-723	4%	-236	-209	13%	-218	-187	17%	-82	-61	34%	4	-54		-1,283	-1,234	4%
Net loan losses	-145	-107	36%	-36	-62	-42%	1	0		0	0		0	-2	-100%	-180	-171	5%
Operating profit	418	485	-14%	369	389	-5%	193	186	4%	7	46	-84%	19	-85		1,006	1,021	-1%
Cost/income ratio, %	57	55		37	32		53	50		92	57					52	51	
RAROCAR, %	14	14		14	16		27	25								15	14	
Economic capital (EC)	10,788	11,092	-3%	7,993	8,001	0%	1,990	2,247	-11%	548	608	-10%	581	552		21,900	22,500	-3%
Risk-weighted assets (RWA)*	75,911	77,623	-2%	59,023	61,303	-4%	2,827	2,818	0%	4,849	4,500	8%	12,644	13,343		155,254	159,587	-3%
Number of employees (FTEs)	17,323	17,428	-1%	6,037	6,019	0%	3,452	3,480	-1%	1,681	1,644	2%	936	930		29,429	29,501	0%
Volumes, EURbn:																		
Lending to corporates	82.1	83.0	-1%	96.9	96.4	1%							5.4	5.3		184.4	184.7	0%
Household mortgage lending	124.0	124.1	0%	0.5	0.5	0%	5.9	5.8	2%							130.4	130.4	0%
Consumer lending	24.4	24.9	-2%				3.3	3.2	3%							27.7	28.1	-1%
Total lending	230.5	232.0	-1%	97.4	96.9	1%	9.2	9.0	2%				5.4	5.3		342.5	343.2	0%
Corporate deposits	45.1	43.4	4%	66.7	67.4	-1%							2.7	3.4		114.5	114.2	0%
Household deposits	74.7	74.9	0%	0.2	0.2	0%	11.3	11.2	1%							86.2	86.3	0%
Total deposits	119.8	118.3	1%	66.9	67.6	-1%	11.3	11.2	1%				2.7	3.4		200.7	200.5	0%

Nordea Group - continuing operations																		
	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
EURm	Jan-Dec 2013	Jan-Dec 2012	Chg	Jan-Dec 2013	Jan-Dec 2012	Chg	Jan-Dec 2013	Jan-Dec 2012	Chg	Jan-Dec 2013	Jan-Dec 2012	Chg	Jan-Dec 2013	Jan-Dec 2012	Chg	Jan-Dec 2013	Jan-Dec 2012	Chg
Net interest income	3,813	3,814	0%	1,120	1,166	-4%	131	135	-3%	338	412	-18%	123	36		5,525	5,563	-1%
Net fee and commission income	1,070	1,126	-5%	568	540	5%	1,022	841	22%	-10	-13		-8	-26		2,642	2,468	7%
Net result from items at fair value	326	291	12%	917	1,065	-14%	345	414	-17%	70	87	-20%	-119	-83		1,539	1,774	-13%
Equity method	26	21	24%	0	0		0	0		0	-1	-100%	53	73	-27%	79	93	-15%
Other income	73	82	-11%	1	11	-91%	30	29	3%	6	93	-94%	-4	-115		106	100	6%
Total operating income	5,308	5,334	0%	2,606	2,782	-6%	1,528	1,419	8%	404	578	-30%	45	-115		9,891	9,998	-1%
Staff costs	-1,365	-1,380	-1%	-788	-789	0%	-482	-465	4%	-215	-208	3%	-128	-147	-13%	-2,978	-2,989	0%
Other expenses	-1,500	-1,533	-2%	-76	-104	-27%	-303	-309	-2%	-5	-41	-88%	49	179	-73%	-1,835	-1,808	1%
Depreciations	-103	-107	-4%	-35	-39	-10%	-5	-5	0%	-47	-55	-15%	-37	-61	-39%	-227	-267	-15%
Total operating expenses	-2,968	-3,020	-2%	-899	-932	-4%	-790	-779	1%	-267	-304	-12%	-116	-29		-5,040	-5,064	0%
Net loan losses	-478	-593	-19%	-252	-314	-20%	-3	-2	50%	0	0		-2	14		-735	-895	-18%
Operating profit	1,862	1,721	8%	1,455	1,536	-5%	735	638	15%	137	274	-50%	-73	-130		4,116	4,039	2%
Cost/income ratio, %	56	57		34	34		52	55		66	53					51	51	
RAROCAR, %	14	13		15	15		26	23								15	14	
Economic capital (EC)	10,788	11,248	-4%	7,993	8,408	-5%	1,990	2,053	-3%	548	609	-10%	581	482		21,900	22,800	-4%
Risk-weighted assets (RWA)*	75,911	82,332	-8%	59,023	65,405	-10%	2,827	2,902	-3%	4,849	4,883	-1%	12,644	12,371		155,254	167,892	-8%
Number of employees (FTEs)	17,323	17,462	-1%	6,037	6,066	0%	3,452	3,465	0%	1,681	1,596	5%	936	902		29,429	29,491	0%
Volumes, EURbn:																		
Lending to corporates	82.1	85.8	-4%	96.9	88.8	9%							5.4	6.3		184.4	180.9	2%
Household mortgage lending	124.0	123.9	0%	0.5	0.4	25%	5.9	5.6	5%							130.4	129.9	0%
Consumer lending	24.4	25.3	-4%				3.3	3.4	-3%							27.7	28.7	-3%
Total lending	230.5	235.0	-2%	97.4	89.2	9%	9.2	9.0	2%				5.4	6.3		342.5	339.5	1%
Corporate deposits	45.1	45.5	-1%	66.7	62.6	7%							2.7	3.2		114.5	111.3	3%
Household deposits	74.7	75.7	-1%	0.2	0.2	0%	11.3	10.5	8%							86.2	86.4	0%
Total deposits	119.8	121.2	-1%	66.9	62.8	7%	11.3	10.5	8%				2.7	3.2		200.7	197.7	2%

The table shows operating profit, income items, ratios and volumes for continuing operations. Net profit and volumes for discontinued operations are presented in the Group income statement and balance sheet. *RWA from discontinued operations included in Group Functions, Other and Eliminations.

Retail Banking

The business area consists of the retail banking business in the Nordic region and the Baltic countries and includes all parts of the value chain. Approx. 10 million customers are offered a wide range of products. Customers are served from a total of 805 branch locations and contact centres as well as through the online banking channels.

Business development

The number of Gold and Premium customers amounted to 3.09 million, of whom 22,600 were new Nordea customers in the fourth quarter. In 2013, more than 88,000 new customers were welcomed, which was 7% more than in the previous year. Throughout the year, 1.9 million household and corporate advisory meetings were held.

Customers' behaviour is constantly evolving in a more mobile direction. Over 1.3 million customers are now actively using Nordea's mobile offerings. This is an increase of nearly 500,000 active mobile users in one year. The potential for mobile banking is still high since the smartphones usage is widespread in Nordea's markets.

Nordea constantly adjusts its multichannel relationship offerings in order to efficiently deliver on customer expectations and add customer value in the broad range of touch points. A year ago Nordea launched Mobile BankID in Sweden, an authentication method stored in customers' smartphones and tablets. The application has been used to perform transactions in Swish and sign for payments in the Mobile bank, as well as e-services of run by authorities. Up until now, 200,000 Nordea customers have already signed up for the Mobile BankID.

Sometimes Nordea's solutions in the different markets vary due to different local sector solutions. One year after the Swedish launch of the Swish application, Swipp has now been launched in the Danish Mobile bank, also making it possible for customers in Denmark to simply and safely transfer money on the same day, using only the receiver's mobile phone number.

In the fourth quarter Nordea started to offer Norwegian customers the possibility to have chat dialogues online via nordea.no with Contact Centre agents. The experiences and feedback will be used to adjust the set-up before a decision is made on how to implement the function in the other markets. The chat facility is one way of increasing Nordea's ability to personalise and serve customer needs.

Customer demand for manual domestic cash continues to decline. Nordea is accommodating this development

by reducing the number of manual cash outlets and by the end of the year 50% of the Nordic branch locations offer manual cash services beyond ATMs. At the same time Nordea is increasing customers' access to more basic services. Foreign exchange is now available in approx. 175 of the Danish ATMs and deposit of local currency in 150 ADMs in the Nordics.

Result

Total income increased by 1% in local currencies from the previous quarter, driven by both net interest income and ancillary income. Compared to the same period in 2012 income was down mainly explained by a sales gain in 2012, but also due to the lower interest rate level in all markets, which affected earnings on deposits negatively.

The development in net fee and commission income was driven by higher savings commissions due to strong sales and asset appreciation, both compared to the previous quarter and the previous year.

In local currencies, household lending continued to grow in all Nordic countries and despite low demand corporate lending increased slightly as well. The very low interest rate levels had a negative effect on household savings deposits and the volumes were unchanged from the previous quarter.

Expenses followed the seasonal pattern and were up from the third quarter, mainly due to investments in mobile banking solutions.

The number of employees (FTEs) was down 1% following the ongoing efficiency initiatives executed throughout the entire value chain. These initiatives have more than compensated for inflation, increased investments in Mobile banking and further strengthening of the compliance area, leading to decreasing costs year-on-year.

Risk-weighted assets (RWA) were reduced by 2% in the fourth quarter. Efforts to improve capital efficiency continued and the pipeline includes several initiatives.

Net loan losses increased from the previous quarter and were slightly down in Denmark while up from low levels in the other Nordic countries. The loan loss ratio was 25 basis points (18 basis points in the third quarter). Loan losses in 2013 decreased substantially from 2012, especially in Denmark, and the loan loss ratio decreased from 26 to 20 basis points.

Operating profit was down 14% compared to the previous quarter, due to the higher net loan losses and seasonally higher expenses.

Retail Banking total

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		Chg local curr.		2013	2012	2013 vs 2012	
						Q313	Q412	Q313	Q412			EUR	Local
Net interest income	949	953	956	955	975	0%	-3%	1%	0%	3,813	3,814	0%	1%
Net fee and commission income	269	268	265	268	288	0%	-7%	2%	-3%	1,070	1,126	-5%	-4%
Net result from items at fair value	79	68	86	93	58	16%	36%	17%	43%	326	291	12%	14%
Equity method & other income	17	26	20	36	48	-35%	-65%	-31%	-62%	99	103	-4%	-1%
Total income incl. allocations	1,314	1,315	1,327	1,352	1,369	0%	-4%	1%	-1%	5,308	5,334	0%	0%
Staff costs	-335	-340	-345	-345	-351	-1%	-5%	0%	-2%	-1,365	-1,380	-1%	0%
Other exp. excl. depreciations	-389	-357	-376	-378	-404	9%	-4%	10%	-1%	-1,500	-1,533	-2%	-1%
Total expenses incl. allocations	-751	-723	-746	-748	-786	4%	-4%	5%	-2%	-2,968	-3,020	-2%	-1%
Profit before loan losses	563	592	581	604	583	-5%	-3%	-3%	1%	2,340	2,314	1%	2%
Net loan losses	-145	-107	-95	-131	-140	36%	4%	36%	5%	-478	-593	-19%	-18%
Operating profit	418	485	486	473	443	-14%	-6%	-12%	-1%	1,862	1,721	8%	9%
Cost/income ratio, %	57	55	56	55	57					56	57		
RAROCAR, %	14	14	14	14	13					14	13		
Economic capital (EC)	10,788	11,092	11,198	11,073	11,248	-3%	-4%	-1%	0%				
Risk-weighted assets (RWA)	75,911	77,623	78,468	81,284	82,332	-2%	-8%	-1%	-4%				
Number of employees (FTEs)	17,323	17,428	17,331	17,390	17,462	-1%	-1%	-1%	-1%				
Volumes, EURbn:													
Lending to corporates	82.1	83.0	82.8	85.4	85.8	-1%	-4%	0%	0%				
Household mortgage lending	124.0	124.1	122.7	124.5	123.9	0%	0%	1%	4%				
Consumer lending	24.4	24.9	25.0	25.2	25.3	-2%	-4%	-1%	-2%				
Total lending	230.5	232.0	230.5	235.1	235.0	-1%	-2%	1%	2%				
Corporate deposits	45.1	43.4	43.4	44.3	45.5	4%	-1%	5%	3%				
Household deposits	74.7	74.9	75.9	76.2	75.7	0%	-1%	1%	1%				
Total deposits	119.8	118.3	119.3	120.5	121.2	1%	-1%	2%	2%				

Income and cost restated within and between business areas following changed allocations

Volumes have been restated

Banking Denmark

Business development

For the fifth consecutive year, Nordea was named Bank of the Year in Denmark by The Banker magazine. Banking Denmark maintained its solid business momentum in the fourth quarter. The number of externally acquired Gold and Premium customers was 6,900 in the quarter and more than 30,500 for the full year 2013. Also the inflow of corporate customers continued at a significantly higher level than the previous year.

Early in December Nordea launched Swipp, an application integrated in the Mobile Bank which enables household customers to transfer money via mobile phones between the banks. At year-end, approx. 30,000 Nordea customers had signed up for the service.

Nordea strengthened its position in the household lending market in the fourth quarter, showing increased sales and a higher market share. Customer activity and sales of investment products rose to a higher level in 2013 and in the fourth quarter this tendency continued.

The refinancing auctions in December resulted in satisfactory quotes for Nordea Kredit bonds and all-time low rates. More household customers continuously refinance their interest-only or adjustable-rate mortgage loans (S1/F1) into

traditional bond loans with amortisation or F3, F5 loans or to the new product "short rate", thereby contributing to lowering the refinancing risk.

Corporate lending competition is fierce and volumes were basically stable over the year. Deposit volumes increased 3% in the fourth quarter.

Result

Total income increased from the third to the fourth quarter, reflected in higher commission income and net result from items at fair value due to higher activity after the summer holidays. Net interest income was largely unchanged from the third quarter.

The number of employees continued downwards and staff costs decreased accordingly. Other expenses in the fourth quarter were higher than in the third quarter, but marked the second-lowest quarterly level in 2012-2013. Total expenses for the whole year were 1% lower than in 2012.

Risk-weighted assets (RWA) were down from the previous quarter following improved capital efficiency.

Net loan losses continued downwards in the fourth quarter and net loan losses in 2013 were 30% lower than in 2012 excluding provisions for the Danish Deposit Guarantee Fund. The loan loss ratio in the fourth quarter was 45 basis points (46 basis points in the third quarter).

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	308	310	308	314	320	-1%	-4%	1,240	1,256	-1%
Net fee and commission income	44	38	45	40	41	16%	7%	167	209	-20%
Net result from items at fair value	18	11	12	33	8	64%	125%	74	39	90%
Equity method & other income	6	7	9	11	9	-14%	-33%	33	26	27%
Total income incl. allocations	376	366	374	398	378	3%	-1%	1,514	1,530	-1%
Staff costs	-75	-76	-75	-75	-79	-1%	-5%	-301	-311	-3%
Other exp. excl. depreciations	-123	-120	-129	-123	-126	3%	-2%	-495	-497	0%
Total expenses incl. allocations	-202	-200	-208	-202	-208	1%	-3%	-812	-823	-1%
Profit before loan losses	174	166	166	196	170	5%	2%	702	707	-1%
Net loan losses	-73	-74	-77	-86	-89	-1%	-18%	-310	-442	-30%
Operating profit	101	92	89	110	81	10%	25%	392	265	48%
Cost/income ratio, %	54	55	56	51	55			54	54	
RAROCAR, %	15	14	13	16	13			14	14	
Economic capital (EC)	2,981	3,027	3,047	3,151	3,147	-2%	-5%			
Risk-weighted assets (RWA)	22,613	22,996	23,244	24,081	23,641	-2%	-4%			
Number of employees (FTEs)	3,411	3,464	3,509	3,523	3,568	-2%	-4%			
Volumes, EURbn:										
Lending to corporates	21.9	22.0	22.0	22.0	21.9	0%	0%			
Household mortgage lending	30.9	30.8	30.5	30.3	30.4	0%	2%			
Consumer lending	11.9	12.0	12.1	12.2	12.3	-1%	-3%			
Total lending	64.7	64.8	64.6	64.5	64.6	0%	0%			
Corporate deposits	9.1	8.8	8.6	8.5	7.8	3%	17%			
Household deposits	23.2	23.0	23.4	23.2	22.9	1%	1%			
Total deposits	32.3	31.8	32.0	31.7	30.7	2%	5%			

Income and cost restated within and between business areas following changed allocations

Cost restated following organisational changes

Volumes have been restated

Banking Finland

Business development

Customer activity in Banking Finland remained solid as Nordea continued to provide a high level of financing and investment advice during the fourth quarter. The Banker magazine acknowledged Nordea Finland for its operating model in the still uncertain market by naming it Bank of the Year in Finland for the second consecutive year.

