

Copenhagen, Helsinki, Oslo, Stockholm, 22 October 2014

Third Quarter Results 2014

CEO Christian Clausen's comments on the results:

"In the third quarter we continued to welcome more new customers and were trusted with more savings, thereby passing the milestone of EUR 250bn in assets under management. Despite continued macro headwind, income is holding up well and we are clearly on track to deliver on our cost targets. Credit quality continues to improve and the loan loss level is below the 10-year average.

Nordea once again was confirmed as one of the safest banks globally, when issuing two Additional Tier 1 instruments, of USD 1.5bn with the lowest coupons among corresponding instruments issued in the USD market. This strengthened the Tier 1 ratio by 75 basis points and our total capital ratio is above 20%.

We are continuously developing our services to meet the changing customer behaviour. To provide even more personalised and convenient solutions we are currently simplifying our processes and will as a next step build new core banking and payment platforms, leading to an average annual increase in our combined IT investments of approximately 30-35% over the coming 4-5 years. As a consequence we will replace some of our current IT systems, leading to an impairment charge of EUR 344m."

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

First nine months 2014 vs. First nine months 2013 (Third vs. Second quarter 2014)¹:

- Total operating income -1%¹, in local currencies +2%¹ (-3%¹)
- Total expenses -4%¹, in local currencies -1%¹ (-2%¹, in local currencies -1%¹)
- Operating profit +7%¹, in local currencies +9%¹ (-3%¹)
- Common equity tier 1 capital ratio 15.6%, up from 13.4%² (up to 15.6% from 15.2%)
- Cost/income ratio down to 49%¹ from 51% (unchanged at 49%¹)
- Loan loss ratio of 15 basis points, down from 21 basis points (down to 12 bps from 16 bps)
- Return on equity 11.5%¹, up from 11.2% (down to 11.2%¹ from 12.0%)

Summary key figures, continuing operations ³ , EURm	Q3 2014	Q2 2014	ch %	Q3 2013	ch %	loc. curr	YTD 2014	YTD 2013	ch %	loc. curr
Net interest income	1,396	1,368	2	1,386	1	2	4,126	4,135	0	3
Total operating income ¹	2,377	2,456	-3	2,426	-2	0	7,334	7,422	-1	2
Total operating income	2,754	2,456	12	2,426	14	16	7,711	7,422	4	7
Profit before loan losses	1,238	1,070	16	1,192	4	5	3,572	3,665	-3	0
Net loan losses	-112	-135	-17	-171	-35	-32	-405	-555	-27	-24
Loan loss ratio (ann.), bps	12	16		20			15	21		
Operating profit ¹	1,093	1,125	-3	1,021	7	8	3,324	3,110	7	9
Operating profit	1,126	935	20	1,021	10	12	3,167	3,110	2	4
Diluted EPS (total oper.), EUR	0.23	0.17		0.19			0.61	0.58		
Diluted EPS (basis for dividend distribution ⁴ , total oper.), EUR	0.30	0.17		0.19			0.68	0.58		
Return on equity ¹ , %	11.2	12.0		10.8			11.5	11.2		
Return on equity, %	12.8	10.0		10.8			11.4	11.2		

Exchange rates used for Q3 2014 for income statement items are for DKK 7.46, NOK 8.28 and SEK 9.04, see also Note 1.

Net impact from currency fluctuations between Q3 2014 and Q2 2014 was insignificant.

¹) Excluding non-recurring income and cost items in Q3 2014 of pre-tax EUR +34m net and restructuring costs in Q2 2014 of EUR 190m.

²) Previously estimated Basel III CET1 ratio.

³) Key figures for continuing operations, following the divestment of the Polish banking, financing and life insurance operations.

⁴) Diluted EPS, basis for dividend distribution, is excluding impairment of intangible assets in Q3 2014.

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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 750 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 Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges.

www.nordea.com

CEO comment

Third quarter 2014 report

As in the previous quarters, the third quarter was characterised by macro headwind with low growth, low volatility and even lower interest rates. The hope for a global recovery has been reduced due to geopolitical tensions, which also affect the export-oriented Nordic economies.

Despite the headwinds and negative currency effects, income is holding up well, driven by net fee and commission income. Net commission income was negatively affected by a write-down of deferred acquisition cost for our Polish life operations of EUR 27m. Fair value has been under pressure due to low volatility and challenging market conditions, however our underlying business is sound. The sale of Nordea's 20.7% stake in Nets Holding was completed on 9 July 2014, which resulted in a capital gain of EUR 378m. Costs are down in local currencies by 2% compared to the third quarter of 2013 and our cost guidance of a 5% cost reduction in local currencies 2015 compared to 2013 is confirmed.

The loan loss level decreased to EUR 112m (EUR 135m in Q2 2014), and the impaired loans ratio is unchanged at 170 basis points. Underlying trends in Norway and Sweden are stable. Trends are also stable in Finland but a collective provision of EUR 24m has been made.

Capital

In September, the Swedish FSA communicated the capital requirement for Nordea, which confirms our view that the bank should be operated with a CET1 ratio of approximately 15%, including a management buffer, although there is still some uncertainty on Pillar 2 requirements.

As the first Swedish domiciled bank, Nordea issued a CRDIV compliant Additional Tier 1 instrument. USD 1bn is a Perpetual Non-callable 5-year instrument and USD 500m a Perpetual Non-callable 10-year instrument. The coupons are 5.5% and 6.125%, respectively, which are the lowest among corresponding instruments issued in the USD market, once again confirming Nordea as one of the safest banks globally. The spread to EUR equivalent 3 month was approximately 3%. The issuance strengthened the Tier 1 ratio by 75 basis points and the Group's total capital ratio is at 20.2%.

Delivering value for our customers

More and more customers choose Nordea as their financial partner, and we have welcomed 67,000 new relationship customers in Retail Banking in the first nine months. The investments in digital solutions are delivering upon the fast changing customer needs. In the third quarter customers chose to interact with us more than 157 million times in the digital channels. Over 40% of the touch points are now through the mobile channel.

In Wholesale Banking we consolidated our position as the leading bank in the Nordics for large corporates and institutions. We were the number one provider in Nordic Equity Capital markets and the leading Nordic bank in Nordic M&A transactions in the first nine months of 2014, and we were ranked number one by Bloomberg on corporate bonds. In the third quarter, Nordea was heading the largest high-yield deal ever done in the Nordics, as we financed the Nordic Capital's acquisition of Lindorff.

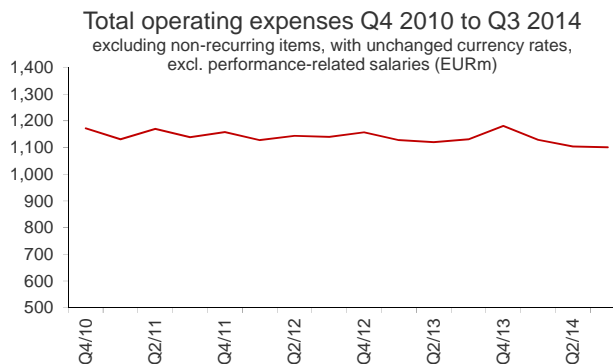
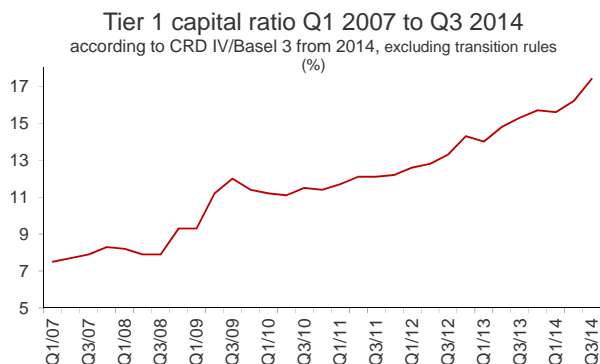
In Wealth Management, more customers trusted us with their savings, and the milestone of EUR 250bn in assets under management was passed in August, a doubling of the AuM since 2008 and a confirmation of the position as the largest wealth manager in the Nordics.

Building the future relationship bank

The rapid change in our customers' preferences towards using online and mobile solutions, as well as the increasing operational regulation, is transforming our industry.

To enable us to develop even more personalised and convenient services to our customers in the future we are currently simplifying processes in all parts of the bank. We will, as part of this process, build new core banking and payment platforms, significantly increasing our agility, scale benefit and resilience. The investments in new platforms are leading to an increase in our average annual IT investments of approximately 30-35% over the coming 4-5 years. As a consequence of the above we will replace some of our current IT systems, leading to an impairment charge of EUR 344m. The combined effect of these actions will have an insignificant impact on the 2015 plan.