Nordea's housing loan volumes developed in line with the market, which also resulted in an increased number of Gold and Premium customers. During the quarter Nordea acquired 4,600 new Gold and Premium customers. Changed behaviour has been noticed in the savings area as people's retirement savings to a greater extent will be based on individual savings plans instead of voluntary pension insurances. Nordea's sales of investment products continued at a firm pace in the fourth quarter.

Activities aimed at corporate customers continued at a high level in the fourth quarter, supporting to increased volumes especially among SMEs and an overall

growing market share. The high activity resulted in growing lending fees and markets income, especially FX-spot trading. Despite the increased volumes, the development in risk weighted assets (RWA) was modest as the new lending consisted of a high share of high-rated corporate customers.

Result

Lending income, from both household and corporate customers, was the main driver for the increased net interest income.

Also, a rise in short-term interest rates improved earnings on deposits in the fourth quarter. The healthy trend for in non-interest income was especially driven by savings and markets products but also cash management services for corporate customers. Apart from quarterly fluctuations and the effects of finalised refurbishment projects, the overall flat with flat cost trend continued.

Net loan losses were EUR 22m, mainly from the corporate portfolio. The loan loss ratio was 18 basis points (12 basis points in the third quarter).

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	179	173	163	144	145	3%	23%	659	600	10%
Net fee and commission income	92	90	85	87	80	2%	15%	354	326	9%
Net result from items at fair value	22	16	26	20	19	38%	16%	84	77	9%
Equity method & other income	1	4	1	8	17	-75%	-94%	14	20	-30%
Total income incl. allocations	294	283	275	259	261	4%	13%	1,111	1,023	9%
Staff costs	-57	-59	-55	-57	-57	-3%	0%	-228	-223	2%
Other exp. excl. depreciations	-108	-103	-103	-103	-105	5%	3%	-417	-419	0%
Total expenses incl. allocations	-167	-163	-159	-161	-164	2%	2%	-650	-647	0%
Profit before loan losses	127	120	116	98	97	6%	31%	461	376	23%
Net loan losses	-22	-14	-8	-13	-14	57%	57%	-57	-46	24%
Operating profit	105	106	108	85	83	-1%	27%	404	330	22%
Cost/income ratio, %	57	58	58	62	63			59	63	
RAROCAR, %	18	17	16	13	13			16	12	
Economic capital (EC)	1,956	1,974	2,004	1,954	1,941	-1%	1%			
Risk-weighted assets (RWA)	14,237	14,057	14,223	13,962	14,554	1%	-2%			
Number of employees (FTEs)	3,949	3,946	3,985	3,981	3,984	0%	-1%			
Volumes, EURbn:										
Lending to corporates	14.7	14.5	14.3	14.2	14.3	1%	3%			
Household mortgage lending	26.9	26.7	26.5	26.2	26.3	1%	2%			
Consumer lending	6.3	6.3	6.2	6.2	6.2	0%	2%			
Total lending	47.9	47.5	47.0	46.6	46.8	1%	2%			
Corporate deposits	9.7	9.3	9.2	9.1	10.4	4%	-7%			
Household deposits	21.6	21.8	22.3	22.3	22.5	-1%	-4%			
Total deposits	31.3	31.1	31.5	31.4	32.9	1%	-5%			

Income and cost restated within and between business areas following changed allocations

Volumes have been restated

Banking Norway

Business development

The number of externally acquired Gold and Premium customers amounted to 2,700 in the quarter, 7% more than in the previous quarter. Household meeting activity reached the highest quarterly level in 2013. The increased activity gave positive effects on both household mortgage lending and deposit volumes in local currency.

The activity in the corporate segment also improved in the fourth quarter of 2013. In local currency, the corporate lending volumes levelled off due to lower customer demand. At the same time corporate deposit volumes displayed a growth in local currency. The high business momentum resulted in an increase in non-interest income in local currency from the previous year.

Household mortgage lending and deposits increased by 1% and 2% respectively from the previous quarter in local currency.

Chat possibilities through nordea.no have been introduced during the quarter, both for household and corporate customers. Customer feedback is very positive since customers perceive this as an efficient way to get in contact with the bank.

The number of mobile transactions has during the quarter increased by 10%.

Risk-weighted assets were down from the third quarter. Efficiency initiatives in the corporate segment and the depreciation of the NOK more than offset the increased household lending growth in local currency.

Result

In local currency, total income decreased slightly from the previous quarter whereas it increased by 6% from the fourth quarter last year, despite the reintroduction of the fee for the Norwegian deposit guarantee scheme. Lending margins in both corporate and household segments increased further during the quarter reflecting improved risk pricing.

Total expenses in local currency increased by 3% from the previous quarter, affected by a seasonally higher fourth quarter level, but were unchanged from the same quarter last year. The number of full time employees (FTEs) was down 1% from the previous quarter.

The loan loss ratio was 14 basis points in the fourth quarter (7 basis points in the third quarter). Loan losses in the fourth quarter mainly came from individual provisions in the corporate segment. Some collective provisions were reversed in the quarter in the household segment.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		Chg local curr.		2013	2012	2013 vs 2012	
						Q313	Q412	Q313	Q412			EUR	Local
Net interest income	201	210	210	199	201	-4%	0%	0%	11%	820	734	12%	16%
Net fee and commission income	38	42	41	41	52	-10%	-27%	-5%	-16%	162	186	-13%	-8%
Net result from items at fair value	18	18	22	17	18	0%	0%	2%	11%	75	77	-3%	2%
Equity method & other income	1	1	2	2	2	0%	-50%	-25%	-43%	6	3	100%	156%
Total income incl. allocations	258	271	275	259	273	-5%	-5%	-1%	6%	1,063	1,000	6%	11%
Staff costs	-38	-38	-40	-41	-41	0%	-7%	3%	3%	-157	-159	-1%	3%
Other exp. excl. depreciations	-74	-75	-79	-80	-87	-1%	-15%	3%	-4%	-308	-332	-7%	-3%
Total expenses incl. allocations	-114	-114	-121	-122	-130	0%	-12%	3%	-2%	-471	-497	-5%	-1%
Profit before loan losses	144	157	154	137	143	-8%	1%	-4%	13%	592	503	18%	23%
Net loan losses	-16	-8	13	-11	-13	100%	23%	111%	40%	-22	-43	-49%	-40%
Operating profit	128	149	167	126	130	-14%	-2%	-10%	10%	570	460	24%	28%
Cost/income ratio, %	44	42	44	47	48					44	50		
RAROCAR, %	16	17	16	13	13					16	11		
Economic capital (EC)	2,407	2,516	2,557	2,670	2,869	-4%	-16%	-1%	-3%				
Risk-weighted assets (RWA)	17,951	18,611	18,896	19,877	21,371	-4%	-16%	-1%	-4%				
Number of employees (FTEs)	1,405	1,419	1,407	1,405	1,402	-1%	0%	-1%	0%				
Volumes, EURbn:													
Lending to corporates	19.1	19.7	19.9	20.9	21.3	-3%	-10%	0%	2%				
Household mortgage lending	24.4	25.0	25.6	26.7	27.3	-2%	-11%	1%	2%				
Consumer lending	0.7	0.7	0.8	0.7	0.7	0%	0%	1%	35%				
Total lending	44.2	45.4	46.3	48.3	49.3	-3%	-10%	0%	2%				
Corporate deposits	10.4	10.5	11.1	11.4	11.9	-1%	-13%	1%	-1%				
Household deposits	7.9	8.0	8.6	8.5	8.5	-1%	-7%	2%	7%				
Total deposits	18.3	18.5	19.7	19.9	20.4	-1%	-10%	2%	2%				

Income and cost restated within and between business areas following changed allocations

Banking Sweden

Business development

The improving trend of the Swedish economy diminished somewhat at the end of the year. Nevertheless, business activity in Banking Sweden was high in the fourth quarter, resulting in growing business volumes and improved market shares.

In local currency, the growth in household mortgage lending amounted to 3% in the fourth quarter. The year-on-year development was 9%. This supported a steady growth in the number of Gold and Premium customers, which amounted to 8,300 in the quarter. Customer demand for investment products remained high and sales were 20% higher than in the same quarter of 2012.

Corporate customers' demand for financing remained modest while competition for new lending contracts was still fierce. Lending volumes decreased by 1% in local currency. Deposit volumes increased firmly in the fourth quarter, 11% in local currency, driven by growth in the cash management business. The capital markets business was very strong in the first half of the fourth quarter, but the activity level declined in the second half, which was mirrored in the lower economical estimates and financial outlooks.

In local currency total lending increased 1% during the quarter and total deposits increased by 5%.

Result

Net interest income increased 2% in local currency in the fourth quarter, reflecting growing business volumes and increasing lending margins, balanced by slightly lower deposit margins following the lower market interest rates. Non-interest income showed a positive development, not least in the capital markets business area.

Total expenses increased from the third quarter, mainly because the fact that the third quarter includes the vacation period. Total expenses were essentially flat compared to the same quarter of 2012. The number of FTEs decreased from the previous quarter.

Risk-weighted assets (RWA) were down by 1% in local currency compared to previous quarter following a number of efficiency initiatives.

Net loan losses remained at a low level of 8 basis points (7 basis points in the previous quarter).

EURm						Q413 vs		Chg local curr. Q413 vs				2013 vs 2012	
	Q413	Q313	Q213	Q113	Q412	Q313	Q412	Q313	Q412	2013	2012	EUR	Local
Net interest income	251	251	264	287	281	0%	-11%	2%	-8%	1,053	1,097	-4%	-5%
Net fee and commission income	90	91	88	92	104	-1%	-13%	2%	-10%	361	375	-4%	-4%
Net result from items at fair value	24	25	26	26	27	-4%	-11%	-2%	-7%	101	112	-10%	-8%
Equity method & other income	1	6	1	5	6	-83%	-83%	-81%	-82%	13	6	117%	117%
Total income incl. allocations	366	373	379	410	418	-2%	-12%	0%	-9%	1,528	1,590	-4%	-4%
Staff costs	-70	-71	-73	-76	-74	-1%	-5%	1%	-2%	-290	-289	0%	0%
Other exp. excl. depreciations	-145	-142	-147	-147	-146	2%	-1%	4%	3%	-581	-578	1%	0%
Total expenses incl. allocations	-221	-218	-225	-226	-226	1%	-2%	4%	1%	-890	-884	1%	0%
Profit before loan losses	145	155	154	184	192	-6%	-24%	-4%	-22%	638	706	-10%	-10%
Net loan losses	-13	-11	-18	-11	-11	18%	18%	22%	21%	-53	-38	39%	39%
Operating profit	132	144	136	173	181	-8%	-27%	-6%	-25%	585	668	-12%	-13%
Cost/income ratio, %	60	58	59	55	54					58	56		
RAROCAR, %	14	15	16	20	20					16	19		
Economic capital (EC)	2,758	2,859	2,859	2,555	2,512	-4%	10%	-1%	13%				
Risk-weighted assets (RWA)	16,039	16,651	16,700	17,866	16,954	-4%	-5%	-1%	-2%				
Number of employees (FTEs)	3,250	3,291	3,263	3,315	3,306	-1%	-2%	-1%	-2%				
Volumes, EURbn:													
Lending to corporates	20.8	21.4	21.1	22.7	22.7	-3%	-8%	-1%	-6%				
Household mortgage lending	39.2	39.0	37.6	38.7	37.2	1%	5%	3%	9%				
Consumer lending	5.2	5.6	5.5	5.8	5.9	-7%	-12%	-4%	-7%				
Total lending	65.2	66.0	64.2	67.2	65.8	-1%	-1%	1%	2%				
Corporate deposits	13.2	12.2	12.1	13.0	13.1	8%	1%	11%	5%				
Household deposits	21.0	21.1	20.8	21.4	20.9	0%	0%	2%	4%				
Total deposits	34.2	33.3	32.9	34.4	34.0	3%	1%	5%	4%				

Income and cost restated within and between business areas following changed allocations

Banking Baltic countries

Business development

The Baltic countries are expected to benefit from the improving labour market conditions and positive consumer sentiment will continue to benefit domestic consumption. Furthermore, unusually low inflation has benefited a growth in real wages. A slower than expected recovery of world economy and cautious corporate demand has lowered investments. However, similarly to the last three years, the Baltic economies are expected to remain among the fastest-growing EU economies.

Nordea was awarded Bank of the Year in Estonia by the Banker magazine. Nordea's focus on relationship banking in the Baltic countries has strengthened customer loyalty in targeted segments. Consequently, net fee and commission income increased by 9% from the previous quarter and 20% compared to a year ago, improving in all main product areas. Net interest income increased 3% from the third quarter and 6% from the same period in 2012 as both corporate and household lending margins continued to rise, mirroring the true cost of funding. Deposit margins declined due to the intense competition and lower short-term interest rates.

In the fourth quarter, household lending remained constant, while the corporate lending portfolio showed a slight increase in line with the market trend. The growth rate of deposit volumes in the fourth quarter was more than twice as high as market growth. The increase reflects the efforts made to strengthen the house banking relationship and the aim to balance deposit and lending volumes.

Result

Total income increased 18% compared to the same quarter 2012 and 5% from the third quarter 2013, driven by growth in commissions and lending margins.

Expenses in the fourth quarter were affected by preparations made for Latvia to join the Eurozone and some year-end activities including planned marketing campaigns.

Both RWA and EC declined following improvements in the risk levels in the Baltic portfolios.

Loan loss provisions were EUR 16m, mainly related to revaluation of non-performing household loan collaterals and increase of provisions for one corporate customer in Latvia. The annualised loan loss ratio was 75 basis points.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	34	33	33	32	32	3%	6%	132	122	8%
Net fee and commission income	12	11	11	10	10	9%	20%	44	43	2%
Net result from items at fair value	-1	-1	-1	-1	-4			-4	-2	
Equity method & other income	0	0	0	0	0			0	1	-100%
Total income incl. allocations	45	43	43	41	38	5%	18%	172	164	5%
Staff costs	-7	-6	-6	-6	-7	17%	0%	-25	-25	0%
Other exp. excl. depreciations	-16	-15	-15	-13	-13	7%	23%	-59	-59	0%
Total expenses incl. allocations	-23	-21	-21	-20	-20	10%	15%	-85	-85	0%
Profit before loan losses	22	22	22	21	18	0%	22%	87	79	10%
Net loan losses	-16	4	-7	-4	-10		60%	-23	-3	
Operating profit	6	26	15	17	8	-77%	-25%	64	76	-16%
Cost/income ratio, %	51	49	49	49	53			49	52	
RAROCAR, %	7	7	7	6	4			7	4	
Economic capital (EC)	676	704	718	729	761	-4%	-11%			
Risk-weighted assets (RWA)	5,071	5,307	5,404	5,498	5,811	-4%	-13%			
Number of employees (FTEs)	728	753	771	799	805	-3%	-10%			
Volumes, EURbn:										
Lending to corporates	5.7	5.6	5.7	5.7	5.7	2%	0%			
Household lending	2.8	2.8	2.8	2.9	2.9	0%	-3%			
Total lending	8.5	8.4	8.5	8.6	8.6	1%	-1%			
Corporate deposits	2.8	2.6	2.4	2.3	2.4	8%	17%			
Household deposits	0.9	0.9	0.9	0.8	0.8	0%	13%			
Total deposits	3.7	3.5	3.3	3.1	3.2	6%	16%			

Income and cost restated within and between business areas following changed allocations

Retail Banking other

The area consists of the result from the Retail Banking service operations not allocated to any of the banking operations. It also includes additional liquidity premium for the funding cost of long-term lending and deposits in Retail Banking.

Result

Net interest income was affected by higher costs related to liquidity premium allocations than in the previous year.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	-24	-24	-22	-21	-4			-91	5	
Net fee and commission income	-7	-4	-5	-2	1			-18	-13	
Net result from items at fair value	-2	-1	1	-2	-10			-4	-12	
Equity method & other income	8	8	7	10	14	0%	-43%	33	47	-30%
Total income incl. allocations	-25	-21	-19	-15	1			-80	27	
Staff costs	-88	-90	-96	-90	-93	-2%	-5%	-364	-373	-2%
Other exp. excl. depreciations	77	98	97	88	73	-21%	5%	360	352	2%
Total expenses incl. allocations	-24	-7	-12	-17	-38	243%	-37%	-60	-84	-29%
Profit before loan losses	-49	-28	-31	-32	-37			-140	-57	
Net loan losses	-5	-4	2	-6	-3	25%	67%	-13	-21	-38%
Operating profit	-54	-32	-29	-38	-40			-153	-78	
Economic capital (EC)	10	12	13	14	18	-17%	-44%			
Number of employees (FTEs)	4,580	4,555	4,396	4,367	4,397	1%	4%			

Income and cost restated within and between business areas following changed allocations

Restatement of cost following organisational changes

Wholesale Banking

Wholesale Banking provides services and financial solutions to Nordea's largest corporate and institutional customers. The business area incorporates the entire value chain including customer and product units as well as the supporting IT and infrastructure.

Wholesale Banking has a substantial lead-bank footprint in all Nordic markets, supported by a competitive product offering and a well-diversified business mix. The leading position is leveraged to further strengthen customer relationships and drive cross-selling and income growth and to provide customers with access to attractive financing in the capital markets.

Wholesale Banking maintained its emphasis on increasing returns through constant improvements. Sustained sharp business selection and pricing discipline supported income development and capital allocation. The simplification and alignment of processes along the value chain supported effective cost management.

Business development

Wholesale Banking continued to leverage the strength of its operating platform, improve its capital market related areas, and develop the cash management offering and the international branch network.

The subdued economic environment affected customer activity and the investment level, challenging traditional banking products. Capital-light solutions are important contributors to cross selling and ancillary income.

Nordea was named Best Trade Finance Bank in the Nordic region by Global Trade Review.

Banking

Corporate customer activity was moderate in the fourth quarter. Daily business remained stable with moderate lending activity and transaction flows at normal levels. Event-driven business improved somewhat from the previous quarter and a number of transactions were executed.

Institutional customer activity was slightly pressured with limited portfolio reallocation and reduced transaction flows.

Customer activity in shipping was moderate. Activity in the offshore and oil services sector was stable. In Russia, customer activity was stable.

Capital markets

Customer activity in fixed income remained weak for new transactions, mainly influenced by low interest rates and low financial market volatility. Customer demand for risk management and credit products was affected by the market environment. Intense competition for volume put margins under pressure in the currency area.

In loan capital markets LBO activity remained strong. Customers took advantage of the attractive margin trend and high liquidity of the bank loan market. Primary fixed income activity remained robust with a strong volume in new issuance across the Nordic region.

ECM activity was favourable with Nordea leading a number of large transactions and a pick-up of the Nordic IPO market. M&A activity remained subdued.

Wholesale Banking continued to strengthen its position in the equity area and gain market share in the Nordic countries. An increase in active customers in the UK supports the focus on a stronger international footprint. Equities also played an active role in several capital-raising transactions together with the Investment Banking division.

Credit quality

Net loan losses decreased to EUR 36m. The loan loss ratio was 15 basis points (26 basis points in the previous quarter).

Result

Total income was EUR 641m, a decrease of 3% from both the previous quarter and the fourth quarter last year. Total expenses increased from the previous quarter and decreased by 4% compared to the fourth quarter of the prior year.

Continued strict resource management resulted in decreased RWA and a competitive cost/income ratio.

Operating profit decreased to EUR 369m, down 5% from the third quarter and the business area RaRoCaR amounted to 14%.

Wholesale Banking

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	270	290	282	278	285	-7%	-5%	1,120	1,166	-4%
Net fee and commission income	149	148	147	124	142	1%	5%	568	540	5%
Net result from items at fair value	222	221	249	225	226	0%	-2%	917	1,065	-14%
Equity method & other income	0	1	-3	3	8	-100%	-100%	1	11	-91%
Total income incl. allocations	641	660	675	630	661	-3%	-3%	2,606	2,782	-6%
Staff costs	-202	-185	-204	-197	-194	9%	4%	-788	-789	0%
Other exp. excl. depreciations	-26	-16	-15	-20	-41	63%	-37%	-77	-104	-26%
Total expenses incl. allocations	-236	-209	-227	-227	-245	13%	-4%	-899	-932	-4%
Profit before loan losses	405	451	448	403	416	-10%	-3%	1,707	1,850	-8%
Net loan losses	-36	-62	-86	-68	-99	-42%	-64%	-252	-314	-20%
Operating profit	369	389	362	335	317	-5%	16%	1,455	1,536	-5%
Cost/income ratio, %	37	32	34	36	37			34	34	
RAROCAR, %	14	16	16	14	14			15	15	
Economic capital (EC)	7,993	8,001	8,200	8,455	8,408	0%	-5%			
Risk-weighted assets (RWA)	59,023	61,303	62,633	64,882	65,405	-4%	-10%			
Number of employees (FTEs)	6,037	6,019	5,933	6,028	6,066	0%	0%			
Volumes, EURbn:										
Lending to corporates	96.9	96.4	95.1	97.7	88.8	1%	9%			
Lending to households	0.5	0.5	0.4	0.4	0.4	0%	25%			
Total lending	97.4	96.9	95.5	98.1	89.2	1%	9%			
Corporate deposits	66.7	67.4	60.9	64.8	62.6	-1%	7%			
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%			
Total deposits	66.9	67.6	61.1	65.0	62.8	-1%	7%			

Income and cost restated within and between business areas following changed allocations

Corporate & Institutional Banking

Corporate & Institutional Banking (CIB) comprises the customer units serving Nordea's largest corporate and institutional customers. CIB is the leading Nordic financial service provider to large corporate customers, both in terms of market share and relationship strength.

Business development

The daily business was stable compared with the third quarter. The event-driven business improved somewhat, with some variance between countries.

Corporate customer demand for refinancing increased slightly from the third quarter. Competition increased further with pressure on margins. The event-driven business improved somewhat in the fourth quarter driven by Equity and Fixed Income activities.

Institutional customer demand was moderate and in line with previous quarters.

CIB maintained strict employment of risk-weighted assets with a continued focus on improved allocation. Lending margins on new business remained challenged.

The CIB divisions maintained their focus on resource management and operational efficiency as well as ensuring compliance while safeguarding customer relationships.

Credit quality

CIB continued its close customer dialogue to manage risks and relationships actively. Net loan losses decreased from the previous quarter and amounted to EUR 34m. The loan loss ratio was 34 basis points in the fourth quarter, compared to 41 basis points in the third quarter.

Result

Total income was EUR 404m, an increase of 3% compared to the previous quarter. Operating profit was up 10% to EUR 251m.

The level of risk-weighted assets fell in the quarter.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs
						Q313	vs Q412			
Net interest income	180	177	176	168	176	2%	2%	701	693	1%
Net fee and commission income	143	143	153	128	142	0%	1%	567	555	2%
Net result from items at fair value	81	71	106	93	91	14%	-11%	351	402	-13%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	404	391	435	389	409	3%	-1%	1,619	1,650	-2%
Staff costs	-9	-10	-11	-11	-10	-10%	-10%	-41	-39	5%
Other exp. excl. depreciations	-110	-110	-112	-112	-115	0%	-4%	-444	-448	-1%
Total expenses incl. allocations	-119	-120	-123	-123	-125	-1%	-5%	-485	-487	0%
Profit before loan losses	285	271	312	266	284	5%	0%	1,134	1,163	-2%
Net loan losses	-34	-42	-52	-37	-37	-19%	-8%	-165	-68	143%
Operating profit	251	229	260	229	247	10%	2%	969	1,095	-12%
Cost/income ratio, %	29	31	28	32	31			30	30	
RAROCAR, %	16	15	17	14	15			15	15	
Economic capital (EC)	5,087	5,237	5,371	5,581	5,399	-3%	-6%			
Risk-weighted assets (RWA)	37,864	39,001	39,946	41,742	42,620	-3%	-11%			
Number of employees (FTEs)	195	195	190	192	213	0%	-8%			
Volumes, EURbn:										
Total lending	39.5	41.0	41.2	43.6	42.9	-4%	-8%			
Total deposits	33.8	35.1	35.2	37.1	38.7	-4%	-13%			

Shipping, Offshore & Oil Services

Shipping, Offshore & Oil Services (SOO) is the division of Wholesale Banking responsible for customers in the shipping, offshore, oil services, and cruise and ferries industries worldwide. Customers are served from the Nordic offices as well as the international branches in New York, London and Singapore.

Nordea is a leading bank to the global shipping and offshore sector with strong brand recognition and a world-leading loan syndication franchise. The business strategy is founded on long-term customer relationships and strong industry expertise.

Business development

Customer activity was moderate and lending volumes largely stable during the quarter. Activity in the broader capital markets remained at a high level.

Credit quality

Loan loss provisions declined for the fourth consecutive quarter as asset values stabilised or improved in the broader shipping markets.

Credit quality in the offshore and oil services sectors remained strong.

Net loan losses decreased to EUR 1m and the loan loss ratio was 4 basis points (68 basis points in the third quarter).

Result

Total income was EUR 83m, down EUR 8m compared to the previous quarter. Operating profit was EUR 66m, an increase of 20% from the third quarter.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	65	69	67	66	69	-6%	-6%	267	290	-8%
Net fee and commission income	12	15	14	14	16	-20%	-25%	55	64	-14%
Net result from items at fair value	6	7	8	11	13	-14%	-54%	32	27	19%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	83	91	89	91	98	-9%	-15%	354	381	-7%
Staff costs	-6	-6	-5	-7	-6	0%	0%	-24	-25	-4%
Other exp. excl. depreciations	-10	-10	-9	-11	-11	0%	-9%	-40	-43	-7%
Total expenses incl. allocations	-16	-16	-14	-18	-17	0%	-6%	-64	-67	-4%
Profit before loan losses	67	75	75	73	81	-11%	-17%	290	314	-8%
Net loan losses	-1	-20	-34	-40	-63	-95%	-98%	-95	-240	-60%
Operating profit	66	55	41	33	18	20%	267%	195	74	164%
Cost/income ratio, %	19	18	16	20	17			18	18	
RAROCAR, %	15	17	16	15	16			16	16	
Economic capital (EC)	1,187	1,186	1,236	1,325	1,320	0%	-10%			
Risk-weighted assets (RWA)	9,065	9,052	9,444	10,173	10,234	0%	-11%			
Number of employees (FTEs)	87	86	84	88	87	1%	0%			
Volumes, EURbn:										
Total lending	11.4	11.8	12.2	13.1	13.0	-3%	-12%			
Total deposits	4.3	3.7	3.5	3.7	4.8	16%	-10%			

Banking Russia

Nordea Bank Russia is a wholly-owned, full-service bank. Its primary business focus is on large global companies and core Nordic customers.

Business development

Despite a government spending increase and a seasonal pick-up in public investments in the fourth quarter, the GDP growth rate is assessed to have declined to 1.5%. Household consumption remained robust, with a stable labour market and inflation under control at 6.5%.

Private investments stayed at a low level, leading to weak demand for capital. Nordea's lending was largely unchanged in the fourth quarter, with a stable margin. Deposit volumes were stable, with a slight increase in margin.

Expenses increased seasonally by 7% from the third quarter, but were 9% down compared to the fourth quarter of 2012. The number of employees was stable.

Credit quality

Net loan losses were minimal in the fourth quarter. Gross impaired loans amounted to EUR 29m or 42 basis points of total loans, compared to 44 basis points in the third quarter.

Result

Total income was up 2% compared to the previous quarter and up 12% from the fourth quarter of 2012. Operating profit was down EUR 2m from the previous quarter due to seasonal costs and increased by 29% from the same period of the previous year.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	60	58	55	61	56	3%	7%	234	206	14%
Net fee and commission income	4	4	3	3	5	0%	-20%	14	17	-18%
Net result from items at fair value	2	3	3	4	-3	-33%		12	9	33%
Equity method & other income	0	0	0	0	1		-100%	0	2	-100%
Total income incl. allocations	66	65	61	68	59	2%	12%	260	234	11%
Staff costs	-18	-17	-14	-19	-20	6%	-10%	-68	-69	-1%
Other exp. excl. depreciations	-9	-8	-7	-7	-10	13%	-10%	-31	-34	-9%
Total expenses incl. allocations	-29	-27	-22	-28	-32	7%	-9%	-106	-108	-2%
Profit before loan losses	37	38	39	40	27	-3%	37%	154	126	22%
Net loan losses	-1	0	-1	9	1			7	-6	
Operating profit	36	38	38	49	28	-5%	29%	161	120	34%
Cost/income ratio, %	44	42	36	41	54			41	46	
RAROCAR, %	24	24	25	26	15			25	18	
Economic capital (EC)	444	459	462	450	500	-3%	-11%			
Risk-weighted assets (RWA)	3,372	5,948	5,877	5,962	6,159	-43%	-45%			
Number of employees (FTEs)	1,405	1,402	1,385	1,439	1,486	0%	-5%			
Volumes, EURbn:										
Lending to corporates	5.8	6.0	6.1	6.0	6.2	-3%	-6%			
Lending to households	0.5	0.5	0.4	0.4	0.4	0%	25%			
Total lending	6.3	6.5	6.5	6.4	6.6	-3%	-5%			
Corporate deposits	1.7	1.7	1.8	1.3	2.2	0%	-23%			
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%			
Total deposits	1.9	1.9	2.0	1.5	2.4	0%	-21%			

Wholesale Banking other (including Capital Markets unallocated)

Wholesale Banking other is the residual result not allocated to customer units. This includes the unallocated income from Capital Markets, Transaction Products, International Units and the IT divisions. It also includes the additional liquidity premium for the funding cost of long-term lending and deposits in Wholesale Banking. Wholesale Banking other is not

actively managed as the optimisation of the business takes place in the relevant customer and product units.

Result

Wholesale Banking other total income was EUR 88m, down 22% from the previous quarter, and somewhat below the fourth quarter last year. Operating profit amounted to EUR 16m.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs Q313	vs Q412	2013	2012	2013 vs 2012
Net interest income	-35	-14	-16	-17	-16			-82	-23	
Net fee and commission income	-10	-14	-23	-21	-21			-68	-96	
Net result from items at fair value	133	140	132	117	125	-5%	6%	522	627	-17%
Equity method & other income	0	1	-3	3	7			1	9	-89%
Total income incl. allocations	88	113	90	82	95	-22%	-7%	373	517	-28%
Staff costs	-169	-152	-174	-160	-158	11%	7%	-655	-656	0%
Other exp. excl. depreciations	103	112	113	110	95	-8%	8%	438	421	4%
Total expenses incl. allocations	-72	-46	-68	-58	-71	57%	1%	-244	-270	-10%
Profit before loan losses	16	67	22	24	24	-76%	-33%	129	247	-48%
Net loan losses	0	0	1	0	0			1	0	
Operating profit	16	67	23	24	24	-76%	-33%	130	247	-47%
Economic capital (EC)	1,275	1,119	1,131	1,099	1,189	14%	7%			
Risk-weighted assets (RWA)	8,722	7,302	7,366	7,005	6,392	19%	36%			
Number of employees (FTEs)	4,350	4,336	4,274	4,309	4,280	0%	2%			
Volumes, EURbn:										
Total lending	40.2	37.6	35.6	35.0	26.7					
Total deposits	26.9	26.9	20.4	22.7	16.9					

Volumes refers to Repo transactions within Capital Markets.