Christian Clausen
President and Group CEO



Income statement

EURm	Q3			Q2			Q3			Local		
	2014	2014	Change	2013	Change	currency	2014	Jan-Sep	Jan-Sep	Change	currency	
Net interest income	1,396	1,368	2	1,386	1	2	4,126	4,135	0	3		
Net fee and commission income	667	708	-6	652	2	4	2,079	1,939	7	10		
Net result from items at fair value	291	356	-18	346	-16	-13	1,058	1,206	-12	-11		
Equity method	7	3		14	-50	-44	19	58	-67	-66		
Other operating income	393	21		28			429	84				
Total operating income	2,754	2,456	12	2,426	14	16	7,711	7,422	4	7		
Staff costs	-728	-907	-20	-732	-1	2	-2,391	-2,239	7	10		
Other expenses	-378	-415	-9	-441	-14	-12	-1,219	-1,355	-10	-7		
Depreciation of tangible and intangible assets	-410	-64		-61			-529	-163				
Total operating expenses	-1,516	-1,386	9	-1,234	23	26	-4,139	-3,757	10	13		
Profit before loan losses	1,238	1,070	16	1,192	4	5	3,572	3,665	-3	0		
Net loan losses	-112	-135	-17	-171	-35		-405	-555	-27			
Operating profit	1,126	935	20	1,021	10		3,167	3,110	2			
<i>Operating profit excl. non-recurring items¹</i>	<i>1,093</i>	<i>1,125</i>	<i>-3</i>	<i>1,021</i>	<i>7</i>		<i>3,324</i>	<i>3,110</i>	<i>7</i>			
Income tax expense	-188	-219	-14	-257	-27		-673	-763	-12			
Net profit for period from continuing operations	938	716	31	764	23		2,494	2,347	6			
Net profit for the period from discontinued operations, after tax	0	-30		12			-39	-4				
Net profit for the period	938	686	37	776	21		2,455	2,343	5			
Net profit for the period, basis for dividend distribution²	1,199	686	75	776	55		2,716	2,343	16			

Business volumes, key items³

EURbn	30 Sep			30 Jun			Change		
	2014	2014	%	2013	2013	%	Change in local	currency, %	Change in local
Loans to the public	359.8	347.1	4	343.2	5	3	7		
Deposits and borrowings from the public	204.7	201.6	2	200.5	2	1	5		
Assets under management	254.5	248.3	2	226.8	12				
Equity	29.8	28.8	3	28.6	4				
Total assets	668.7	636.7	5	625.8	7				

Ratios and key figures

	Q3		Q2		Q3		Jan-Sep	
	2014	2014	2013	2013	2014	2013	2014	2013
Diluted earnings per share, EUR - Total operations	0.23	0.17	0.19		0.61	0.58		
Diluted earnings per share, EUR - Total operations, basis for dividend distribution ²	0.30	0.17	0.19		0.68	0.58		
EPS, rolling 12 months up to period end, EUR	0.80	0.76	0.79		0.80	0.79		
EPS, rolling 12 months up to period end, EUR, basis for dividend distribution ²	0.87	0.76	0.79		0.87	0.79		
Share price ³ , EUR	10.27	10.28	8.95		10.27	8.95		
Total shareholders' return, %	3.7	7.0	7.1		12.8	29.4		
Equity per share ³ , EUR	7.39	7.16	7.12		7.39	7.12		
Potential shares outstanding ³ , million	4,050	4,050	4,050		4,050	4,050		
Weighted average number of diluted shares, million	4,029	4,027	4,019		4,029	4,021		
Return on equity, % - Continuing operations	12.8	10.0	10.8		11.4	11.2		
Return on equity, % - Continuing operations excl. non-recurring items ¹	11.2	12.0	10.8		11.5	11.2		
Cost/income ratio, % - Continuing operations excl. non-recurring items ¹	49	49	51		49	51		
Loan loss ratio, basis points	12	16	20		15	21		
Common Equity Tier 1 capital ratio, excl. transition rules ^{3,4} , %	15.6	15.2	14.4		15.6	14.4		
Tier 1 capital ratio, excl. transition rules ^{3,4} , %	17.4	16.2	15.3		17.4	15.3		
Total capital ratio, excl. transition rules ^{3,4} , %	20.2	19.0	17.5		20.2	17.5		
Tier 1 capital ^{3,4,5} , EURm	25,548	24,728	24,338		25,548	24,338		
Risk exposure amount excl. transition rules ³ , EURbn	153	152	160		153	160		
Number of employees (FTEs) - Continuing operations ³	29,527	29,717	29,501		29,527	29,501		
Risk-adjusted profit, EURm - Continuing operations	836	876	823		2,592	2,530		
Economic profit, EURm - Continuing operations	223	273	214		782	689		
Economic capital ³ , EURbn - Total operations	24.8	24.2	25.2		24.8	25.2		
Economic capital ³ , EURbn - Continuing operations	24.8	24.2	24.3		24.8	24.3		
EPS, risk-adjusted, EUR - Continuing operations	0.23	0.18	0.19		0.62	0.58		
RAROCAR, % - Continuing operations	13.6	14.7	13.3		14.4	13.8		

¹ Non-recurring items (Q2 2014: restructuring costs EUR 190m, Q3 2014: gain from the divestment of Nets EUR 378m and impairment of intangible assets EUR 344m).

² Net profit for the period (and EPS), basis for dividend distribution, is excluding impairment of intangible assets in Q3 2014.

³ End of period.

⁴ Including the result for the period.

⁵ The Q4 2013 ratios are reported under the Basel II regulation framework and the Q3 2014 ratios are reported using the Basel III (CRR/CRDIV) framework.

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Macroeconomy and financial markets

The third quarter was characterised by divergence, where the US economy continued to develop robustly whereas the Euro area showed signs of deceleration. The US economy grew by 4.0% (annualised) in the second quarter, which to some extent was an offset to a weather-related weak first quarter. Meanwhile, growth in the Euro area over the same period was flat. Federal Reserve carried on tapering its asset purchases according to plan and markets gradually started to prepare for the US central bank to eventually exit its multi-year zero rate policy. The ECB, on the other hand responded to weak data, in particular low inflation, by reducing key interest rates by 10 basis points at its September meeting along with announcing plans to buy asset-backed securities and covered bonds. In addition, the ECB opened up for further measures if current policy proves to be insufficient. Financial markets responded with substantially lower European rates, particularly for longer maturities, with for example German 10-year yields reaching all-time low levels at 0.90% around the end of the quarter. Moreover, the relative difference between USD and EUR rates widened to historical levels and the EUR/USD moved from 1.37 to 1.26 during the second quarter. The USD has also strengthened versus other currencies and the trade weighted USD-index gained more than 7% in the second quarter. Credits and equities were fairly stable over the quarter, despite geopolitical tensions in Ukraine and the Middle East and peripheral yields continued to narrow in relation to core rates.

Denmark

The Danish economy grew by 0.2% q/q in the second quarter, showing a small improvement from the preceding quarter. The general picture in the third quarter was subdued, predominantly caused by a struggling export sector and slow growth in private consumption. Inflation, as in the Euro area, remained just above deflationary territory. The Danish Central Bank cut the deposit rate in September to -5 basis points. In addition, Nationalbanken started to sell Danish kroner to prevent further currency strengthening. 10-year rates fell by 45 basis points over the quarter and narrowed 10 basis points to Germany. Danish equities rose by 2.3% resulting in one of the best-performing markets globally since the beginning of the year with an impressive full-year increase of 18%.

Finland

Finland continued to struggle with broad-based weakness in most key variables as the European slowdown and Russian sanctions have created a heavy drag on exports, demand and general confidence. Second quarter GDP contracted marginally compared to last year and GDP is still 5% below the level in 2007 while retail sales volumes are at 2008 levels. The housing market is also restrained as sales were 20% below normal levels and activity in the construction sector fell. Finnish equities rose marginally in the third quarter while 10-year government rates dropped 40 basis points to new all-time lows at 1.05%.

Norway

The Norwegian mainland economy grew by 1.2% q/q in the second quarter. For the third quarter the picture was somewhat mixed. Manufacturing production continued to perform, whereas retail sales were weaker than expected. Underlying inflation came down from the 2.5 %-levels, currently at 2.2 %, but remained well above Euro area levels. The third quarter oil investment survey suggested that a 15% drop in oil investments for 2015 is expected to weigh on Norwegian growth going forward. In September, Norges Bank signalled that policy rates likely will remain unchanged for a considerable period resulting in relatively higher short end rates and a stronger Norwegian krona. Over the quarter, Norwegian 10-year yields dropped 20 basis points while equities fell 2%.

Sweden

The Swedish economy continued to hold up relatively well considering the lacklustre development in the Euro area. Swedish GDP increased by 2.6% in the second quarter, predominantly driven by strong momentum in household consumption. In addition, surging house prices and improving employment data indicated that momentum in the Swedish economy persists. However, the export sector continued to show weakness related to weak European demand and as a result, the development on the industrial production has been weaker than expected. The Riksbank cut the repo rate by 50 basis points to 0.25% at its July meeting which was a response to low inflation and the Riksbank signalled a continued bias for additional easing further ahead. Swedish equities rose by 2% in the third quarter while 10-year yields fell 30 basis points, in line with Germany in the quarter.

Group results and performance

Third quarter 2014

The comparison comments on income, expenses and other items as well as operating profit relate to the continuing operations, excluding the Polish operations.

Net interest income

Net interest income increased 2% compared to the previous quarter to EUR 1,396m, mainly due to lower average funding costs and one banking day more in the third quarter than in the previous. Net interest margin* was unchanged at 1.09% in the third quarter. Deposit margins decreased while underlying corporate and household lending margins were up somewhat.