Income and cost restated within and between business areas following changed allocations

Wealth Management

Wealth Management provides high quality investment, savings and risk management products; it manages customers' assets and gives financial advice to affluent and high net worth individuals as well as institutional investors. Wealth Management is the largest Nordic private bank, life & pensions provider and asset manager. The area consists of the businesses Private Banking, Asset Management and Life & Pensions as well as the service unit Savings & Wealth Offerings.

Business development

Nordea's Assets under Management (AuM) increased to EUR 233.3bn, up 5.5bn or 2% from the previous quarter and 7% from the same quarter last year. The increase in AuM was due to a positive investment performance return of EUR 3.3bn, and a net inflow of EUR 2.2bn ending year end AuM at another all-time high.

Year-end quarter was driven by a strong business momentum. All businesses contributed positively to the quarter's inflow. The main contributors were Nordic Retail funds with a net inflow of EUR 0.9bn and Institutional sales with a net inflow of EUR 0.6bn.

The fourth quarter was characterised by the positive momentum in financial markets around the world, sentiment was lifted by the FED's decision on tapering its asset purchase programme and ECB's interest rate cut to 0.25% from 0.5% in combination with improving economic outlook globally. Most notably, the Eurozone moved out of the recession.

Household customers maintained their strong interest in savings and investment products, as net flow was positive in the Nordic Retail funds for the eighth consecutive quarter driven by a positive momentum in the financial markets.

Private Banking's customer base was at the end of the year approx. 109,000, an increase of 3% compared to the same quarter last year. Private Banking continued to hold a strong focus on customer acquisition through Retail Banking referral process in combination with successful external customer acquisition.

Life & Pensions' gross written premiums picked up after seasonal weak third quarter and amounted to EUR 1,867m, up 32% from the previous quarter and 21% from the same quarter last year. The shift towards market return and risk products remained at high level and their portion of total gross-written premiums was at 87% in the fourth quarter, up 8 %-points from the same quarter last year.

Result

The fourth quarter income was EUR 410m, up 10% from the third quarter and down 9% from the same quarter last year. The decrease from the same quarter last year is mainly due to extra ordinary fee recognition in the Life & Pensions business in fourth quarter of last year.

The underlying business in Wealth Management was impacted by the strong momentum and appetite for investment products and by successful migration of customers' flow into market return products in combination with increased customer activities in Private Banking.

As a consequence of successful cost management and stronger underlying business momentum, operating profit was EUR 193m, up 4% from the previous quarter and down 20% from the same quarter last year, due to that fee income related to previous periods attributable to part of the traditional portfolio was recognised in the fourth quarter 2012.

Wealth Management

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	32	32	35	32	28	0%	14%	131	135	-3%
Net fee and commission income	282	252	253	235	272	12%	4%	1,022	841	22%
Net result from items at fair value	91	82	84	88	141	11%	-35%	345	414	-17%
Equity method & other income	5	7	11	7	8	-29%	-38%	30	29	3%
Total income incl. allocations	410	373	383	362	449	10%	-9%	1,528	1,419	8%
Staff costs	-130	-115	-118	-119	-116	13%	12%	-482	-465	4%
Other exp. excl. depreciations	-87	-70	-74	-72	-88	24%	-1%	-303	-309	-2%
Total expenses incl. allocations	-218	-187	-193	-192	-206	17%	6%	-790	-779	1%
Profit before loan losses	192	186	190	170	243	3%	-21%	738	640	15%
Net loan losses	1	0	-4	0	-1			-3	-2	50%
Operating profit	193	186	186	170	242	4%	-20%	735	638	15%
Cost/income ratio, %	53	50	50	53	46			52	55	
RAROCAR, %	27	25	26	24	36			26	23	
Economic capital (EC)	1,990	2,247	2,202	2,208	2,053	-11%	-3%			
Risk-weighted assets (RWA)	2,827	2,818	2,812	3,161	2,902	0%	-3%			
Number of employees (FTEs)	3,452	3,480	3,439	3,447	3,465	-1%	0%			
Volumes, EURbn:										
AuM	233.3	227.8	219.7	223.8	218.3	2%	7%			
Total lending	9.2	9.0	8.9	8.9	9.0	2%	2%			
Total deposits	11.3	11.2	11.1	11.2	10.5	1%	8%			

Income and cost restated within and between business areas following changed allocations

Assets under Management (AuM), volumes and net inflow

EURbn	Q4		Q3 2013	Q2 2013	Q1 2013	Q4 2012	2013	2012
	2013	Net inflow						
Nordic Retail funds	42.6	0.9	41.9	40.4	41.4	38.6	3.5	3.2
Private Banking	77.3	0.5	74.9	71.9	72.9	69.4	2.1	1.3
Institutional sales	54.7	0.6	53.3	50.8	51.3	53.1	0.6	3.2
Life & Pensions	58.7	0.2	57.7	56.6	58.2	57.2	0.8	1.4
Total	233.3	2.2	227.8	219.7	223.8	218.3	7.0	9.1

Q4, Q3 and Q2 2013 represent continuing operations, following the agreement to divest the Polish operations.

Historic periods are not restated.

Private Banking

Nordea Private Banking provides wealth planning, full-scale investment advice, credit, and estate planning services to wealthy individuals, businesses and their owners, trusts and foundations. Customers are served from approximately 80 branches in the Nordic countries as well as from offices in Luxembourg, Zürich and Singapore.

Business development

Assets under Management (AuM) in Private Banking increased with EUR 2.4bn to EUR 77.3bn at the end of the fourth quarter, an increase of 3% from the previous quarter and 11% compared to the same quarter last year. The increase in AuM was driven by a positive market attribution of EUR 1.9bn as well as net inflow of EUR 0.5bn, amongst others following a successful customer acquisition activity.

The number of customers in Private Banking was approx. 109,000 at the end of the year, an increase of 3% compared to the same quarter last year. In the fourth quarter, the customer increase was lower, with the majority explained by elevation from Retail Banking, but external acquisition accounting for approximately 20%.

Private Banking continue to hold a strong focus on customer acquisition and the Nordic units have during the year, as a step towards further improving customer satisfaction, focused on taking the quality of the customers meetings to the next level.

International Private Banking continued to develop its value proposition specifically towards Nordic customers' resident outside the Nordic countries, with Wealth Planning services now being fully integrated within the offerings. Also, the high-net-worth individual activities have been expanded and the corresponding team strengthened.

Result

Total income in the fourth quarter was EUR 141m, an all-time-high fourth quarter income and an increase of almost 15% compared to the same quarter last year. The increase was mainly driven by the development in Assets under Management and the customer acquisition as well as a higher transaction related income. Combined with a continuous strict cost focus, the operating profit ended at EUR 49m, a solid growth of 63% compared to the same quarter last year.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	32	32	35	31	27	0%	19%	130	129	1%
Net fee and commission income	74	66	73	65	59	12%	25%	278	228	22%
Net result from items at fair value	35	22	35	41	34	59%	3%	133	132	1%
Equity method & other income	0	0	1	1	3		-100%	2	10	-80%
Total income incl. allocations	141	120	144	138	123	18%	15%	543	499	9%
Staff costs	-45	-41	-42	-42	-46	10%	-2%	-170	-163	4%
Other exp. excl. depreciations	-46	-43	-44	-43	-44	7%	5%	-176	-173	2%
Total expenses incl. allocations	-92	-86	-87	-87	-92	7%	0%	-352	-341	3%
Profit before loan losses	49	34	57	51	31	44%	58%	191	158	21%
Net loan losses	0	0	-4	1	-1		-100%	-3	-2	50%
Operating profit	49	34	53	52	30	44%	63%	188	156	21%
Cost/income ratio, %	65	72	60	63	75			65	68	
RAROCAR, %	39	27	44	42	26			38	27	
Economic capital (EC)	364	370	379	387	336	-2%	8%			
Risk-weighted assets (RWA)	2,497	2,501	2,497	2,883	2,646	0%	-6%			
Number of employees (FTEs)	1,216	1,220	1,207	1,220	1,208	0%	1%			
Volumes, EURbn:										
AuM	77.3	74.9	71.9	72.9	69.4	3%	11%			
Household mortgage lending	5.9	5.8	5.7	5.7	5.6	2%	5%			
Consumer lending	3.3	3.2	3.2	3.2	3.4	3%	-3%			
Total lending	9.2	9.0	8.9	8.9	9.0	2%	2%			
Household deposits	11.3	11.2	11.1	11.2	10.5	1%	8%			
Total deposits	11.3	11.2	11.1	11.2	10.5	1%	8%			

Income and cost restated within and between business areas following changed allocations

Asset Management

Nordea Asset Management is responsible for all actively managed investment products including internally managed investment funds and mandates as well as selected externally managed funds. Asset Management is responsible for serving the institutional asset management customers. Global Fund Distribution is licenced for wholesale fund distribution across 20 countries worldwide.

Business development

Investment performance was satisfactory in the fourth quarter with 75% of composites outperforming benchmarks. All fixed income composites continued their strong momentum and outperformed however within equities not all composites delivered value added. Focus Equities and Norwegian Equities were among the best performers in the fourth quarter, whereas Swedish and Nordic equities underperformed. Most of the balanced offerings had positive performance, with positive value added from asset allocation. The 2013 and 3-year performance remained strong, with 67% and 70% of composites outperforming benchmarks, respectively.

The activity level remained high in the fourth quarter with a number of new product launches and other product initiatives aimed at further improving the product offering. In Finland the equity fund "European Smaller Companies" was launched. The investment fund is the first Ucits fund with bi-weekly liquidity and the purpose is to capture the opportunities from investing in smaller and more illiquid companies. The Nordic Corporate Bond fund launched in early December has created a lot of interest and been well received.

Net inflow into retail funds was EUR 0.9bn in the quarter, influenced in particular by high net flows in balanced funds, while there was outflow from the fixed income

funds. From a geographical perspective, all markets reported positive net inflows.

Net inflow in Institutional sales, comprising Institutional Asset Management and Global Fund Distribution, was EUR 0.6bn. Institutional Asset Management had marginally negative net flows derived primarily from clients in the Nordic countries with an exception of Sweden. Net flows from clients outside the Nordics were positive. Measured on value of flow Institutional Asset Management saw positive numbers from most Nordic countries and Germany. This has led to an improved average margin on the asset base in the quarter. Global Fund Distribution realised net inflows of EUR 0.6bn in the quarter, maintaining the positive momentum of the three first quarters of the year. The net flows have been well diversified and the investors continued to shift away from Nordic and US Fixed Income to favour developed equities, in particular the US as well as multi-asset solutions and European high-yield products. All European markets contributed to the positive net flows.

Result

Asset Management income in the fourth quarter was EUR 150m, up 19% from the previous quarter and 5% from the same quarter last year.

The increase from same quarter last year was mainly an effect of increase in AuM due to positive investment performance and strong net inflow in combination with improved asset mix. Operating profit was EUR 87m, up 16% compared to the previous quarter and marginally down compared to the same quarter last year.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs		2013	2012	2013 vs 2012
						Q313	vs Q412			
Net interest income	0	0	0	0	0			0	1	-100%
Net fee and commission income	148	124	119	110	140	19%	6%	501	419	20%
Net result from items at fair value	1	0	0	-2	1		0%	-1	4	
Equity method & other income	1	2	5	2	2	-50%	-50%	10	6	67%
Total income incl. allocations	150	126	124	110	143	19%	5%	510	430	19%
Staff costs	-31	-26	-27	-30	-29	19%	7%	-114	-117	-3%
Other exp. excl. depreciations	-31	-25	-27	-25	-26	24%	19%	-108	-99	9%
Total expenses incl. allocations	-63	-51	-54	-55	-55	24%	15%	-223	-216	3%
Profit before loan losses	87	75	70	55	88	16%	-1%	287	214	34%
Net loan losses	0	0	0	0	0			0	0	
Operating profit	87	75	70	55	88	16%	-1%	287	214	34%
Cost/income ratio, %	42	40	44	50	38			44	50	
Income, spread (basis points)	41	36	36	32	42			36	34	
Economic capital (EC)	108	123	130	168	91	-12%	19%			
Risk-weighted assets (RWA)	330	317	315	278	256	4%	29%			
AuM, EURbn	147.4	143.7	138.2	140.0	137.8	3%	7%			
Number of employees (FTEs)	564	556	560	559	559	2%	1%			

Life & Pensions

Life & Pensions serves Nordea's Retail, Private Banking and corporate customers with a full range of pension, endowment and risk products as well as tailor-made advice for bank distribution. Life & Pensions operates in the Nordic countries, Poland, the Baltic countries, the Isle of Man and Luxembourg. In the Danish, Norwegian and Polish markets, sales are conducted through Life & Pensions' own sales force as well as through tied agents and insurance brokers.

Part of the life insurance business in Poland is included in the agreement to divest the Polish operations; however the Polish pension fund company will not be affected by the transaction.

Business development

In the fourth quarter, gross written premiums picked up again after the seasonally weak third quarter, ending at EUR 1,867m, which is 32% higher than in the third quarter. Gross written premiums were 21% higher than the same quarter last year driven by continued strong bancassurance sales of market return products. The share of total premiums distributed through the Nordea bank channel increased to 67%, driven primarily by a successful launch of a portfolio bond product in Sweden and continued strong sales in the other Nordic countries.

Market return and risk products accounted for 87% of total gross written premiums in the fourth quarter, which is an increase of 8 %-points from the corresponding quarter in the previous year. Accordingly, the strong net flow into market return products continued during the quarter, contributing with EUR 0.9bn. Net outflow from traditional products was EUR 0.6bn in the fourth quarter.

Assets in market return products accounted for 50% of total AuM at the end of the fourth quarter. Nordea Life & Pensions is now clearly the leading market return product provider on the Nordic market, with an estimated market

share of 21% measured as the share of GWP on the Nordic market for market return products.

Financial buffers in the traditional portfolios continued to increase by EUR 0.2bn during the fourth quarter, ending at EUR 2.9bn, corresponding to 12.8% of technical provisions. This corresponds to an increase of 1.2 %-points from the end of the third quarter.

In the fourth quarter, the Nordea Life Group distributed a dividend amounting to EUR 300m to Nordea Bank AB. Due to a rapid change in the business structure towards low or non-guarantee products, the Nordea Life Group has despite the dividend been able to further slightly strengthen its solvency position compared to the beginning of the year. The solvency was at the end of the year 173, an increase by 6 %-points from the end of the previous year.

Result

Operating profit in the fourth quarter amounted to EUR 69m, or EUR 7m lower than in the third quarter. The underlying profit continued to increase, driven by the all-time high level of AuM in market return products and strong risk results. However, in the fourth quarter the effect of this was offset by a write-down of deferred acquisition costs in the Polish pension fund operation amounting to EUR 11m, related to the pension reform in Poland, which is accounted for under net fee and commission income.

Operating profit was EUR 56m lower than in the fourth quarter of 2012, as fee income related to previous periods attributable to part of the traditional portfolio was recognised in the previous year.

The trend with reduced costs continued in the fourth quarter. By utilising the Nordea Bank channel, combined with strict cost control and active business selection, Life & Pensions has been able to build up assets under management over time without expanding the cost base.