Corporate lending

Corporate lending volumes, excluding reverse repurchase agreements, were up 1% in local currencies compared to the previous quarter. Average corporate lending volumes were largely unchanged in the third 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 largely unchanged in local currencies excluding repurchase agreements. The average deposit volume in the business areas was up 1% in corporate and largely unchanged in household from the previous quarter in local currencies excluding repurchase agreements.

Group Corporate Centre

Net interest income was largely stable at EUR 70m compared to the EUR 70m in the previous quarter.

Net interest income per business area

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Loc.curr Q3/Q3
Retail Banking	963	952	939	948	953	1%	1%	3%
Wholesale Banking	283	279	272	267	288	1%	-2%	2%
Wealth Management	35	38	36	30	29	-8%	21%	19%
Group Corporate Centre	70	70	91	102	75	0%	-7%	n.m
Other and eliminations	45	29	24	43	41	55%	10%	n.m
Total Group	1,396	1,368	1,362	1,390	1,386	2%	1%	2%

Change in Net interest income

EURm	Q3/Q2	Jan-Sep 14/13
Margin driven NII	-16	111
Lending margin	15	169
Deposit margin	-27	-82
Yield fees & other NII in BAs	-4	24
Volume driven NII	5	66
Lending volume	3	56
Deposit volume	2	10
Liquidity cost (incl. liq. buf.)	13	-50
Day count	15	0
GCC incl. Treasury	0	10
Other*	11	-145
Total NII change	28	-9
*of which FX	-5	-131

*) 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.

Net fee and commission income

Net fee and commission income decreased 6% compared to the previous quarter to EUR 667m.

Savings and investments commissions

Net fee and commission income from savings and investments decreased 14% in the third quarter to EUR 370m, from the strong second quarter, due to seasonally lower income from custody and securities issues and corporate finance as well as due to a non-recurring write-down of deferred acquisition cost of EUR 27m for the life

insurance operations in Poland. Assets under Management (AuM) increased 2% to EUR 254.5bn following a sustained positive net inflow and a positive investment performance.

Payments and cards and lending-related commissions

Payments and cards net fee and commission income was up 8% to EUR 160m, with cards showing a strong growth. Lending-related net fee and commission income was down 2% to EUR 165m.

Net fee and commission income per business area

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Loc.curr Q3/Q3
Retail Banking	277	264	278	260	260	5%	7%	9%
Wholesale Banking	135	153	170	149	149	-12%	-9%	-7%
Wealth Management	262	298	277	302	265	-12%	-1%	2%
Group Corporate Centre	-3	-2	-4	-2	-4	n.m	n.m	n.m
Other and eliminations	-4	-5	-17	-6	-18	n.m	n.m	n.m
Total Group	667	708	704	703	652	-6%	2%	4%

Net fee and commission income per category

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Loc.curr Q3/Q3
Savings and investments, net	370	430	398	411	364	-14%	2%	3%
Payments and cards, net	160	148	147	145	150	8%	7%	10%
Lending-related, net	165	168	178	166	171	-2%	-4%	-1%
Other commissions, net	6	-5	15	15	1	n.m	n.m	n.m
State guarantee fees	-34	-32	-35	-33	-34	n.m	n.m	n.m
Total Group	667	708	704	703	652	-6%	2%	4%

Assets under Management (AuM), volumes and net inflow

EURbn	Q314	Q3 14 Net inflow	Q2 14	Q1 14	Q4 13	Q3 13
Nordic Retail funds	46.3	0.3	44.9	43.0	41.7	41.2
Private Banking	82.0	0.6	81.2	79.1	77.3	74.9
Institutional sales	63.5	1.4	61.0	57.3	54.4	53.0
Life & Pensions	62.7	0.9	61.2	59.3	58.7	57.7
Total	254.5	3.2	248.3	238.7	232.1	226.8

Net result from items at fair value

The net result from items at fair value decreased 18% from the previous quarter to EUR 291m, due to low activity and low volatility in the customer business and due to lower net result for Wholesale Banking other.

Capital Markets income for customers in Wholesale Banking, Retail Banking and Private Banking

The customer-driven capital markets activities generated lower income in the customer business compared to the previous quarter, due to low corporate activity and low volatility. The net fair value result for the business units was EUR 158m, compared to EUR 212m in the previous quarter.

Life & Pensions

The net result from items at fair value for Life & Pensions increased to EUR 68m in the third quarter (EUR 53m).

Wholesale Banking other

The net fair value result for Wholesale Banking other, ie income from managing the risks inherent in customer transactions, decreased to EUR 75m compared to EUR 114m in the previous quarter.

Group Functions and Other and eliminations

The net fair value result of Group Corporate Centre was EUR 29m compared to EUR 19m in the second quarter and was mainly related to interest-rate-related items. In Other and eliminations, the net result from items at fair value was EUR -39m in the third quarter (EUR -42m in the second quarter).

Net result from items at fair value per area

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3
Retail Banking	75	95	99	92	76	-21%	-1%
Wholesale Banking excl. Other	61	91	71	80	72	-33%	-15%
Wealth Mgmt excl. Life	22	26	25	23	15	-15%	47%
Wholesale Banking Other	75	114	142	141	149	-34%	-50%
Life & Pensions	68	53	46	55	59	28%	15%
Group Corporate Centre	29	19	23	-9	35	53%	-17%
Other and eliminations	-39	-42	5	-49	-60	n.m	n.m
Total Group	291	356	411	333	346	-18%	-16%

Equity method

Income from companies accounted for under the equity method was EUR 7m, compared to EUR 3m in the previous quarter.

Total operating income

Total income decreased 3% from the previous quarter to EUR 2,377m, excluding the non-recurring gain from the divestment of the shareholding in Nets Holding.

Other operating income

Other operating income was EUR 393m, including a gain from the divestment of the shareholding in Nets Holding of EUR 378m. Excluding this non-recurring gain, other operating income was EUR 16m, compared to EUR 21m in the previous quarter.

Currency fluctuation impact

Currency fluctuations had net a slight reducing effect of 0-1 %-point on income and expenses for the third quarter compared to the second quarter and a reducing effect of 2-3 %-points on income and expenses for the third quarter compared to the third quarter of the previous year. The effect on loan and deposit volumes was approx. +1 %-point compared to the previous quarter and -2 %-points compared to one year ago.

Total operating income per business area

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Loc.curr Q3/Q3
Retail Banking	1,323	1,319	1,328	1,318	1,315	0%	1%	3%
Wholesale Banking	555	638	656	638	660	-13%	-16%	-14%
Wealth Management	392	420	392	415	374	-7%	5%	7%
Group Corporate Centre	98	89	111	95	110	10%	-11%	n.m
Other and eliminations	386	-10	14	3	-33	n.m	n.m	n.m
Total incl. non-recurring items	2,754	2,456	2,501	2,469	2,426	12%	14%	16%
Total, excl. non-recurring items¹	2,377	2,456	2,501	2,469	2,426	-3%	-2%	0%

¹ Non-recurring item (Q3 2014: gain from the divestment of Nets EUR 378m)

Currency fluctuation effects

%-points	Q3/Q2	Q3/Q3	Jan-Sep 14/13
Income	0	-2	-3
Expenses	-1	-3	-3
Operating profit	0	-1	-2
Loan and deposit volumes	1	-2	-2

Total expenses

Total expenses in the third quarter amounted to EUR 1,516m, including an impairment charge of EUR 344m as we are going to replace some of our current IT systems. Excluding the impairment charge and excluding the restructuring costs in the second quarter, total expenses were down 2% from the previous quarter to EUR 1,172m. Staff costs were down 3% and other expenses were also down 3% from the previous quarter, while depreciations increased somewhat. Compared to the third quarter last year, total expenses were down 2% in local currencies.

The number of employees (FTEs) at the end of the third quarter was down 1% compared to at the end of the previous quarter, but largely unchanged compared to the end of the third quarter of 2013, due to insourcing of IT services.

The cost/income ratio was 49%, excluding non-recurring items, unchanged from the previous quarter.

Provisions for performance-related salaries in the third quarter were EUR 65m, compared to EUR 80m in the previous quarter.

The impairment of capitalised IT development amounting to EUR 344m is recognised on the line "Depreciation, amortisation and impairment charges of tangible and intangible assets". The main driver is the decision to build new core banking and payment platforms, but to some extent also current decisions following reassessments of useful lives of other systems. Reassessments of useful lives follow the recently observed increase in the pace at which the regulatory and technological development is moving. The impairment has been included in "Group Functions, Other and Eliminations" in the business area reporting and as a reconciling item in Note 2 "Segment reporting". The recoverable amount of relevant systems is estimated based on their value in use.

Cost efficiency

Cost efficiency measures have proceeded according to plan in the third quarter. An annualised gross reduction in total expenses of EUR 50m has been conducted in the third quarter and EUR 350m from the beginning of 2013.

Total operating expenses

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Loc.curr Q3/Q3
Staff cost	-728	-907	-756	-739	-732	-20%	-1%	2%
Other expenses	-378	-415	-426	-480	-441	-9%	-14%	-12%
Depreciations	-410	-64	-55	-64	-61			
Total incl. non-recurring items	-1,516	-1,386	-1,237	-1,283	-1,234	9%	23%	26%
Total, excl. non-recurring items¹	-1,172	-1,196	-1,237	-1,283	-1,234	-2%	-5%	-2%

¹ Non-recurring items (Q2 2014: restructuring costs EUR 190m, Q3 2014: impairment of intangible assets EUR 344m).

Total operating expenses per business area

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Loc.curr Q3/Q3
Retail Banking	-687	-713	-718	-750	-720	-4%	-5%	-2%
Wholesale Banking	-195	-217	-213	-236	-209	-10%	-7%	-3%
Wealth Management	-185	-197	-198	-221	-189	-6%	-2%	1%
Group Corporate Centre	-64	-67	-67	-86	-63	-5%	2%	n.m
Other and eliminations	-385	-192	-41	10	-53	n.m	n.m	n.m
Total incl. non-recurring items	-1,516	-1,386	-1,237	-1,283	-1,234	9%	23%	26%
Total, excl. non-recurring items¹	-1,172	-1,196	-1,237	-1,283	-1,234	-2%	-5%	-2%

¹ Non-recurring items (Q2 2014: restructuring costs EUR 190m, Q3 2014: impairment of intangible assets EUR 344m).

Net loan losses

Net loan loss provisions were EUR 112m and the loan loss ratio was 12 basis points (EUR 135m or 16 basis points in the previous quarter). As expected, provisions for loan losses in Denmark decreased from the previous quarter, but remained at slightly elevated levels. In other areas, the losses were relatively stable, with a normal volatility between quarters.

Collective provisions were increased by EUR 4m net in the third quarter (increase of EUR 5m in the previous quarter). The increase relates to possible effects related to the Russian sanctions and weakening Russian economy, where a total of EUR 24m in Finland and EUR 5m in Denmark was taken as management judgement. The increase is to a large extent offset by decreases in model based calculations.

In Banking Denmark, net loan loss provisions were EUR 44m, 25% lower than the previous quarter (EUR 59m). The loan loss ratio was 27 basis points (36 basis points in the previous quarter).

Credit portfolio

Total lending, excluding reversed repurchase agreements, amounted to EUR 310bn, which was up 1% compared to the previous quarter in local currencies. Overall, the credit quality of the loan portfolio remained solid in the third quarter, with a largely stable effect from migration in both the corporate and retail portfolios.

The impaired loans ratio was stable at 170 basis points of total loans (170 basis points). Total impaired loans gross increased 2% compared to the previous quarter and non-performing impaired loans increased 1% compared to the previous quarter. The increase was mainly related to the household portfolios in Denmark, Finland and Norway and to the real estate and industrial commercial services industries. The provisioning ratio remained stable compared to the end of the second quarter at 44% (44%).

Loan loss ratios and impaired loans

Basis points of loans	Q314	Q214	Q114	Q413	Q313
Loan loss ratios					
annualised, Group	12	16	18	21	20
of which individual	12	15	18	20	18
of which collective	0	1	0	1	2
Banking Denmark	27	36	41	45	45
Banking Finland	20	16	6	18	12
Banking Norway	7	15	12	14	7
Banking Sweden	-5 ¹	4	4	8	7
Banking Baltic countries	68	63	140	72	-12 ¹
Corporate & Institutional Banking (CIB)	27	43	39	38	41
Shipping, Offshore & Oil Services	7	-102 ¹	-19 ¹	4	68
Impaired loans ratio					
gross, Group (bps)	170	170	171	178	182
- performing	64%	64%	62%	60%	57%
- non-performing	36%	36%	38%	40%	43%
Total allowance ratio, Group (bps)	74	75	76	77	79
Provisioning ratio, Group ²	44%	44%	45%	43%	43%

¹ Net Reversals

² Total allowances in relation to gross impaired loans.

Profit

Operating profit

Operating profit excluding non-recurring items was down 3% to EUR 1,093m for the continuing operations. Including non-recurring items, operating profit was up 20% to EUR 1,126m.

Taxes

Income tax expense was EUR 188m, including the bank tax in Finland of EUR 15m. The effective tax rate was 16.7%, compared to 23.4% in the previous quarter and 25.2% in the third quarter last year. The lower effective tax rate was due to the non-taxable gain from the divestment of the shareholding in Nets Holding A/S.

Net profit

Net profit from the continuing operations increased 31% compared to the previous quarter to EUR 938m. Return on equity including non-recurring items was 12.8% and excluding non-recurring items 11.2%. Net profit as basis for dividend distribution was EUR 1,199m, as the impairment charge is not intended to affect the dividend distribution amount for the year.

Diluted earnings per share were EUR 0.23 for the total operations (EUR 0.17 in the previous quarter) and diluted earnings per share as basis for dividend per share were EUR 0.30.

Operating profit per business area

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Loc.curr Q3/Q3
Retail Banking	550	487	486	424	488	13%	13%	16%
Wholesale Banking	335	408	409	366	389	-18%	-14%	-13%
Wealth Management	207	222	194	193	185	-7%	12%	14%
Group Corporate Centre	34	22	44	9	47	55%	-28%	n.m
Other and eliminations	0	-204	-27	14	-88	n.m	n.m	n.m
Total, incl. non-recurring items	1,126	935	1,106	1,006	1,021	20%	10%	12%
Total, excl. non-recurring items¹	1,093	1,125	1,106	1,006	1,021	-3%	7%	8%

¹ Non-recurring items (Q2 2014: restructuring costs EUR 190m, Q3 2014: gain from the divestment of Nets EUR 378m and impairment of intangible assets EUR 344m).

First nine months of 2014 compared to the first nine months of 2013

Total income was down 1% compared to the first nine months of last year, excluding non-recurring items, and operating profit was up 7% compared to last year excluding non-recurring items. In local currencies, total income increased 2% from the first nine months of last year, excluding non-recurring items.

Income

Net interest income was largely unchanged compared to last year. Lending volumes were up 3% excluding reversed repurchase agreements in local currencies. Corporate and household lending margins were higher, while deposit margins overall were down from one year ago.

Net fee and commission income increased 7% and the net result from items at fair value decreased by 12% compared to the first nine months of last year.

Expenses

Total expenses were down 1% compared to the first nine months of 2013 excluding impairment charge and

restructuring costs and in local currencies. Staff costs were up 3% excluding restructuring costs and in local currencies.

Net loan losses

Net loan loss provisions decreased to EUR 405m for the continuing operations, corresponding to a loan loss ratio of 15 basis points (21 basis points in the first nine months of last year).

Net profit

Net profit including non-recurring items increased 5% to EUR 2,455m and net profit as basis for dividend distribution increased 16% to EUR 2,716m.

Currency fluctuation impact

The impact from currency fluctuations was a reducing effect of 3 %-points on income and expenses and approx. -2 %-points on loan and deposit volumes compared to a year ago.

Other information

Capital position and risk exposure amount (REA)

The Group's fully loaded Basel III Common equity tier 1 (CET1) capital ratio increased to 15.6% at the end of the third quarter from 15.2% at the end of the second quarter, following sale of Nordea's shares in Nets Holding A/S, strong profit generation and the continuous focus on REA initiatives.

As of July 2014 Nordea divested its shares in Nets Holding A/S with a positive effect on the CET1 ratio of 12 basis points.

The tier 1 capital ratio increased to 17.4% and the total capital ratio increased 1.3% to 20.2%, as Nordea issued an additional tier 1 instrument.

REA was EUR 152.5bn, an increase of EUR 0.3bn compared to the previous quarter. A reduction in REA of EUR 1.8bn has been realised in the quarter following the continued focus on REA initiatives.

The CET1 capital was EUR 23.8bn, the tier 1 capital was EUR 26.5bn and the own funds were EUR 30.9bn. The capital requirement based on the transitional rules was EUR 17.9bn and the adjusted own funds were EUR 30.2bn.

The Capital Requirements Regulation (CRR) leverage ratio was stable at 4.3% (excluding profit) and increased to 4.4% including profit.

Economic Capital (EC) was at the end of the third quarter EUR 24.8bn, an increase of EUR 0.6bn from the end of the previous quarter. The increase was mainly driven by the Swedish risk weight floor increasing from 15% to 25% for the residential mortgage portfolio and the introduction of prudent valuation.

Regulatory development

On 8 September 2014, the Swedish FSA published a decision paper on the treatment of capital buffers and pillar 2 requirements and how these should interact with each other. The paper clarifies the treatment of systemic risk buffer and pillar 2. The systemic risk buffer (SRB) requirement will be set to 3% CET1 from 1 January 2015. There is also a SRB requirement of 2% CET1 within pillar 2 to be applicable from September 2014. The FSA states that there, under normal circumstances, will be no formal decision on pillar 2 (in the same way as it has been done previously). The pillar 2 requirement will thus not affect the level where the automatic restrictions on distribution will come into effect (MDA level).

Within pillar 2, the risk weight floor for residential mortgages has been increased from 15% to 25% from September 2014. It is also stated that the stricter requirements for residential mortgages in Norway as decided by the Norwegian FSA should be done as part of the pillar 2 process and that it should be considered by setting the average risk weight to 25% to start with.