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs Q313	vs Q412	2013	2012	2013 vs 2012
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	61	63	62	61	68	-3%	-10%	247	201	23%
Net result from items at fair value	55	59	49	49	106	-7%	-48%	212	279	-24%
Equity method & other income	4	5	4	4	3	-20%	33%	17	13	31%
Total income incl. allocations	120	127	115	114	177	-6%	-32%	476	493	-3%
Staff costs	-34	-31	-29	-30	-24	10%	42%	-124	-117	6%
Other exp. excl. depreciations	-17	-20	-21	-22	-28	-15%	-39%	-80	-96	-17%
Total expenses incl. allocations	-51	-51	-50	-52	-52	0%	-2%	-204	-213	-4%
Profit before loan losses	69	76	65	62	125	-9%	-45%	272	280	-3%
Net loan losses	0	0	0	0	0			0	0	
Operating profit	69	76	65	62	125	-9%	-45%	272	280	-3%
Cost/income ratio, %	43	40	43	46	29			43	43	
Return on Equity Ytd, %	13	12	12	11	14			13	14	
Equity	1,518	1,754	1,693	1,652	1,624	-13%	-7%			
AuM, EURbn	53.3	52.1	51.0	52.0	50.8	2%	5%			
Premiums	1,867	1,419	1,579	1,779	1,543	32%	21%			
Number of employees (FTEs)	1,130	1,157	1,147	1,149	1,181	-2%	-4%			
Profit drivers										
Profit Traditional products	26	18	16	18	80	44%	-68%			
Profit Market Return products	24	40	36	33	34	-40%	-29%			
Profit Risk products	21	18	13	12	14	17%	50%			
Total product result	71	76	65	63	128	-7%	-45%			
Return on Shareholder equity, other profits and group adj.	-2	0	0	-1	-3					
Operating profit	69	76	65	62	125	-9%	-45%			

Wealth Management other

premium for long-term lending and deposits in Wealth Management and net interest income related thereto.

The area consists of the Wealth Management service operations which are not directly related to any of the business units. It also includes additional liquidity

EURm	Q413	Q313	Q213	Q113	Q412	Q413 vs Q313	vs Q412	2013	2012	2013 vs 2012
Net interest income	0	0	0	1	1			1	5	-80%
Net fee and commission income	-1	-1	-1	-1	5			-4	-7	
Net result from items at fair value	0	1	0	0	0			1	-1	
Equity method & other income	0	0	1	0	0			1	0	
Total income incl. allocations	-1	0	0	0	6			-1	-3	
Staff costs	-20	-17	-20	-17	-17	18%	18%	-74	-68	9%
Other exp. excl. depreciations	7	18	18	18	10	-61%	-30%	61	59	3%
Total expenses incl. allocations	-12	1	-2	2	-7		71%	-11	-9	22%
Profit before loan losses	-13	1	-2	2	-1			-12	-12	
Net loan losses	1	0	0	-1	0			0	0	
Operating profit	-12	1	-2	1	-1			-12	-12	
Economic capital (EC)	0	0	0	1	2		-100%			
Number of employees (FTEs)	542	547	525	519	517	-1%	5%			

Income and cost restated within and between business areas following changed allocations

Group Functions and other

Together with the results in the business areas, the results of Group Functions and other add up to the reported result for the Group. The main income in Group Corporate Centre (GCC) originates from Group Treasury (Group Asset & Liability Management, Group Funding and Group Investments & Execution). Group Functions, Other and Eliminations include the Capital account centre, through which capital is allocated to business areas, as well as other Group Functions.

Group Corporate Centre

Business development – Nordea’s funding, liquidity and market risk management

At the end of the fourth quarter, the proportion of long-term funding of total funding was approx. 73%, down somewhat from 75% at the end of the third quarter.

The structural liquidity risk of Nordea is measured and limited through an internal model which conceptually is alike the proposed Net Stable Funding Ratio (NSFR), but it applies internal based assumptions for stability of assets and liabilities. The structure of the balance sheet is considered conservative and well balanced and appropriately adapted to the current economic and regulatory environment, also when it comes to structural liquidity risk.

Short-term liquidity risk is measured with several metrics and Liquidity Coverage Ratio is one of the metrics. LCR was for the Nordea Group 117% at the end of the fourth quarter. The LCR in EUR was 140% and in USD 127% at the end of the fourth quarter, with the definition in accordance with the Swedish FSA’s LCR requirement. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even

higher. The liquidity buffer comprises highly liquid, primarily Nordic government and covered bonds which are all central bank eligible securities with characteristics similar to Basel III/CRD IV. The liquidity buffer amounted to EUR 66bn at the end of the fourth quarter (EUR 66bn at the end of the third quarter).

The outstanding volume of short-term debt in the fourth quarter has been relatively stable and was at the end of the quarter EUR 52bn.

Nordea issued approx. EUR 3.8bn of long-term funding in the fourth quarter excluding Danish covered bonds, of which approx. EUR 1.4bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

In the fourth quarter, Nordea issued a EUR 1bn 3-year floating-rate bond (FRN).

The average price risk on Group Treasury’s interest-rate positions, calculated as average VaR, was EUR 82m in the fourth quarter. The risk related to equities, calculated as VaR, was EUR 1m and the risk related to credit spreads (VaR) was EUR 4m. Interest rate risk and equity risk decreased while the credit spread risk was unchanged compared to the third quarter.

Result

Total operating income was EUR 89m in the fourth quarter. Net interest income increased to EUR 101m in the fourth quarter compared to EUR 74m in the previous quarter, mainly due to interest rate positions positively impacted by lower short-term interest rates towards the end of the quarter. The net result from items at fair value decreased to EUR -9m compared to EUR 35m in the third quarter, mainly related to interest rate-related items and buy-back of issued debt. Operating profit was EUR 7m.

EURm	Group Corporate Centre					Group functions, Other & Eliminations									
	Q413	Q313	Q213	Q113	Q412	2013	2012	Q413	Q313	Q213	Q113	Q412	2013	2012	
Net interest income	101	74	90	73	90	338	412	38	37	28	20	4	123	36	
Net fee and commission income	-2	-4	-2	-2	-4	-10	-13	5	-12	1	-2	-16	-8	-26	
Net result from items at fair value	-9	35	25	19	8	70	87	-50	-60	-28	19	9	-119	-83	
Equity method & other income	-1	2	2	3	25	6	93	22	6	-11	32	-25	49	-43	
Total operating income	89	107	115	93	119	404	578	15	-29	-10	69	-28	45	-115	
Staff costs	-53	-51	-59	-52	-53	-215	-208	-19	-41	-27	-41	-35	-128	-147	
Other exp. excl. depreciations	-13	1	5	2	-5	-5	-41	35	1	7	7	80	50	179	
Total operating expenses	-82	-61	-65	-59	-84	-267	-304	4	-54	-25	-41	26	-116	-29	
Net loan losses	0	0	0	0	0	0	0	0	-2	-1	1	-1	-2	14	
Operating profit	7	46	50	34	35	137	274	19	-85	-36	29	-3	-73	-130	
Economic capital (EC)	548	608	583	596	691			581	577	577	612	410			
Risk-weighted assets (RWA)	4849	4,500	4,409	4,623	4,631			12,644	13,343	13,309	14,377	12,623			
Number of employees (FTEs)	1,681	1,644	1,628	1,631	1,596			930	930	924	907	902			

Income and cost restated within and between business areas following changed allocations

Customer segments, continuing operations

Corporate customer segments and financial institutions, key figures

	Corporate & Institutional Banking			Large corporate customers (Nordic)			Other corporate customers (Nordic)			Baltic corporate customers		
	Q413	Q313	Q412	Q413	Q313	Q412	Q413	Q313	Q412	Q413	Q313	Q412
Number of customer '000 (EOP)	12	12	12	28	29	29				36	36	34
Income, EURm	404	391	409	373	348	361	238	230	230	30	28	28
Net interest income, EURm	180	177	176	218	211	209	128	130	131	21	20	19
Volumes, EURbn												
Lending	39.5	41.0	42.9	52.5	52.6	55.0	23.9	24.8	25.1	5.7	5.6	5.7
Deposit	33.8	35.1	38.7	20.6	20.5	21.2	23.6	22.0	23.5	2.8	2.6	2.4
	Russian corporate customers						Shipping customers			Corporate and financial institutions Total		
	Q413	Q313	Q412	Q413	Q313	Q412				Q413	Q313	Q412
Number of customer '000 (EOP)	5	5	6	2	2	2						
Income, EURm	60	59	54	83	91	98				1,188	1,147	1,180
Net interest income, EURm	55	53	52	65	69	69				667	660	656
Volumes, EURbn												
Lending	5.8	6.0	6.2	11.4	11.8	13.0				138.8	141.8	147.9
Deposit	1.7	1.7	2.2	4.3	3.7	4.8				86.8	85.6	92.8

Household customer segments, key figures

	Private Banking			Gold customers (Nordic)			Other household customers (Nordic)			Baltic household customers		
	Q413	Q313	Q412	Q413	Q313	Q412	Q413	Q313	Q412	Q413	Q313	Q412
Number of customer '000 (EOP)	109	109	106	3,037	3,021	2,974				377	378	372
Of which Gold+Private Banking										60	60	65
Income, EURm	141	120	123	665	661	639	182	187	195	11	12	10
Net interest income, EURm	32	32	27	459	461	437	106	108	117	9	9	9
Volumes, EURbn												
Lending	9.2	9.0	9.0	137.0	137.2	137.2	8.6	9.0	9.1	2.8	2.8	2.9
Deposit	11.3	11.2	10.5	55.6	55.8	56.1	15.4	15.6	16.4	0.9	0.9	0.8
Assets under Management	77.3	74.9	69.4									
	Russian household customers						Household customers Total					
	Q413	Q313	Q412				Q413	Q313	Q412	Q413	Q313	Q412
Number of customer '000 (EOP)	63	60	66							3,206	3,190	3,145
Of which Gold+Private Banking												
Income, EURm	6	6	5							1,005	986	972
Net interest income, EURm	5	5	4							611	615	594
Volumes, EURbn												
Lending	0.5	0.5	0.4							158.1	158.5	158.6
Deposit	0.2	0.2	0.2							83.4	83.7	84.0

Income statement

EURm	Note	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Operating income					
Interest income		2,731	2,923	10,604	11,939
Interest expense		-1,341	-1,541	-5,079	-6,376
Net interest income		1,390	1,382	5,525	5,563
Fee and commission income		949	877	3,574	3,258
Fee and commission expense		-246	-195	-932	-790
Net fee and commission income	3	703	682	2,642	2,468
Net result from items at fair value	4	333	442	1,539	1,774
Profit from companies accounted for under the equity method		21	33	79	93
Other operating income		22	31	106	100
Total operating income		2,469	2,570	9,891	9,998
Operating expenses					
General administrative expenses:					
Staff costs		-739	-749	-2,978	-2,989
Other expenses	5	-480	-458	-1,835	-1,808
Depreciation, amortisation and impairment charges of tangible and intangible assets		-64	-88	-227	-267
Total operating expenses		-1,283	-1,295	-5,040	-5,064
Profit before loan losses		1,186	1,275	4,851	4,934
Net loan losses	6	-180	-241	-735	-895
Operating profit		1,006	1,034	4,116	4,039
Income tax expense		-246	-215	-1,009	-970
Net profit for the period from continuing operations		760	819	3,107	3,069
Net profit for the period from discontinued operations, after tax	14	13	23	9	57
Net profit for the period		773	842	3,116	3,126
Attributable to:					
Shareholders of Nordea Bank AB (publ)		773	840	3,116	3,119
Non-controlling interests		-	2	-	7
Total		773	842	3,116	3,126
Basic earnings per share, EUR - Total operations		0.19	0.21	0.77	0.78
Diluted earnings per share, EUR - Total operations		0.19	0.21	0.77	0.78

Statement of comprehensive income

EURm	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Net profit for the period	773	842	3,116	3,126
Items that may be reclassified subsequently to income statement				
Currency translation differences during the period	-285	39	-999	409
Hedging of net investments in foreign operations:				
Valuation gains/losses during the period	115	21	464	-254
Tax on valuation gains/losses during the period	-25	-27	-102	45
Available-for-sale investments: ¹				
Valuation gains/losses during the period	-8	-3	31	67
Tax on valuation gains/losses during the period	3	1	-6	-17
Cash flow hedges:				
Valuation gains/losses during the period	-32	-39	-2	-188
Tax on valuation gains/losses during the period	7	11	-1	50
Items that may not be reclassified subsequently to the income statement				
Defined benefit plans:				
Remeasurement of defined benefit plans	56	362	155	362
Tax on remeasurement of defined benefit plans	-16	-87	-39	-87
Other comprehensive income, net of tax	-185	278	-499	387
Total comprehensive income	588	1,120	2,617	3,513
Attributable to:				
Shareholders of Nordea Bank AB (publ)	588	1,118	2,617	3,506
Non-controlling interests	-	2	-	7
Total	588	1,120	2,617	3,513

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

Balance sheet

EURm	Note	31 Dec 2013	31 Dec 2012
Assets			
Cash and balances with central banks		33,529	36,060
Loans to central banks	7	11,769	8,005
Loans to credit institutions	7	10,743	10,569
Loans to the public	7	342,451	346,251
Interest-bearing securities		87,314	86,626
Financial instruments pledged as collateral		9,575	7,970
Shares		33,271	28,128
Derivatives	12	70,992	118,789
Fair value changes of the hedged items in portfolio hedge of interest rate risk		203	-711
Investments in associated undertakings		630	585
Intangible assets		3,246	3,425
Property and equipment		431	474
Investment property		3,524	3,408
Deferred tax assets		62	266
Current tax assets		31	78
Retirement benefit assets		321	142
Other assets		11,064	15,554
Prepaid expenses and accrued income		2,383	2,559
Assets held for sale	14	8,895	-
Total assets		630,434	668,178
<i>Of which assets customer bearing the risk</i>		<i>24,912</i>	<i>20,361</i>
Liabilities			
Deposits by credit institutions		59,090	55,426
Deposits and borrowings from the public		200,743	200,678
Liabilities to policyholders		47,226	45,320
Debt securities in issue		185,602	183,908
Derivatives	12	65,924	114,203
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,734	1,940
Current tax liabilities		303	391
Other liabilities		24,737	24,773
Accrued expenses and prepaid income		3,677	3,903
Deferred tax liabilities		935	976
Provisions		177	389
Retirement benefit obligations		334	469
Subordinated liabilities		6,545	7,797
Liabilities held for sale	14	4,198	-
Total liabilities		601,225	640,173
Equity			
Non-controlling interests		2	5
Share capital		4,050	4,050
Share premium reserve		1,080	1,080
Other reserves		-159	340
Retained earnings		24,236	22,530
Total equity		29,209	28,005
Total liabilities and equity		630,434	668,178
Assets pledged as security for own liabilities		174,418	159,924
Other assets pledged		7,467	10,344
Contingent liabilities		20,870	21,157
Credit commitments ¹		78,332	84,914
Other commitments		1,267	1,294

¹ Including unutilised portion of approved overdraft facilities of EUR 44,053m (31 Dec 2012: EUR 45,796m).