Based on an average 5.0% risk weight pursuant to pillar 1 in Nordea's Swedish mortgage portfolio as per 30 September, and given the new proposal of a 25% risk weight floor, the Group needs to hold pillar 2 capital corresponding to a risk exposure amount of EUR 9.1bn. Assuming a CET1 capital requirement of 13.0%, this means that Nordea will need to hold CET1 capital under pillar 2 amounting to approx. EUR 1.1bn for its Swedish mortgage portfolio, which is equivalent to a common equity tier 1 capital ratio impact of approx. 78 basis points.

On 8 September, the Swedish FSA also decided that the buffer rate for the countercyclical capital buffer is to be set at 1% CET1 for Swedish exposures, to be applicable from 13 September 2015. The setting of the buffer rate is to be decided every quarter.

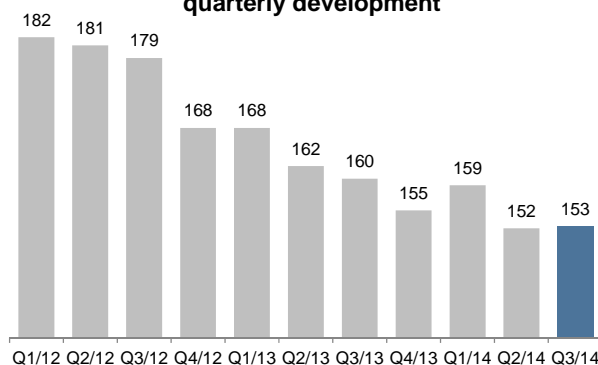
The result of the ECB Comprehensive assessment (including AQR) and the EBA EU-wide stress test are expected to be published on Sunday 26 October.

Capital ratios

%	Q314	Q214	Q114	Q413	Q313
CRR/CRDIV (Basel III)					
Common equity tier 1 cap. ratio	15.6	15.2	14.6	13.9*	
Tier 1 capital ratio	17.4	16.2	15.6	14.9*	
Total capital ratio	20.2	19.0	18.4	17.8*	
CRDIII (Basel II)					
Core tier 1 capital ratio				14.9	14.4
Tier 1 capital ratio				15.7	15.3
Total capital ratio				18.1	17.5

* Previously estimated ratios

Risk exposure amount, REA (EURbn), quarterly development



Common equity tier 1 capital ratio, changes in the quarter



*) Net profit basis for dividend, assuming a 56% payout ratio.

Balance sheet

Total assets in the balance sheet increased 5% compared to the end of the previous quarter to EUR 669bn, due to higher amounts of reversed repurchase agreements and on-balance amounts of derivatives.

Balance sheet data

EURm	Q314	Q214	Q114	Q313
Loans to credit institutions	13.5	15.0	11.9	12.7
Loans to the public	359.8	347.1	346.4	343.2
Derivatives	93.0	78.6	69.9	74.6
Interest-bearing securities	93.2	89.4	87.5	87.0
Other assets	109.2	106.6	120.7	108.3
Total assets	668.7	636.7	636.4	625.8
Deposits from credit	57.9	53.8	53.0	49.5
Deposits from the public	204.7	201.6	203.7	200.5
Debt securities in issue	191.2	185.5	186.3	182.9
Derivatives	85.0	70.4	64.0	69.3
Other liabilities	100.1	96.6	101.2	95.0
Total equity	29.8	28.8	28.2	28.6
Total liabilities and equity	668.7	636.7	636.4	625.8

Nordea's funding and liquidity operations

Nordea issued approx. EUR 5.1bn in long-term funding in the third quarter excluding Danish covered bonds, of which approx. EUR 3.0bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in domestic and international markets. Transactions to note include a USD 1.5bn Additional Tier 1 note in dual tranche format, and a 3-year GBP 500m FRN covered bond.

Nordea's long-term funding portion of total funding was at the end of the third quarter approx. 74%.

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 133% at the end of the third quarter. The LCR in EUR was 204% and in USD 113% at the end of the third 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 62bn at the end of the third quarter (EUR 62bn at the end of the second quarter).

Funding and liquidity data

	Q314	Q214	Q114	Q413	Q313
Long-term funding portion	74%	74%	76%	73%	73%
LCR total	133%	140%	114%	117%	134%
LCR EUR	204%	134%	159%	140%	194%
LCR USD	113%	159%	127%	127%	158%

Market risk

Interest-bearing securities were EUR 103bn at the end of the third quarter, of which EUR 20bn were in the life insurance operations and the remainder in the liquidity buffer and trading portfolios. 30% of the portfolio comprises government or municipal bonds and 32% mortgage bonds, when excluding EUR 9bn of pledged securities.

Total market risk measured as Value at Risk decreased by EUR 5m to EUR 52m in the third quarter of 2014 compared to the second quarter, mainly due to a decrease in interest rate risk VaR.

Market risk

EURm	Q314	Q214	Q114	Q413	Q313
Total risk, VaR	52	57	90	148	71
Interest rate risk, VaR	54	59	95	153	76
Equity risk, VaR	5	8	5	6	4
Foreign exchange risk, VaR	12	11	18	7	7
Credit spread risk, VaR	7	7	10	18	16
Diversification effect	34%	33%	29%	20%	31%

2015 plan

Nordea's cost efficiency programme is progressing as planned and the net cost reduction effects are expected to be seen by the end of 2014 and onwards. An annualised gross reduction in total expenses of EUR 50m has been conducted in the third quarter and EUR 350m from the beginning of 2013.

The focus on capital efficiency will continue. In the third quarter, efficiencies of approximately EUR 1.8bn have been achieved. Of the remaining efficiencies, the focus is on delivering process internal efficiencies.

Building the future relationship bank

The rapid change in our customers' preferences towards using online and mobile solutions, as well as the increasing operational regulation, is transforming our industry. To enable us to develop even more personalised and convenient services to our customers in the future we are currently simplifying processes and products in all parts of the bank. We will, as part of this process, build new core banking and payment platforms, altogether increasing our agility, scale and resilience.

The investments in new platforms are leading to an increase in our average annual IT investments of approximately 30-35% over the coming 4-5 years. As a consequence of the above we will replace some of our current IT systems, leading to an impairment charge of EUR 344m. The combined effect of these actions will have an insignificant impact on the 2015 plan.

Nordea has divested all shares in Nets Holding A/S

The sale of Nordea's 20.7% stake in Nets Holding A/S to a consortium consisting of funds advised by Advent International, ATP and Bain Capital was completed on 9 July 2014. Nordea's total proceeds from the divestment were approx. DKK 3.5bn (approx. EUR 470m) leading to a tax-free capital gain of approx. DKK 2.8bn (EUR 378m) that was recognised in the third quarter of 2014 in Other income.

Nordea share

In the third quarter, Nordea's share price on the NASDAQ OMX Nordic Exchange depreciated from SEK 94.30 to SEK 93.90.

Quarterly development, Group

	Q3	Q2	Q1	Q4	Q3	Jan-Sep	Jan-Sep
EURm	2014	2014	2014	2013	2013	2014	2013
Net interest income	1,396	1,368	1,362	1,390	1,386	4,126	4,135
Net fee and commission income	667	708	704	703	652	2,079	1,939
Net result from items at fair value	291	356	411	333	346	1,058	1,206
Equity method	7	3	9	21	14	19	58
Other operating income	393	21	15	22	28	429	84
Total operating income	2,754	2,456	2,501	2,469	2,426	7,711	7,422
General administrative expenses:							
Staff costs	-728	-907	-756	-739	-732	-2,391	-2,239
Other expenses	-378	-415	-426	-480	-441	-1,219	-1,355
Depreciation of tangible and intangible assets	-410	-64	-55	-64	-61	-529	-163
Total operating expenses	-1,516	-1,386	-1,237	-1,283	-1,234	-4,139	-3,757
Profit before loan losses	1,238	1,070	1,264	1,186	1,192	3,572	3,665
Net loan losses	-112	-135	-158	-180	-171	-405	-555
Operating profit	1,126	935	1,106	1,006	1,021	3,167	3,110
Income tax expense	-188	-219	-266	-246	-257	-673	-763
Net profit for the period from continuing operations	938	716	840	760	764	2,494	2,347
Net profit for the period from discontinued operations, after tax	0	-30	-9	13	12	-39	-4
Net profit for the period	938	686	831	773	776	2,455	2,343
Diluted earnings per share (DEPS), EUR							
- Total operations	0.23	0.17	0.21	0.19	0.19	0.61	0.58
DEPS, rolling 12 months up to period end, EUR							
- Total operations	0.80	0.76	0.78	0.77	0.79	0.80	0.79