Statement of changes in equity

Attributable to shareholders of Nordea Bank AB (publ)										
Other reserves:										
EURm	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at 1 Jan 2013	4,050	1,080	24	-15	56	275	22,530	28,000	5	28,005
Total comprehensive income	-	-	-637	-3	25	116	3,116	2,617	-	2,617
Share-based payments	-	-	-	-	-	-	17	17	-	17
Dividend for 2012	-	-	-	-	-	-	-1,370	-1,370	-	-1,370
Purchases of own shares ²	-	-	-	-	-	-	-57	-57	-	-57
Other changes	-	-	-	-	-	-	-	-	-3	-3
Closing balance at 31 Dec 2013	4,050	1,080	-613	-18	81	391	24,236	29,207	2	29,209

Attributable to shareholders of Nordea Bank AB (publ)										
Other reserves:										
EURm	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Reported opening balance at 1 Jan 2012	4,047	1,080	-176	123	6	-	20,954	26,034	86	26,120
Restatement due to changed accounting policy ⁴	-	-	-	-	-	-	-475	-475	-	-475
Restated opening balance at 1 Jan 2012	4,047	1,080	-176	123	6	-	20,479	25,559	86	25,645
Total comprehensive income	-	-	200	-138	50	275	3,119	3,506	7	3,513
Issued C-shares ³	3	-	-	-	-	-	-	3	-	3
Repurchase of C-shares ³	-	-	-	-	-	-	-3	-3	-	-3
Share-based payments	-	-	-	-	-	-	14	14	-	14
Dividend for 2011	-	-	-	-	-	-	-1,048	-1,048	-	-1,048
Purchases of own shares ²	-	-	-	-	-	-	-31	-31	-	-31
Change in non-controlling interests	-	-	-	-	-	-	-	-	-84	-84
Other changes	-	-	-	-	-	-	-	-	-4	-4
Closing balance at 31 Dec 2012	4,050	1,080	24	-15	56	275	22,530	28,000	5	28,005

¹ Total shares registered were 4,050 million (31 Dec 2012: 4,050 million).

² Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 31 Dec 2013 were 31.8 million (31 Dec 2012: 26.9 million).

³ Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares, the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 18.3 million (31 Dec 2012: 20.3 million).

⁴ Related to the amended IAS 19. See Note 1 for more information.

Cash flow statement, condensed - Total operations

EURm	Jan-Dec 2013	Jan-Dec 2012
<i>Operating activities</i>		
Operating profit	4,116	4,039
Profit for the period from discontinued operations, after tax	9	57
Adjustments for items not included in cash flow	4,492	3,199
Income taxes paid	-1,010	-662
Cash flow from operating activities before changes in operating assets and liabilities	7,607	6,633
Changes in operating assets and liabilities	-1,292	13,121
Cash flow from operating activities	6,315	19,754
<i>Investing activities</i>		
Property and equipment	-120	-114
Intangible assets	-228	-175
Net investments in debt securities, held to maturity	930	1,047
Other financial fixed assets	-10	16
Cash flow from investing activities	572	774
<i>Financing activities</i>		
New share issue	-	3
Issued/amortised subordinated liabilities	-500	906
Divestment/repurchase of own shares incl change in trading portfolio	-57	-31
Dividend paid	-1,370	-1,048
Cash flow from financing activities	-1,927	-170
Cash flow for the period	4,960	20,358
Cash and cash equivalents at beginning of the period	42,808	22,606
Translation difference	-2,098	-156
Cash and cash equivalents at end of the period	45,670	42,808
Change	4,960	20,358
Cash and cash equivalents	31 Dec	31 Dec
The following items are included in cash and cash equivalents (EURm):	2013	2012
Cash and balances with central banks	33,529	36,060
Loans to central banks	9,313	5,938
Loans to credit institutions	2,290	810
Assets held for sale	538	-

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

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

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

Notes to the financial statements

Note 1 Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1 "Supplementary Accounting Rules for Groups" and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2) have also been applied.

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report, except for the change to the basis for recognising actuarial gains/losses on defined benefit pension plans implemented in the first quarter, the presentation of discontinued operations as from the second quarter and the changed presentation of forward starting bonds as from the fourth quarter. These changes are further described below.

The new standard IFRS 13 "Fair Value Measurement" was implemented as from 1 January 2013 but has not had any significant impact on the measurement of assets or liabilities. The additional disclosures required by IFRS 13 on a quarterly basis are presented in Note 9 and Note 10.

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. Nordea implemented these changes as from 1 January 2013 (IAS 32 early adopted). There was no impact from the amendment to IAS 32, while the additional disclosures required by IFRS 7 are presented in Note 11.

IAS 19 "Employee Benefits"

The amended IAS 19 "Employee Benefits" was implemented 1 January 2013. A detailed description of these changes is included in the Annual Report 2012, note G1 "Accounting policies" section 3 "Changes in IFRSs not yet applied by Nordea". The comparative figures on the balance sheet have been restated accordingly and are disclosed in the below table. The impact on the comparative figures in the income statement was not significant and the income statement has therefore not been restated. The impact on the fourth quarter 2013 was not significant.

EURm	31 Dec 2012		1 Jan 2012	
	New policy	Old policy	New policy	Old policy
Net retirement benefit obligations	327	47	732	102
Net deferred tax liabilities	710	779	694	849
Other reserves ¹	340	76	-47	-47
Retained earnings	22,530	23,005	20,479	20,954

¹Impact through "Other comprehensive income". The direct impact from defined benefit plans was EUR 275m at 31 December 2012, which is slightly offset by FX translation differences of EUR 11m arising during the year.

At transition 1 January 2013 the negative impact on equity was EUR 211m, after special wage tax and income tax (EUR 280m before income tax), and the core tier 1 capital was reduced by EUR 258m, including the impact from changes in deferred tax assets.

Discontinued operations and disposal groups held for sale

Discontinued operations consist of Nordea's Polish operations as further described in Note 14. These operations are as from the second quarter classified as discontinued operations as they represent a major line of business and geographical area and as the carrying amount will be recovered through a sale transaction. The net result from discontinued operations, including the net result for the period recognised on the measurement at fair value less costs to sell, is presented as a single amount after net profit for the period from continuing operations. Comparative figures are restated.

Assets and liabilities related to the disposal group are presented on the separate balance sheet lines "Assets held for sale" and "Liabilities held for sale" respectively as from the classification date. Comparative figures are not restated.

Forward starting bonds

Bonds acquired/issued under non-regular way purchase terms, i.e. so called forward starting bonds, were previously recognised on the balance sheet as "Interest-bearing securities"/"Debt securities in issue" three days before settlement with a corresponding settlement liability/receivable recognised in "Other liabilities"/"Other assets". As from the fourth quarter these bonds are recognised on the balance sheet on settlement date. The instruments continue to be recognised as derivatives between trade date and settlement date. The comparative figures on the balance sheet have been restated accordingly and are disclosed in the below table.

EURm	31 Dec 2012	
	New policy	Old policy
Interest-bearing securities	86,626	94,939
Other assets	15,554	16,372
Debt securities in issue	183,908	184,340
Other liabilities	24,773	33,472

Impact on capital adequacy from new or amended IFRS standards

Two new IFRS standards potentially affecting capital adequacy have been adopted by the IASB but have not yet been implemented by Nordea.

IFRS 9 “Financial Instruments” covering classification and measurement (Phase I) is not expected to have a significant impact on Nordea’s income statement or balance sheet as the mixed measurement model will be maintained. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy are not expected, but this is naturally dependent on the financial instruments on Nordea’s balance sheet at transition and the outcome of the final standard. It is expected that changes will be made to the standard before the standard becomes effective.

During the fourth quarter the IASB amended IFRS 9 “Financial instruments” and added new requirements for general hedge accounting, so called one-to-one hedges (Phase 3). The main change is that the standard aligns hedge accounting more closely with the risk management activities.

As Nordea generally only uses macro (portfolio) hedge accounting Nordea’s assessment is that the new requirements will not have any significant impact on Nordea’s financial statement, capital adequacy or large exposures.

Nordea’s assessment is that IFRS 10 “Consolidated Financial Statements” will not have any significant impact on Nordea’s income statement or balance sheet at transition. In future periods Nordea may have to consolidate some mutual funds which can have an impact on the balance sheet and equity if those entities hold Nordea shares that will have to be eliminated in the Nordea Group. It is not expected that mutual funds will be consolidated for capital adequacy purposes and there would consequently not be any impact on the capital adequacy or large exposures.

Exchange rates

	Jan-Dec 2013	Jan-Dec 2012
EUR 1 = SEK		
Income statement (average)	8.6524	8.7052
Balance sheet (at end of period)	8.8591	8.5820
EUR 1 = DKK		
Income statement (average)	7.4579	7.4438
Balance sheet (at end of period)	7.4593	7.4610
EUR 1 = NOK		
Income statement (average)	7.8091	7.4758
Balance sheet (at end of period)	8.3630	7.3483
EUR 1 = PLN		
Income statement (average)	4.1969	4.1836
Balance sheet (at end of period)	4.1543	4.0740
EUR 1 = RUB		
Income statement (average)	42.3269	39.9253
Balance sheet (at end of period)	45.3246	40.3295

Note 2 Segment reporting

	Operating segments							Recon- ciliation	Total Group
	Retail Banking	Wholesale Banking	Wealth Management	Group Corporate Centre	Other operating segments	Total operating segments			
Jan-Dec 2013									
Total operating income, EURm	5,814	2,646	1,090	416	37	10,003	-112	9,891	
- of which internal transactions ¹ , EURm	-1,619	-295	27	1,933	-46	0	-	-	
Operating profit, EURm	2,161	1,470	451	144	28	4,254	-138	4,116	
Loans to the public ² , EURbn	224	61	9	-	-	294	48	342	
Deposits and borrowings from the public ² , EURbn	110	43	11	-	-	164	37	201	
Jan-Dec 2012									
Total operating income, EURm	5,748	2,789	1,019	582	25	10,163	-165	9,998	
- of which internal transactions ¹ , EURm	-2,100	-386	32	2,562	-108	0	-	-	
Operating profit, EURm	1,945	1,541	392	275	13	4,166	-127	4,039	
Loans to the public ² , EURbn	224	66	8	-	-	298	48	346	
Deposits and borrowings from the public ² , EURbn	109	46	11	-	-	166	35	201	

¹ IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Corporate Centre.

² The volumes are only disclosed separately for operating segments if separately reported to the Chief Operating Decision Maker.

Breakdown of Retail Banking, Wholesale Banking and Wealth Management

	Retail Banking Nordic ¹		Retail Banking Baltic countries ²		Retail Banking Other ³		Retail Banking	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2013	2012	2013	2012	2013	2012	2013	2012
Total operating income, EURm	5,724	5,554	171	164	-81	30	5,814	5,748
- of which internal transactions, EURm	-1,558	-1,968	-44	-51	-17	-81	-1,619	-2,100
Operating profit, EURm	2,266	1,972	46	57	-151	-84	2,161	1,945
Loans to the public, EURbn	217	217	7	7	-	-	224	224
Deposits and borrowings from the public, EURbn	107	106	3	3	-	-	110	109

	Corporate & Institutional Banking		Shipping, Offshore & Oil Services		Nordea Bank Russia		Capital Markets unallocated		Wholesale Banking Other ⁴		Wholesale Banking	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Total operating income, EURm	1,637	1,656	369	384	270	233	437	540	-67	-24	2,646	2,789
- of which internal transactions, EURm	-211	-318	-84	-101	-43	-52	133	124	-90	-39	-295	-386
Operating profit, EURm	975	1,099	205	74	166	120	221	298	-97	-50	1,470	1,541
Loans to the public, EURbn	41	46	13	13	7	7	-	-	-	-	61	66
Deposits and borrowings from the public, EURbn	37	39	4	5	2	2	-	-	-	-	43	46

	Private Banking		Asset Management		Life & Pension unallocated		Wealth Management Other ⁵		Wealth Management	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Total operating income, EURm	752	674	156	137	179	210	3	-2	1,090	1,019
- of which internal transactions, EURm	20	25	0	0	1	0	6	7	27	32
Operating profit, EURm	335	270	48	35	76	103	-8	-16	451	392
Loans to the public, EURbn	9	8	-	-	-	-	-	-	9	8
Deposits and borrowings from the public, EURbn	11	11	-	-	-	-	-	-	11	11

¹ Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden.

² Retail Banking Baltic countries includes banking operations in Estonia, Latvia and Lithuania.

³ Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT.

⁴ Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT.

⁵ Wealth Management Other includes the area Savings and support areas, such as IT.

Note 2, continued

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Dec		31 Dec		31 Dec	
	2013	2012	2013	2012	2013	2012
Total operating segments	4,254	4,166	294	298	164	166
Group functions ¹	-114	-85	-	-	-	-
Unallocated items	43	-28	59	40	42	31
Differences in accounting policies ²	-67	-14	-11	8	-5	4
Total	4,116	4,039	342	346	201	201

¹ Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources and Group Executive Management.

² Impact from plan exchange rates used in the segment reporting and from that comparative figures for lending/deposits in Banking Poland restated in operating segments but not in financial statements.

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. The main differences compared to the section "Business areas" in this report are that the information for CODM is prepared using plan exchange rates and to that different allocation principles between operating segments have been applied.

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

Changes in basis of segmentation

During the second quarter changes in the basis of segmentation was made following the divestment of Nordea's Polish operations. As from the second quarter the divested operations are excluded from the reporting to the Chief Operating Decision Maker (CODM) and are consequently not part of the segment reporting in Note 2. The impact from the divested operations can be found in Note 14. Comparative figures have been restated accordingly.

During the third quarter the main business area Wealth Management was in addition separated from Other operating segments and further broken down on reportable operating segments.

Note 3 Net fee and commission income

EURm	Q4 2013	Q3 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Asset management commissions	273	251	231	1,000	832
Life insurance	101	83	90	350	285
Brokerage, securities issues and corporate finance	80	66	76	296	289
Custody and issuer services	38	29	32	124	118
Deposits	13	13	14	50	51
Total savings and investments	505	442	443	1,820	1,575
Payments	110	106	106	417	409
Cards	127	131	127	508	482
Total payment and cards	237	237	233	925	891
Lending	124	130	115	510	457
Guarantees and documentary payments	51	37	57	187	219
Total lending related commissions	175	167	172	697	676
Other commission income	32	30	29	132	116
Fee and commission income	949	876	877	3,574	3,258
Savings and investments	-94	-78	-61	-322	-269
Payments	-23	-22	-25	-90	-90
Cards	-69	-65	-63	-259	-236
State guarantee fees	-33	-34	-19	-132	-89
Other commission expenses	-27	-25	-27	-129	-106
Fee and commission expenses	-246	-224	-195	-932	-790
Net fee and commission income	703	652	682	2,642	2,468

Note 4 Net result from items at fair value

EURm	Q4 2013	Q3 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Shares/participations and other share-related instruments	879	723	305	2,630	1,635
Interest-bearing securities and other interest-related instruments	397	128	674	238	2,637
Other financial instruments	-74	36	87	90	482
Foreign exchange gains/losses	157	206	53	876	234
Investment properties	40	43	21	145	135
Change in technical provisions ¹ , Life insurance	-876	-635	-613	-1,519	-2,895
Change in collective bonus potential, Life insurance	-216	-163	-125	-978	-546
Insurance risk income, Life insurance	49	51	47	202	181
Insurance risk expense, Life insurance	-23	-43	-7	-145	-89
Total	333	346	442	1,539	1,774

Of which Life insurance

EURm	Q4 2013	Q3 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Shares/participations and other share-related instruments	849	637	254	2,418	1,222
Interest-bearing securities and other interest-related instruments	208	107	476	30	2,229
Other financial instruments	0	0	0	0	0
Foreign exchange gains/losses	27	62	52	66	41
Investment properties	39	44	22	144	136
Change in technical provisions ¹ , Life insurance	-876	-635	-613	-1,519	-2,895
Change in collective bonus potential, Life insurance	-216	-163	-125	-978	-546
Insurance risk income, Life insurance	49	51	47	202	181
Insurance risk expense, Life insurance	-23	-43	-7	-145	-89
Total	57	60	106	218	279

¹ Premium income amounts to EUR 531m for Q4 2013 and EUR 2,278 for Jan-Dec 2013 (Q3 2013: EUR 537m, Q4 2012: EUR 754m, Jan-Dec 2012: EUR 2,601m).

Note 5 Other expenses

	Q4	Q3	Q4	Jan-Dec	Jan-Dec
EURm	2013	2013	2012	2013	2012
Information technology	-200	-167	-170	-671	-631
Marketing and representation	-32	-24	-35	-116	-117
Postage, transportation, telephone and office expenses	-44	-43	-55	-192	-220
Rents, premises and real estate expenses	-90	-96	-94	-373	-399
Other	-114	-111	-104	-483	-441
Total	-480	-441	-458	-1,835	-1,808

Note 6 Net loan losses

	Q4	Q3	Q4	Jan-Dec	Jan-Dec
EURm	2013	2013 ¹	2012	2013	2012
Loan losses divided by class					
Loans to credit institutions	1	0	0	1	-1
Loans to the public	-173	-173	-264	-748	-901
- of which provisions	-288	-223	-353	-1,131	-1,392
- of which write-offs	-227	-167	-235	-709	-642
- of which allowances used for covering write-offs	172	96	185	508	452
- of which reversals	149	102	112	508	603
- of which recoveries	21	19	27	76	78
Off-balance sheet items	-8	2	23	12	7
Total	-180	-171	-241	-735	-895

¹ The comparative figures for Q3 2013 have been restated.

Key ratios

	Q4	Q3	Q4	Jan-Dec	Jan-Dec
	2013	2013	2012	2013	2012
Loan loss ratio, basis points	21	20	28	21	26
- of which individual	20	18	30	20	29
- of which collective	1	2	-2	1	-3

Note 7 Loans and impairment

EURm	Total					
	31 Dec 2013	30 Sep 2013	31 Dec 2012			
Loans, not impaired	361,218	358,539	360,768			
Impaired loans	6,564	6,644	6,905			
- Performing	3,909	3,781	4,023			
- Non-performing	2,655	2,863	2,882			
Loans before allowances	367,782	365,183	367,673			
Allowances for individually assessed impaired loans	-2,397	-2,457	-2,400			
- Performing	-1,372	-1,342	-1,332			
- Non-performing	-1,025	-1,115	-1,068			
Allowances for collectively assessed impaired loans	-422	-414	-448			
Allowances	-2,819	-2,871	-2,848			
Loans, carrying amount	364,963	362,312	364,825			
	Central banks and credit institutions			The public		
	31 Dec 2013	30 Sep 2013	31 Dec 2012	31 Dec 2013	30 Sep 2013	31 Dec 2012
EURm						
Loans, not impaired	22,515	19,124	18,578	338,703	339,415	342,190
Impaired loans	24	24	24	6,540	6,620	6,881
- Performing	-	-	-	3,909	3,781	4,023
- Non-performing	24	24	24	2,631	2,839	2,858
Loans before allowances	22,539	19,148	18,602	345,243	346,035	349,071
Allowances for individually assessed impaired loans	-24	-24	-24	-2,373	-2,433	-2,376
- Performing	-	-	-	-1,372	-1,342	-1,332
- Non-performing	-24	-24	-24	-1,001	-1,091	-1,044
Allowances for collectively assessed impaired loans	-3	-3	-4	-419	-411	-444
Allowances	-27	-27	-28	-2,792	-2,844	-2,820
Loans, carrying amount	22,512	19,121	18,574	342,451	343,191	346,251
Allowances and provisions						
	31 Dec 2013	30 Sep 2013	31 Dec 2012			
EURm						
Allowances for items in the balance sheet	-2,819	-2,871	-2,848			
Provisions for off balance sheet items	-61	-68	-84			
Total allowances and provisions	-2,880	-2,939	-2,932			
Key ratios						
	31 Dec 2013	30 Sep 2013	31 Dec 2012			
EURm						
Impairment rate, gross, basis points	178	182	188			
Impairment rate, net, basis points	113	115	123			
Total allowance rate, basis points	77	79	77			
Allowances in relation to impaired loans, %	37	37	35			
Total allowances in relation to impaired loans, %	43	43	41			
Non-performing, not impaired, EURm	418	350	614			

Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value			Available for sale	Total
				through profit or loss	Derivatives used for hedging			
Financial assets								
Cash and balances with central banks	33,529	-	-	-	-	-	-	33,529
Loans to central banks	11,014	-	755	-	-	-	-	11,769
Loans to credit institutions	4,281	-	5,851	611	-	-	-	10,743
Loans to the public	250,026	-	39,159	53,266	-	-	-	342,451
Interest-bearing securities	0	5,359	35,326	18,627	-	-	28,002	87,314
Financial instruments pledged as collateral	-	-	9,575	-	-	-	-	9,575
Shares	-	-	9,909	23,358	-	-	4	33,271
Derivatives	-	-	69,045	-	1,947	-	-	70,992
Fair value changes of the hedged items in portfolio hedge of interest rate risk	203	-	-	-	-	-	-	203
Other assets	4,057	-	-	6,122	-	-	-	10,179
Prepaid expenses and accrued income	1,886	-	20	-	-	-	-	1,906
Total 31 Dec 2013	304,996	5,359	169,640	101,984	1,947	28,006	611,932	
Total 31 Dec 2012	322,043	6,497	202,441	101,875	3,083	22,408	658,347	
Financial liabilities								
EURm			Held for trading	Designated at fair value			Other financial liabilities	Total
				through profit or loss	Derivatives used for hedging			
Deposits by credit institutions			23,064	2,743	-	33,283	59,090	
Deposits and borrowings from the public			26,743	5,804	-	168,196	200,743	
Liabilities to policyholders, investment contracts			-	13,737	-	-	13,737	
Debt securities in issue			6,955	35,121	-	143,526	185,602	
Derivatives			64,588	-	1,336	-	65,924	
Fair value changes of the hedged items in portfolio hedge of interest rate risk			-	-	-	1,734	1,734	
Other liabilities			10,996	5,867	-	5,747	22,610	
Accrued expenses and prepaid income			29	427	-	1,890	2,346	
Subordinated liabilities			-	-	-	6,545	6,545	
Total 31 Dec 2013			132,375	63,699	1,336	360,921	558,331	
Total 31 Dec 2012			161,149	59,146	1,001	379,666	600,962	

Note 9 Fair value of financial assets and liabilities

EURm	31 Dec 2013	
	Carrying amount	Fair value
Financial assets		
Cash and balances with central banks	33,529	33,529
Loans	365,166	365,166
Interest-bearing securities	87,314	87,439
Financial instruments pledged as collateral	9,575	9,575
Shares	33,271	33,271
Derivatives	70,992	70,992
Other assets	10,179	10,179
Prepaid expenses and accrued income	1,906	1,906
Total	611,932	612,057
Financial liabilities		
Deposits and debt instruments	453,714	455,368
Liabilities to policyholders	13,737	13,737
Derivatives	65,924	65,924
Other liabilities	22,610	22,610
Accrued expenses and prepaid income	2,346	2,346
Total	558,331	559,985

The determination of fair value is described in the Annual report 2012, Note G42 "Assets and liabilities at fair value".

Note 10 Financial assets and liabilities at fair value on the balance sheet**Categorisation into the fair value hierarchy**

31 Dec 2013, EURm	Quoted prices in active markets for the same instrument (Level 1)	<i>Of which Life</i>	Valuation technique using observable data (Level 2)	<i>Of which Life</i>	Valuation technique using non-observable data (Level 3)	<i>Of which Life</i>	Total
Financial assets¹							
Loans to central banks	-	-	755	-	-	-	755
Loans to credit institutions	-	-	6,462	-	-	-	6,462
Loans to the public	-	-	92,425	-	-	-	92,425
Interest-bearing securities ²	59,276	11,641	31,745	6,882	478	104	91,499
Shares ³	28,004	18,995	1,457	1,454	3,841	2,842	33,302
Derivatives	195	128	69,361	26	1,436	-	70,992
Other assets	-	-	6,122	-	-	-	6,122
Prepaid expenses and accrued income	-	-	20	-	-	-	20
Financial liabilities¹							
Deposits by credit institutions	-	-	25,807	1,168	-	-	25,807
Deposits and borrowings from the public	-	-	32,547	-	-	-	32,547
Liabilities to policyholders	-	-	13,737	13,737	-	-	13,737
Debt securities in issue	35,121	-	6,955	-	-	-	42,076
Derivatives	35	-	64,490	-	1,399	-	65,924
Other liabilities	8,939	-	7,923	-	1	-	16,863
Accrued expenses and prepaid income	-	-	456	-	-	-	456

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

² Of which EUR 9,544m relates to the balance sheet item Financial instruments pledged as collateral.

³ Of which EUR 31m relates to the balance sheet item Financial instruments pledged as collateral.

Measurement of offsetting positions

Financial assets and liabilities with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed to that particular risk or paid to transfer the net liability exposed to that particular risk. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2012, Note G42 "Asset and liabilities at fair value".

Transfers between Level 1 and 2

During the year, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 2,893m from Level 1 to Level 2 and EUR 1,092m from Level 2 to Level 1 of the fair value hierarchy. Nordea also transferred shares of EUR 966m and other liabilities of EUR 1,054m from Level 1 to Level 2. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the year and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10, continued

Movements in Level 3

31 Dec 2013, EURm	1 Jan 2013	Reclassification	Fair value gains/losses recognised in the income statement during the year		Purchases/Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Translation differences	31 Dec 2013
			Realised	Unrealised							
Intererest-bearing securities	1,118	-498	-10	65	105	-277	-12	-	-	-13	478
- of which Life	719	-498	-14	-2	10	-97	-1	-	-	-13	104
Shares	3,374	498	299	62	967	-1,125	-72	2	-137	-27	3,841
- of which Life	2,210	498	251	52	808	-752	-69	2	-137	-21	2,842
Derivatives (net)	332	-	287	-300	-	-	-287	5	-	0	37
Other liabilities	0	-	-20	0	608	-	-608	21	-	-	1

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. During the year Nordea transferred shares of EUR 137m from Level 3 to Level 2. Nordea also transferred other liabilities of EUR 21m from Level 2 to Level 3. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. The reason for the transfer from Level 2 to Level 3 was that observable market data was no longer available. 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 year are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

Valuation principles in Nordea are determined in and approved by the Group Valuation Committee (GVC). GVC issues guiding policies to the business units on how to establish a robust valuation process and minimise the valuation uncertainty. The GVC also serves as escalation point.

The valuation process in Nordea consists of several steps. The first step is the initial end of day (EOD) marking of mid-prices. The mid-prices are either fixed by front office or received from external sources. The second step is the control part, which is performed by independent control units. The cornerstone in the control is the independent price verification (IPV). The IPV test comprises verification of the correctness of prices and other parameters used in the net present value (NPV) calculation, the adequacy of the valuation models, including an assessment of whether to use quoted prices or valuation models, and the reliability of the assumptions and parameters used in the valuation adjustments at portfolio level covering mainly liquidity (bid/offer spread), model and credit risk adjustments.

The verification of the correctness of prices and other parameters is carried out daily. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis. This quality assessment is used in the measurement of the valuation uncertainty.

The valuation adjustments at portfolio level and the deferrals of day 1 P/L on Level 3 trades are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

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

31 Dec 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Derivatives				
Interest rate derivatives	141	Option model	Correlations Volatilities	-7/5
Equity derivatives	-93	Option model	Correlations Volatilities Dividend	-17/11
Foreign exchange derivatives	103	Option model	Correlations Volatilities	+/-0
Credit derivatives	-129	Credit derivative model	Correlations Recovery rates	-7/9
Other	15	Option model	Correlations Volatilities	+/-0
Total	37			-31/25

The valuation of derivatives relies on a number of assumptions and modelling choices. For instruments categorised as Level 3 these assumptions lead to uncertainty about the valuation. To account for this a range of different modelling approaches are applied to determine an uncertainty interval around the reported fair value. The different approaches applied target various aspects of derivatives pricing. Two common components of derivative valuation models are volatility of underlying risk factors and correlation between the relevant risk factors. Each of these is addressed by applying different assumptions to input and/or the choice of modelling approach. Besides these common factors a number of asset class specific factors are addressed. These include equity dividend expectations, recovery assumptions for credit derivatives and inflation expectations. The above table shows for each class of derivatives the reasonable ranges around fair value for Level 3 products. The fair values are presented as the net of assets and liabilities.

Note 10, continued

31 Dec 2013, EURm	Fair value	<i>Of which</i>	
		<i>Life</i> ²	Valuation techniques
Shares			
Private equity funds	2,298	1,770	Net asset value ¹
Hedge funds	458	178	Net asset value ¹
Credit Funds	460	362	Net asset value/market consensus ¹
Other funds	431	403	Net asset value/Fund prices ¹
Other	194	129	-
Total	3,841	2,842	

31 Dec 2013, EURm	Fair value	<i>Of which</i>		Unobservable input	Range of fair value
		<i>Life</i> ²	Valuation techniques		
Interest-bearing securities					
Municipalities and other public bodies	29	29	Discounted cash flows	Credit spread	+/-0
Mortgage and other credit institutions ³	359	8	Discounted cash flows	Credit spread	-20/20
Corporates	82	67	Discounted cash flows	Credit spread	-4/4
Other	8	-	-	-	-1/1
Total	478	104			-25/25
Other liabilities	1	-	Discounted cash flows	Credit spread	+/-0
Total	1	-			+/-0

¹ The fair values are based on prices and net asset values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA Venture (European Capital Association). Less than 15% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of 0% to 100% compared to the values received from suppliers/custodians.

² Investment in financial instruments is a major part of the life insurance business, acquired to fulfill the obligations behind the insurance- and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and do consequently not affect Nordea's equity.

³ Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LIBOR) of 1.45% and a reasonable change of this credit spread would not affect the fair value due to callability features.

Sensitivity analysis of Level 3 financial instruments

31 Dec 2013, EURm	Carrying amount	Effect of reasonably possible alternative assumptions	
		Favourable	Unfavourable
Assets			
Interest-bearing securities	478	25	-25
- of which <i>Life</i>	104	4	-4
Shares	3,841	381	-381
- of which <i>Life</i>	2,842	300	-300
Derivatives (net)	37	25	-31
Other liabilities	1	0	0

The method used to calculate the sensitivities is described in the Annual report 2012, Note G42 "Assets and liabilities at fair value".

Deferred Day 1 profit

EURm	Derivatives (net)
Opening balance at 1 Jan 2013	24
Deferred profit on new transactions	26
Recognised in the income statement during the year	-12
Closing balance at 31 Dec 2013	38

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. In such cases valuation models are applied to estimate the exit price and if significant unobservable parameters are used such instruments are categorised as Level 3 instruments and any day-1 profit is deferred. If exit prices are available in active markets for the same instrument such prices are used. For more information see the Annual report 2012, Note G1 "Accounting policies".

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

31 Dec 2013, EURm	Gross recognised financial assets ¹	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet ²	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	128,855	-58,132	70,723	-56,104	-1	-5,739	8,879
Reverse repurchase agreements	45,704	-	45,704	-24,267	-21,053	-	384
Securities borrowing agreements	4,397	-	4,397	-	-4,397	-	0
Total	178,956	-58,132	120,824	-80,371	-25,451	-5,739	9,263

31 Dec 2013, EURm	Gross recognised financial liabilities ¹	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet ²	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	122,388	-58,132	64,256	-56,104	-	-4,586	3,566
Repurchase agreements	49,744	-	49,744	-24,267	-21,821	-	3,656
Securities lending agreements	3,063	-	3,063	-	-3,063	-	0
Total	175,195	-58,132	117,063	-80,371	-24,884	-4,586	7,222

¹ All amounts are measured at fair value.

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

31 Dec 2012, EURm	Gross recognised financial assets ¹	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet ²	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	193,979	-76,707	117,272	-99,005	-	-6,888	11,379
Reverse repurchase agreements	33,309	-	33,309	-15,288	-17,797	-	224
Securities borrowing agreements	5,558	-	5,558	-	-5,558	-	0
Total	232,846	-76,707	156,139	-114,293	-23,355	-6,888	11,603

31 Dec 2012, EURm	Gross recognised financial liabilities ¹	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet ²	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	188,014	-76,707	111,307	-99,005	-	-7,339	4,963
Repurchase agreements	34,514	-	34,514	-15,288	-19,141	-	85
Securities lending agreements	4,416	-	4,416	-	-4,416	-	0
Total	226,944	-76,707	150,237	-114,293	-23,557	-7,339	5,048

¹ All amounts are measured at fair value.