Business areas

Nordea Group - continuing operations																		
EURm	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
	Q3	Q2	Chg	Q3	Q2	Chg	Q3	Q2	Chg	Q3	Q2	Chg	Q3	Q2	Chg	Q3	Q2	Chg
	2014	2014		2014	2014		2014	2014		2014	2014		2014	2014		2014	2014	
Net interest income	963	952	1%	283	279	1%	35	38	-8%	70	70	0%	45	29	55%	1,396	1,368	2%
Net fee and commission income	277	264	5%	135	153	-12%	262	298	-12%	-3	-2		-4	-5		667	708	-6%
Net result from items at fair value	75	95	-21%	136	205	-34%	90	79	14%	29	19	53%	-39	-42		291	356	-18%
Equity method	1	9	-89%	0	0		0	0		0	0		6	-6		7	3	133%
Other income	7	-1	-800%	1	1	0%	5	5	0%	2	2	0%	378	14		393	21	
Total operating income	1,323	1,319	0%	555	638	-13%	392	420	-7%	98	89	10%	386	-10		2,754	2,456	12%
Staff costs	-329	-336	-2%	-177	-199	-11%	-118	-122	-3%	-61	-70	-13%	-43	-180	-76%	-728	-907	-20%
Other expenses	-333	-349	-5%	-9	-9	0%	-66	-74	-11%	5	16	-69%	25	1		-378	-415	-9%
Depreciations	-25	-28	-11%	-9	-9	0%	-1	-1	0%	-8	-13	-38%	-367	-13		-410	-64	
Total operating expenses	-687	-713	-4%	-195	-217	-10%	-185	-197	-6%	-64	-67	-6%	-385	-192	101%	-1,516	-1,386	9%
Net loan losses	-86	-119	-28%	-25	-13	92%	0	-1	-100%	0	0		-1	-2	-50%	-112	-135	-17%
Operating profit	550	487	13%	335	408	-18%	207	222	-7%	34	22	62%	0	-204	-100%	1,126	935	20%
Cost/income ratio, %	52	54	-2%	35	34		47	47		65	76					49	49	
RAROCAR, %	15	14	0.0	12	14		28	31								14	15	
Economic capital (EC)	11,852	11,344	5%	8,451	8,385	1%	2,245	2,179	3%	844	806		1,404	1,483		24,796	24,197	2%
Risk exposure amount (REA)	73,656	72,428	2%	57,346	58,011	-1%	4,791	4,795	0%	6,669	6,427		10,087	10,542		152,549	152,203	0%
Number of employees (FTEs)	16,783	17,087	-2%	6,021	5,983	1%	3,492	3,502	0%	2,186	2,162	1%	1,045	983		29,527	29,717	-1%
Volumes, EURbn:																		
Lending to corporates	82.9	82.0	1%	107.9	98.8	9%							7.1	7.1		197.9	187.9	5%
Household mortgage lending	127.9	125.6	2%	0.5	0.5	0%	5.9	5.7								134.3	131.8	2%
Consumer lending	24.6	24.3	1%				3.0	3.1	-3%							27.6	27.4	1%
Total lending	235.4	231.9	2%	108.4	99.3	9%	8.9	8.8	1%				7.1	7.1		359.8	347.1	4%
Corporate deposits	45.3	46.7	-3%	73.0	69.0	6%							0.8	-0.6		119.1	115.1	3%
Household deposits	74.6	75.1	-1%	0.2	0.2	0%	10.8	11.2	-4%							85.6	86.5	-1%
Total deposits	119.9	121.8	-2%	73.2	69.2	6%	10.8	11.2	-4%				0.8	-0.6		204.7	201.6	2%

Nordea Group - continuing operations																		
EURm	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
	Jan-Sep	2013	Chg	Jan-Sep	2013	Chg	Jan-Sep	2013	Chg	Jan-Sep	2013	Chg	Jan-Sep	2013	Chg	Jan-Sep	2013	Chg
	2014	2013		2014	2013		2014	2013		2014	2013		2014	2013		2014	2013	
Net interest income	2,854	2,862	0%	834	845	-1%	109	90	21%	231	240	-4%	98	98	0%	4,126	4,135	0%
Net fee and commission income	819	770	6%	458	419	9%	837	788	6%	-9	-8		-26	-30		2,079	1,939	7%
Net result from items at fair value	269	286	-6%	554	696	-20%	240	215	12%	71	79	-10%	-76	-70		1,058	1,206	-12%
Equity method	8	21	-62%	0	0		0	0	-25%	0	0		11	37	-70%	19	58	-67%
Other income	20	62	-68%	3	3	0%	18	24		6	14	-60%	382	-19		429	84	
Total operating income	3,970	4,001	-1%	1,849	1,963	-6%	1,204	1,117	8%	299	325	-8%	389	16		7,711	7,422	4%
Staff costs	-1,003	-1,028	-2%	-573	-584	-2%	-360	-350	3%	-186	-162	15%	-269	-115	134%	-2,391	-2,239	7%
Other expenses	-1,035	-1,106	-6%	-26	-52	-50%	-217	-223	-3%	20	-3		39	29	34%	-1,219	-1,355	-10%
Depreciations	-80	-76	5%	-26	-27	-4%	-3	-6	0%	-32	-27	19%	-388	-27		-529	-163	
Total operating expenses	-2,118	-2,210	-4%	-625	-663	-6%	-580	-579	-1%	-199	-192	4%	-617	-113		-4,139	-3,757	10%
Net loan losses	-329	-333	-1%	-72	-216	-67%	-1	-4	-75%	0	0		-3	-2	50%	-405	-555	-27%
Operating profit	1,523	1,458	4%	1,152	1,084	6%	623	534	17%	100	133	-25%	-231	-99		3,167	3,110	2%
Cost/income ratio, %	53	55	-2%	34	34		48	52		67	59					49	51	
RAROCAR, %	14	13	0.0	14	14		29	24								14	14	
Economic capital (EC)	11,852	12,012	-1%	8,451	8,515	-1%	2,245	2,270	-1%	844	612		1,404	868		24,796	24,277	2%
Risk exposure amount (REA)	73,656	77,623	-5%	57,346	61,303	-6%	4,791	2,818	70%	6,669	4,500		10,087	13,343		152,549	159,587	-4%
Number of employees (FTEs)	16,783	17,409	-4%	6,021	6,002	0%	3,492	3,480	0%	2,186	1,644	31%	1,045	966		29,527	29,501	0%
Volumes, EURbn:																		
Lending to corporates	82.9	82.7	0%	107.9	95.9	13%							7.1	6.1		197.9	184.7	7%
Household mortgage lending	127.9	124.7	3%	0.5	0.5	0%	5.9	5.2	13%							134.3	130.4	3%
Consumer lending	24.6	25.0	-2%				3.0	3.1	-3%							27.6	28.1	-2%
Total lending	235.4	232.4	1%	108.4	96.4	12%	8.9	8.3	7%				7.1	6.1		359.8	343.2	5%
Corporate deposits	45.3	43.4	4%	73.0	67.2	9%							0.8	3.6		119.1	114.2	4%
Household deposits	74.6	75.1	-1%	0.2	0.2	0%	10.8	11.0	-2%							85.6	86.3	-1%
Total deposits	119.9	118.5	1%	73.2	67.4	9%	10.8	11.0	-2%				0.8	3.6		204.7	200.5	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. REA 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 except the Nordic Private Banking segment. Approx. 10 million household customers and 0.5 million corporate customers are offered a wide range of products. Besides 733 branch locations, customers are served by contact centres as well as through the online banking channels.

Business development

Weak macroeconomic environment continued to affect the business with interest rates going down from already very low levels. Investments were still subdued, resulting in weak demand for financing from corporate customers.

The number of Gold and Premium customers amounted to 3.14 million, of whom 21,500 were new Nordea customers in the third quarter. The meeting activity remained at a high level.

Within the corporate business, initiatives to improve capital efficiency and ancillary income were successfully initiated. Further measures were taken to focus even more on customers' needs and our firm belief is that we by this customer centric focus, in combination with our size, can give the best customer offering.

Nordea maintained its strong growth in the digital channels by delivering new solutions to our increasingly digitally oriented customers.

During the third quarter, we had more than 157 million touch points via the netbank, mobile or contact centre, which was 14% more than the same period last year. Over 40% of the touch points are now through the mobile channel. Meanwhile, both household and corporate customers' manual transactions continue the downward trend. The manual transactions were 20% lower than in the third quarter 2013. The most frequent branch visitors follow this trend as well.

Mobility is becoming a norm among our customers; more than 1,000 customers per day signed up to use mobile banking in the third quarter. In general, customers use their mobile devices for fast, everyday errands and supplement it with the netbank when they want to run more demanding errands or want advice. The number of mobile logons increased by almost 50% from the third quarter last year and exceeds netbank logons in most of our markets. 20% of all transactions are made by using a mobile device and the number of mobile transactions increased around 90% from the same quarter last year.

Swedish customers can now simulate their finances in a new budget tool online, which allows them to see how changes in their housing situation will affect their economy. The budget tool is integrated with a new online mortgage loan application that enables customers to apply for a housing loan or a loan commitment. This feature has been received positively and has become one of the most visited pages on our home page, right after the netbank logon page.

In Norway, new fully digital products have been launched in the netbank. These environmentally friendly solutions increase convenience and are more user-friendly for our customers, as all documents and signings are handled and archived electronically.

Result

In local currencies, total income increased 1% from the second quarter, despite the lower activity during the summer period. Compared to the same quarter last year, the income growth was 3%, coming from all major income lines.

In local currencies, lending volumes increased by 1% compared to the second quarter and by 3% from the third quarter 2013. Deposit volumes decreased 2% from the previous quarter, but were up by 3% in local currencies from the third quarter last year. Net interest income improved by 1% from the previous quarter, also supported by lower funding costs.

A strong development in the savings area as well as growing card business contributed to the solid development in net fee and commission income. The increase from the second quarter was 5% and 7% from the third quarter last year. Net result from items at fair value followed seasonal patterns and declined compared to the second quarter.