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

Enforceable master netting arrangements and similar agreements

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

Note 12 Derivatives

Fair value	31 Dec 2013		31 Dec 2012	
	Assets	Liabilities	Assets	Liabilities
EURm				
Derivatives held for trading				
Interest rate derivatives	56,657	51,402	102,558	97,014
Equity derivatives	707	801	623	568
Foreign exchange derivatives	10,124	10,862	11,300	14,450
Credit derivatives	1,337	1,361	637	655
Commodity derivatives	144	113	528	487
Other derivatives	34	27	60	28
Total	69,003	64,566	115,706	113,202
Derivatives used for hedging				
Interest rate derivatives	1,573	588	2,281	594
Foreign exchange derivatives	416	770	802	407
Total	1,989	1,358	3,083	1,001
Total fair value				
Interest rate derivatives	58,230	51,990	104,839	97,608
Equity derivatives	707	801	623	568
Foreign exchange derivatives	10,540	11,632	12,102	14,857
Credit derivatives	1,337	1,361	637	655
Commodity derivatives	144	113	528	487
Other derivatives	34	27	60	28
Total	70,992	65,924	118,789	114,203
Nominal amount			31 Dec	31 Dec
EURm			2013	2012
Derivatives held for trading				
Interest rate derivatives			5,717,491	5,622,598
Equity derivatives			22,303	17,811
Foreign exchange derivatives			855,316	910,396
Credit derivatives			60,888	47,052
Commodity derivatives			3,925	7,817
Other derivatives			2,378	2,583
Total			6,662,301	6,608,257
Derivatives used for hedging				
Interest rate derivatives			97,594	59,858
Foreign exchange derivatives			18,563	8,871
Total			116,157	68,729
Total nominal amount				
Interest rate derivatives			5,815,085	5,682,456
Equity derivatives			22,303	17,811
Foreign exchange derivatives			873,879	919,267
Credit derivatives			60,888	47,052
Commodity derivatives			3,925	7,817
Other derivatives			2,378	2,583
Total			6,778,458	6,676,986

Note 13 Capital adequacy

The capital base figures for 2012 have not been restated due to the implementation of IAS 19 Employee Benefits.

Capital Base¹

EURm	31 Dec 2013	31 Dec 2012
Core Tier 1 capital	23,112	21,961
Tier 1 capital	24,444	23,953
Total capital base	28,040	27,274

¹ Additional information regarding the capital base components could be found in the IR fact book available at www.nordea.com/IR.

Capital requirement

EURm	31 Dec 2013 Capital requirement	31 Dec 2013 RWA	31 Dec 2012 Capital requirement	31 Dec 2012 RWA
Credit risk	10,376	129,705	11,627	145,340
IRB	8,965	112,061	9,764	122,050
- of which corporate	6,787	84,844	7,244	90,561
- of which institutions	468	5,848	671	8,384
- of which retail	1,588	19,848	1,737	21,710
- of which other	122	1,521	112	1,395
Standardised	1,411	17,644	1,863	23,290
- of which sovereign	34	428	34	426
- of which retail	862	10,776	860	10,752
- of which other	515	6,440	969	12,112
Market risk	700	8,753	506	6,323
- of which trading book, Internal Approach	410	5,131	312	3,897
- of which trading book, Standardised Approach	186	2,321	138	1,727
- of which banking book, Standardised Approach	104	1,301	56	699
Operational risk	1,344	16,796	1,298	16,229
Standardised	1,344	16,796	1,298	16,229
Sub total	12,420	155,254	13,431	167,892
Adjustment for transition rules				
Additional capital requirement according to transition rules	4,318	53,969	3,731	46,631
Total	16,738	209,223	17,162	214,523

Capital ratios, according to CRD III/Basel 2 including transition rules (for ratios excluding transition rules, see pages 3 and 9)

	31 Dec 2013	31 Dec 2012
Core Tier I ratio, %, incl profit	11.0	10.2
Tier I ratio, %, incl profit	11.7	11.2
Total capital ratio, %, incl profit	13.4	12.7

Analysis of capital requirements

Exposure class, 31 Dec 2013	Average risk weight (%)	Capital requirement (EURm)
Corporate	51	6,787
Institutions	14	468
Retail IRB	12	1,588
Sovereign	1	34
Other	67	1,499
Total credit risk		10,376

Note 14 Discontinued operations and disposal groups held for sale

EURm	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Net interest income	37	47	154	189
Net fee and commission income	12	10	38	36
Other operating income	4	2	7	13
Total operating income	53	59	199	238
Total operating expenses	-28	-32	-118	-122
Net loan losses	-7	-3	-26	-38
Operating profit	18	24	55	78
Income tax expense	-5	-1	-13	-21
Net profit for the period from discontinued operations	13	23	42	57
Net result for the period recognised on the measurement at fair value	-	-	1	-
Transaction and transition cost (including cost to sell) ¹	-	-	-34	-
Net profit for the period from discontinued operations after measurement at fair value less cost to sell	13	23	9	57

¹ Income tax of EUR 9m deducted.

Basic earnings per share from discontinued operations, EUR	0.00	0.00	0.00	0.01
Diluted earnings per share from discontinued operations, EUR	0.00	0.00	0.00	0.01

Balance sheet - Condensed¹

EURm	31 Dec 2013
Assets	
Loans to the public	6,144
Interest-bearing securities	1,534
Shares	385
Total other assets	832
Total assets held for sale	8,895
Liabilities	
Deposits by credit institutions	78
Deposits and borrowings from the public	3,384
Liabilities to policyholders	625
Total other liabilities	111
Total liabilities held for sale	4,198

¹ Includes the external assets and liabilities held for sale. The external funding of the Polish operations that will remain subsequent to the transaction is not included.

Discontinued operations and assets/liabilities held for sale relate to Nordea's earlier announced decision to divest its Polish banking, financing and life insurance operations, including Nordea Bank Polska S.A., Nordea Finance Polska S.A. and Nordea Polska Towarzystwo Ubezpieczen na Zycie S.A., to PKO Bank Polski. The transaction is expected to be completed within the next few months and is subject to regulatory approvals. The disposal group is excluded from Note 2 "Segment reporting" as this is not part of the reporting to the Chief Operating Decision Maker (CODM). The majority of the business was previously reported in the Retail Banking Poland & Baltics segment. The impact from discontinued operations on other comprehensive income can be found in the statement of comprehensive income.

Note 15 Risks and uncertainties

Nordea's revenue base reflects the Group's business with a large and diversified customer base, comprising household customers, corporate customers and financial institutions, representing different geographic areas and industries.

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

The financial crisis and the deteriorated macroeconomic situation have not had any material impact on Nordea's financial position. However, the macroeconomic development remains uncertain.

None of the above exposures and risks is expected to have any significant adverse effect on the Group or its financial position in the medium term.

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

Business definitions

Return on equity

Net profit for the year excluding non-controlling interests as a percentage of average equity for the year. Average equity including net profit for the year and dividend until paid, non-controlling interests excluded.

Total shareholders return (TSR)

Total shareholders return measured as growth in the value of a shareholding during the year, assuming the dividends are reinvested at the time of the payment to purchase additional shares.

Risk-adjusted profit

Risk-adjusted profit is defined as total income minus total operating expenses, minus Expected losses and standard tax. In addition, Risk-adjusted profit excludes major non-recurring items.

Tier 1 capital

The proportion of the capital base, which includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations and half of the expected shortfall deduction, – the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans (Tier 1 capital contributions and hybrid capital loans). The Core tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk-weighted assets. The Core tier 1 ratio is calculated as Core tier 1 capital as a percentage of risk-weighted assets.

Loan loss ratio

Net loan losses (annualised) divided by quarterly closing balance of loans to the public (lending).

Impairment rate, gross

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

Impairment rate, net

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

Total allowance rate

Total allowances divided by total loans before allowances.

Allowances in relation to impaired loans

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

Total allowances in relation to impaired loans (provisioning ratio)

Total allowances divided by total impaired loans before allowances.

Non-performing, not impaired

Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Expected losses

Expected losses reflect the normalised loss level of the individual loan exposure over a business cycle as well as various portfolios.

Economic capital

Economic Capital is Nordea's internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas. The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

RAROCAR

RAROCAR, % (Risk-adjusted return on capital at risk) is defined as Risk-adjusted profit relative to Economic capital.

For a list of further business definitions, see the Annual Report.

Nordea Bank AB (publ)

Accounting policies

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments compared to IFRS.

The disclosures in this interim report follow the interim reporting requirements in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2). More information can be found in the Group's interim report.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report.

The new standard IFRS 13 "Fair Value Measurement" and the amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" as regards offsetting of financial assets and liabilities was implemented in the first quarter 2013, but have not had any significant impact on the financial statements. More information on the new and amended standards can be found in Note 1 for the Group.

Forthcoming changes in IFRS not yet implemented by the parent company can be found in the section "Impact on capital adequacy from new or amended IFRS standards" in Note 1 for the Group. The conclusions within this section are also where applicable relevant for the parent company.

Assets and liabilities held for sale

As mentioned in Note 1 and Note 14 for the Group, Nordea has divested its Polish operations. Assets held for sale in Nordea Bank AB amount to EUR 809m as of the fourth quarter but are not reclassified on the balance sheet.

Income statement

EURm	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Operating income				
<i>Interest income</i>	500	583	2,140	2,656
<i>Interest expense</i>	-357	-418	-1,499	-1,932
Net interest income	143	165	641	724
<i>Fee and commission income</i>	344	241	1,259	853
<i>Fee and commission expense</i>	-67	-51	-250	-230
Net fee and commission income	277	190	1,009	623
Net result from items at fair value	54	37	131	189
Dividends	1,527	3,271	1,827	3,554
Other operating income	198	177	674	501
Total operating income	2,199	3,840	4,282	5,591
Operating expenses				
General administrative expenses:				
Staff costs	-245	-214	-982	-938
Other expenses	-303	-269	-1,018	-842
Depreciation, amortisation and impairment charges of tangible and intangible assets	-35	-32	-109	-105
Total operating expenses	-583	-515	-2,109	-1,885
Profit before loan losses	1,616	3,325	2,173	3,706
Net loan losses	-68	-5	-124	-19
Impairment of securities held as financial non-current assets	-4	-15	-4	-15
Operating profit	1,544	3,305	2,045	3,672
Appropriations	102	-103	102	-103
Income tax expense	-134	-66	-192	-95
Net profit for the period	1,512	3,136	1,955	3,474

Nordea Bank AB (publ)

Balance sheet

EURm	31 Dec 2013	31 Dec 2012
Assets		
Cash and balances with central banks	45	180
Treasury bills	4,953	5,092
Loans to credit institutions	80,917	68,006
Loans to the public	34,155	36,214
Interest-bearing securities	11,128	11,594
Financial instruments pledged as collateral	737	104
Shares	5,351	4,742
Derivatives	4,219	5,852
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-11	-1,157
Investments in group undertakings	17,723	17,659
Investments in associated undertakings	7	8
Intangible assets	729	670
Property and equipment	118	121
Deferred tax assets	28	19
Current tax assets	0	41
Other assets	2,533	1,713
Prepaid expenses and accrued income	1,291	1,272
Total assets	163,923	152,130
Liabilities		
Deposits by credit institutions	17,500	19,342
Deposits and borrowings from the public	47,531	50,263
Debt securities in issue	62,961	48,285
Derivatives	3,627	4,166
Fair value changes of the hedged items in portfolio hedge of interest rate risk	715	16
Current tax liabilities	11	3
Other liabilities	4,173	1,635
Accrued expenses and prepaid income	1,150	1,468
Deferred tax liabilities	10	8
Provisions	184	148
Retirement benefit obligations	166	182
Subordinated liabilities	5,971	7,131
Total liabilities	143,999	132,647
Untaxed reserves	3	108
Equity		
Share capital	4,050	4,050
Share premium reserve	1,080	1,080
Other reserves	-2	12
Retained earnings	14,793	14,233
Total equity	19,921	19,375
Total liabilities and equity	163,923	152,130
Assets pledged as security for own liabilities	2,454	4,230
Other assets pledged	7,033	6,225
Contingent liabilities	70,385	86,292
Credit commitments ¹	26,713	26,270

¹ Including unutilised portion of approved overdraft facilities of EUR 12,845m (31 Dec 2012: EUR 12,952m).

Note 1 Capital adequacy**Capital Base**

EURm	31 Dec 2013	31 Dec 2012
Core Tier 1 capital	17,351	17,252
Tier 1 capital	19,300	19,244
Total capital base	23,362	23,898

Capital requirement

EURm	31 Dec 2013 Capital requirement	31 Dec 2013 RWA requirement	31 Dec 2012 Capital requirement	31 Dec 2012 RWA
Credit risk¹	6,296	78,700	7,494	93,670
IRB	3,428	42,854	4,752	59,394
- of which corporate	3,100	38,749	4,404	55,051
- of which institutions	105	1,318	140	1,751
- of which retail	180	2,254	188	2,345
- of which other	43	533	20	247
Standardised	2,868	35,846	2,742	34,276
- of which retail	101	1,258	106	1,327
- of which sovereign	2	26	2	21
- of which other	2,765	34,562	2,634	32,928
Market risk	128	1,596	123	1,539
- of which trading book, Internal Approach	34	429	39	484
- of which trading book, Standardised Approach	5	59	20	246
- of which banking book, Standardised Approach	89	1,108	64	809
Operational risk	250	3,121	219	2,739
Standardised	250	3,121	219	2,739
Sub total	6,674	83,417	7,836	97,948
Adjustment for transition rules				
Additional capital requirement according to transition rules	-	-	-	-
Total	6,674	83,417	7,836	97,948

Capital ratio

	31 Dec 2013	31 Dec 2012
Core Tier I ratio, %	20.8	17.6
Tier I ratio, %	23.1	19.6
Total capital ratio, %	28.0	24.4

Analysis of capital requirements

Exposure class, 31 Dec 2013	Average risk weight (%)	Capital requirement (EURm)
Corporate	58	3,100
Institutions	11	105
Retail IRB	34	180
Sovereign	0	2
Other	34	2,909
Total credit risk		6,296

¹The increase in credit risk seen at 31 Dec 2012 is related to the guarantee between Nordea Bank AB (publ) and Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees the majority of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The RWA effect of the guarantee in Nordea Bank AB (publ) by 31 Dec 2012 equals approx. EUR 34bn.

For further information:

- A press conference with management will be held on 29 January at 9.00 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be held on 29 January at 14.30 CET. Please dial +44 20 3427 1918, confirmation code 5567988#, no later than ten minutes in advance. The telephone conference can be viewed live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will be available through 9 February, by dialling +44 20 3427 0598, access code 5567988#.
- An analyst and investor presentation will be held in London on 30 January at 12.30 local time at The Savoy, The Strand, London, WC2R 0EU. To attend, please contact Catherine Pamplin, J.P. Morgan, catherine.pamplin@jpmorgan.com
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.
- Nordea Bank AB's Annual Report 2013 and the Capital and Risk Management report (Pillar III) 2013 will be published on www.nordea.com during week 7 (the week starting 10 February). In week 9, the printed Annual Report will be available.

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Financial calendar

29 April 2014 – First quarter results 2014 (silent period starts 7 April 2014)
 17 July 2014 – Second quarter results 2014 (silent period starts 7 July 2014)
 22 October 2014 – Third quarter results 2014 (silent period starts 7 October 2014)

Stockholm 29 January 2014

Christian Clausen
 President and Group CEO

This report has not been subject to review by the Auditors.

This report is published in four additional language versions; Danish, Finnish, Norwegian and Swedish. In the event of any inconsistencies between those language versions and this English version, the English version shall prevail.

The information provided in this press release is such, which Nordea is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980) and/or the Swedish Securities Markets Act (2007:528).

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of various factors. Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels. This report does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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