The cost efficiency programme led to further cost savings in the third quarter. Both staff costs and other expenses were down, and the number of FTEs continued to decline. This development was seen in both central functions and in the branch network. Expenses were down by 4% from the previous quarter and by 5% compared to the same period last year, slightly reinforced by currency effects.

Risk exposure amount (REA) increased during the quarter following the strengthening of the NOK and higher lending volumes. The increase in Economic Capital was mainly driven by the increased risk weight floors on residential mortgages in Sweden.

Credit quality

Credit quality continued to improve in the third quarter. Net loan losses decreased and the loan loss ratio was 15 basis points (21 basis points in the second quarter).

Banking Denmark

Mortgage lending increased compared to the previous quarter in both the household and corporate segment. A continued inflow of both household and corporate customers supported this development. Cost control remained strong with expenses and number of FTEs decreasing year-over-year. Customers' demand for interactions with the bank has become higher during the quarter, leading to a high activity level with both household and corporate customers. Loan losses continued to decrease and were at the lowest level since the beginning of the financial crisis.

Banking Finland

Good achievements in the corporate area and investment advisory contributed to a strong third quarter for Banking Finland. The normal seasonal effect was offset mainly by better-than-expected sales and repricing effects. Results were seen from the cost efficiency programme. The underlying level of loan losses decreased from the previous quarter, but in order to maintain a prudent risk approach, a collective provision of EUR 10m related to the development in Russia was made, bringing the total level of losses to EUR 24m.

Banking Norway

Banking Norway continued to grow lending volumes and welcomed 3,300 new Premium and Gold customers during the quarter. Deposit volumes were hit by seasonal effects on the household side and reduced deposits from one large corporate customer. Total income was kept close to unchanged. Efficiency initiatives resulted in a lower number of FTEs. The weakening of the NOK had a substantial impact on the reported income and expense development from the last year.

Banking Sweden

Banking Sweden continued to acquire new relationship customers; 5,900 new Premium and Gold customers in the third quarter. Lending volumes and margins increased, whereas the deposit margins had a negative effect on the income development. Transaction-driven non-interest income was low during the vacation period in the third quarter. Continued focus on optimising processes and services in the branch network resulted in a lower number of FTEs. The third quarter includes loan loss reversals.

Banking Baltic countries

The constant focus on profitability resulted in increased net interest income, driven by increased lending margins. Activities related to savings and daily banking were high. The 11% increase in deposit volumes compared to the prior quarter reflected efforts to attract mass-affluent customers. The continued attention on efficiency gains resulted in a reduction of the cost/income ratio for the first nine months by 5 %-points compared to a year ago.

Retail Banking total

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Chg local curr. Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13	EUR	Local
Net interest income	963	952	939	948	953	1%	1%	2%	3%	2,854	2,862	0%	3%	
Net fee and commission income	277	264	278	260	260	5%	7%	5%	9%	819	770	6%	10%	
Net result from items at fair value	75	95	99	92	76	-21%	-1%	-20%	2%	269	286	-6%	-3%	
Equity method & other income	8	8	12	18	26	0%	-69%	-1%	-67%	28	83	-66%	-63%	
Total income incl. allocations	1,323	1,319	1,328	1,318	1,315	0%	1%	1%	3%	3,970	4,001	-1%	2%	
Staff costs	-329	-336	-338	-334	-339	-2%	-3%	-2%	-1%	-1,003	-1,028	-2%	0%	
Other exp. excl. depreciations	-333	-349	-353	-388	-355	-5%	-6%	-4%	-4%	-1,035	-1,106	-6%	-29%	
Total expenses incl. allocations	-687	-713	-718	-750	-720	-4%	-5%	-3%	-2%	-2,118	-2,210	-4%	-1%	
Profit before loan losses	636	606	610	568	595	5%	7%	5%	9%	1,852	1,791	3%	7%	
Net loan losses	-86	-119	-124	-144	-107	-28%	-20%	-28%	-19%	-329	-333	-1%	-1%	
Operating profit	550	487	486	424	488	13%	13%	13%	16%	1,523	1,458	4%	8%	
Cost/income ratio, %	52	54	54	57	55					53	55			
RAROCAR, %	15	14	14	13	13					14	13			
Economic capital (EC)	11,852	11,344	11,566	11,627	12,012	4%	-1%	4%	0%	11,852	12,012	-1%	0%	
Risk exposure amount (REA)	73,656	72,428	74,712	75,911	77,623	2%	-5%	1%	-4%	73,656	77,623	-5%	-4%	
Number of employees (FTEs)	16,783	17,087	17,256	17,304	17,409	-2%	-4%	-2%	-4%	16,783	17,409	-4%	-4%	
Volumes, EURbn:														
Lending to corporates	82.9	82.0	82.2	81.7	82.7	1%	0%	0%	2%	82.9	82.7	0%	2%	
Household mortgage lending	127.9	125.6	125.4	124.6	124.7	2%	3%	1%	4%	127.9	124.7	3%	4%	
Consumer lending	24.6	24.3	24.6	24.7	25.0	1%	-2%	1%	-1%	24.6	25.0	-2%	-1%	
Total lending	235.4	231.9	232.2	231.0	232.4	2%	1%	1%	3%	235.4	232.4	1%	3%	
Corporate deposits	45.3	46.7	44.1	45.1	43.4	-3%	4%	-4%	6%	45.3	43.4	4%	6%	
Household deposits	74.6	75.1	73.9	74.9	75.1	-1%	-1%	-1%	1%	74.6	75.1	-1%	1%	
Total deposits	119.9	121.8	118.0	120.0	118.5	-2%	1%	-2%	3%	119.9	118.5	1%	3%	

Historical numbers have been restated following changes in segment reporting and allocation principles

Banking Denmark

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	308	309	308	310	312	0%	-1%	925	941	-2%
Net fee and commission income	48	39	45	32	30	23%	60%	132	84	57%
Net result from items at fair value	18	26	40	31	19	-31%	-5%	84	93	-10%
Equity method & other income	1	1	4	6	7	0%	-86%	6	27	-78%
Total income incl. allocations	375	375	397	379	368	0%	2%	1,147	1145	0%
Staff costs	-74	-72	-74	-75	-76	3%	-3%	-220	-226	-3%
Other exp. excl. depreciations	-120	-123	-126	-126	-124	-2%	-3%	-369	-380	-3%
Total expenses incl. allocations	-198	-198	-204	-205	-203	0%	-2%	-600	-617	-3%
Profit before loan losses	177	177	193	174	165	0%	7%	547	528	4%
Net loan losses	-44	-59	-67	-73	-74	-25%	-41%	-170	-237	-28%
Operating profit	133	118	126	101	91	13%	46%	377	291	30%
Cost/income ratio, %	53	53	51	54	55			52	54	
RAROCAR, %	13	12	14	13	12			13	13	
Economic capital (EC)	3,469	3,559	3,614	3,298	3,416	-3%	2%	3,469	3,416	2%
Risk exposure amount (REA)	24,313	24,460	24,932	22,613	22,996	-1%	6%	24,313	22,996	6%
Number of employees (FTEs)	3,274	3,351	3,367	3,411	3,464	-2%	-5%	3,274	3,464	-5%
Volumes, EURbn:										
Lending to corporates	21.7	22.1	21.7	21.9	22.0	-2%	-1%	21.7	22.0	-1%
Household mortgage lending	31.7	31.6	31.5	31.6	31.4	0%	1%	31.7	31.4	1%
Consumer lending	12.1	11.9	12.0	12.0	12.2	2%	-1%	12.1	12.2	-1%
Total lending	65.5	65.6	65.2	65.5	65.6	0%	0%	65.5	65.6	0%
Corporate deposits	9.8	9.9	9.3	9.1	8.8	-1%	11%	9.8	8.8	11%
Household deposits	23.5	23.7	23.2	23.5	23.3	-1%	1%	23.5	23.3	1%
Total deposits	33.3	33.6	32.5	32.6	32.1	-1%	4%	33.3	32.1	4%

Historical numbers have been restated following changes in the segment reporting

Banking Finland

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	189	190	184	180	174	-1%	9%	563	485	16%
Net fee and commission income	91	94	93	92	89	-3%	2%	278	262	6%
Net result from items at fair value	25	23	22	22	16	9%	56%	70	62	13%
Equity method & other income	1	1	0	1	4	0%	-75%	2	13	-85%
Total income incl. allocations	306	308	299	295	283	-1%	8%	913	822	11%
Staff costs	-54	-56	-58	-57	-59	-4%	-8%	-168	-171	-2%
Other exp. excl. depreciations	-98	-102	-101	-108	-101	-4%	-3%	-301	-306	-2%
Total expenses incl. allocations	-154	-159	-161	-166	-162	-3%	-5%	-474	-482	-2%
Profit before loan losses	152	149	138	129	121	2%	26%	439	340	29%
Net loan losses	-24	-20	-7	-22	-14	20%	71%	-51	-35	46%
Operating profit	128	129	131	107	107	-1%	20%	388	305	27%
Cost/income ratio, %	50	52	54	56	57			52	59	
RAROCAR, %	21	21	19	18	16			20	15	
Economic capital (EC)	2,008	1,978	2,002	2,016	2,048	2%	-2%	2,008	2,048	-2%
Risk exposure amount (REA)	13,505	13,174	13,389	14,237	14,057	3%	-4%	13,505	14,057	-4%
Number of employees (FTEs)	3,747	3,864	3,923	3,949	3,946	-3%	-5%	3,747	3,946	-5%
Volumes, EURbn:										
Lending to corporates	15.3	15.2	15.0	14.6	14.4	1%	6%	15.3	14.4	6%
Household mortgage lending	27.3	27.1	27.0	26.9	26.7	1%	2%	27.3	26.7	2%
Consumer lending	6.4	6.4	6.3	6.3	6.3	0%	2%	6.4	6.3	2%
Total lending	49.0	48.7	48.3	47.8	47.4	1%	3%	49.0	47.4	3%
Corporate deposits	10.0	9.8	9.4	9.7	9.3	2%	8%	10.0	9.3	8%
Household deposits	21.0	21.4	21.3	21.6	21.8	-2%	-4%	21.0	21.8	-4%
Total deposits	31.0	31.2	30.7	31.3	31.1	-1%	0%	31.0	31.1	0%

Banking Norway

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Chg local curr.		Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13	
								Q3/Q2	Q3/Q3	EUR	EUR	EUR	Local
Net interest income	192	190	194	197	206	1%	-7%	2%	-3%	576	605	-5%	3%
Net fee and commission income	44	45	41	41	43	-2%	2%	-1%	7%	130	127	2%	10%
Net result from items at fair value	16	19	14	18	18	-16%	-11%	-16%	-8%	49	59	-17%	-9%
Equity method & other income	0	0	0	1	1		-100%	40%	-106%	0	5	-100%	-102%
Total income incl. allocations	252	254	249	257	268	-1%	-6%	0%	-2%	755	796	-5%	2%
Staff costs	-36	-37	-38	-38	-38	-3%	-5%	-2%	1%	-111	-119	-7%	2%
Other exp. excl. depreciations	-71	-71	-70	-74	-74	0%	-4%	0%	-1%	-212	-231	-8%	-1%
Total expenses incl. allocations	-108	-110	-110	-114	-114	-2%	-5%	-1%	-1%	-328	-355	-8%	0%
Profit before loan losses	144	144	139	143	154	0%	-6%	0%	-3%	427	441	-3%	4%
Net loan losses	-8	-17	-14	-16	-8	-53%	0%	-51%	11%	-39	-6		535%
Operating profit	136	127	125	127	146	7%	-7%	7%	-4%	388	435	-11%	-4%
Cost/income ratio, %	43	43	44	44	43					43	45		
RAROCAR, %	17	17	15	15	16					16	14		
Economic capital (EC)	2,418	2,360	2,440	2,617	2,779	2%	-13%	-1%	-14%	2,418	2,779	-13%	-14%
Risk exposure amount (REA)	16,857	16,037	16,636	17,951	18,611	5%	-9%	2%	-9%	16,857	18,611	-9%	-9%
Number of employees (FTEs)	1,367	1,395	1,425	1,405	1,419	-2%	-4%	-2%	-4%	1,367	1,419	-4%	-4%
Volumes, EURbn:													
Lending to corporates	20.3	19.6	19.6	19.1	19.7	4%	3%	0%	3%	20.3	19.7	3%	3%
Household mortgage lending	26.3	25.1	25.0	24.4	25.0	5%	5%	1%	5%	26.3	25.0	5%	5%
Consumer lending	0.7	0.6	0.7	0.7	0.7	6%	0%	-1%	1%	0.7	0.7	0%	1%
Total lending	47.3	45.3	45.3	44.2	45.4	4%	4%	1%	4%	47.3	45.4	4%	4%
Corporate deposits	10.6	11.5	10.4	10.4	10.5	-8%	1%	-12%	0%	10.6	10.5	1%	0%
Household deposits	8.7	8.6	8.1	7.9	8.0	1%	9%	-2%	9%	8.7	8.0	9%	9%
Total deposits	19.3	20.1	18.5	18.3	18.5	-4%	4%	-8%	4%	19.3	18.5	4%	4%

Historical numbers have been restated following changes in the allocation principles

Banking Sweden

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Chg local curr.		Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13	
								Q3/Q2	Q3/Q3	EUR	EUR	EUR	Local
Net interest income	253	255	254	251	251	-1%	1%	1%	6%	762	802	-5%	0%
Net fee and commission income	92	88	95	92	94	5%	-2%	7%	5%	275	279	-1%	4%
Net result from items at fair value	21	29	25	24	25	-28%	-16%	-27%	-11%	75	78	-4%	0%
Equity method & other income	0	1	1	1	6	-100%	-100%	-78%	-97%	2	12	-83%	-82%
Total income incl. allocations	366	373	375	368	376	-2%	-3%	0%	3%	1114	1,171	-5%	0%
Staff costs	-67	-71	-73	-70	-71	-6%	-6%	-3%	1%	-211	-220	-4%	1%
Other exp. excl. depreciations	-124	-129	-136	-144	-142	-4%	-13%	-2%	-7%	-389	-433	-10%	-6%
Total expenses incl. allocations	-194	-203	-213	-220	-217	-4%	-11%	-3%	-5%	-610	-666	-8%	-3%
Profit before loan losses	172	170	162	148	159	1%	8%	3%	15%	504	505	0%	5%
Net loan losses	8	-6	-6	-13	-11			-239%	-171%	-4	-40	-90%	-90%
Operating profit	180	164	156	135	148	10%	22%	11%	29%	500	465	8%	14%
Cost/income ratio, %	53	54	57	60	58					55	57		
RAROCAR, %	17	18	16	14	15					17	17		
Economic capital (EC)	3,194	2,679	2,752	2,886	3,004	19%	6%	19%	12%	3,194	3,004	6%	12%
Risk exposure amount (REA)	13,808	13,585	14,557	16,039	16,651	2%	-17%	1%	-12%	13,808	16,651	-17%	-12%
Number of employees (FTEs)	3,126	3,206	3,264	3,250	3,291	-2%	-5%	-3%	-5%	3,126	3,291	-5%	-5%
Volumes, EURbn:													
Lending to corporates	20.2	19.7	20.5	20.6	21.4	3%	-6%	2%	0%	20.2	21.4	-6%	0%
Household mortgage lending	40.0	39.2	39.4	39.1	39.0	2%	3%	2%	8%	40.0	39.0	3%	8%
Consumer lending	5.1	5.1	5.2	5.4	5.5	0%	-7%	-1%	-3%	5.1	5.5	-7%	-3%
Total lending	65.3	64.0	65.1	65.1	65.9	2%	-1%	2%	5%	65.3	65.9	-1%	5%
Corporate deposits	11.8	12.6	12.3	13.2	12.2	-6%	-3%	-6%	3%	11.8	12.2	-3%	3%
Household deposits	20.3	20.4	20.3	20.9	21.1	0%	-4%	-1%	2%	20.3	21.1	-4%	2%
Total deposits	32.1	33.0	32.6	34.1	33.3	-3%	-4%	-3%	2%	32.1	33.3	-4%	2%

Banking Baltic countries

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	37	36	34	34	33	3%	12%	107	96	11%
Net fee and commission income	10	10	8	11	10	0%	0%	28	29	-3%
Net result from items at fair value	-3	-3	-2	-1	-1	0%	200%	-8	-3	
Equity method & other income	0	2	0	0	0	-100%		2	0	
Total income incl. allocations	44	45	40	44	42	-2%	5%	129	122	6%
Staff costs	-6	-6	-5	-6	-5	0%	20%	-17	-17	0%
Other exp. excl. depreciations	-15	-15	-13	-17	-16	0%	-6%	-43	-45	-4%
Total expenses incl. allocations	-21	-21	-18	-23	-21	0%	0%	-60	-63	-5%
Profit before loan losses	23	24	22	21	21	-4%	10%	69	59	17%
Net loan losses	-14	-13	-29	-15	4	8%		-56	-7	
Operating profit	9	11	-7	6	25	-18%	-64%	13	52	-75%
Cost/income ratio, %	48	47	45	52	50			47	52	
RAROCAR, %	7	8	7	6	6			7	5	
Economic capital (EC)	745	748	745	737	752	0%	-1%	745	752	-1%
Risk exposure amount (REA)	5,173	5,173	5,197	5,071	5,307	0%	-3%	5,173	5,307	-3%
Number of employees (FTEs)	728	721	727	727	752	1%	-3%	728	752	-3%
Volumes, EURbn:										
Lending to corporates	5.3	5.4	5.3	5.4	5.3	-2%	0%	5.3	5.3	0%
Household mortgage lending	2.6	2.6	2.6	2.6	2.6	0%	0%	2.6	2.6	0%
Consumer lending	0.3	0.3	0.4	0.3	0.3	0%	0%	0.3	0.3	0%
Total lending	8.2	8.3	8.3	8.3	8.2	-1%	0%	8.2	8.2	0%
Corporate deposits	3.1	2.8	2.7	2.8	2.6	11%	19%	3.1	2.6	19%
Household deposits	1.1	1.0	1.0	0.9	0.9	10%	22%	1.1	0.9	22%
Total deposits	4.2	3.8	3.7	3.7	3.5	11%	20%	4.2	3.5	20%

Historical numbers have been restated following changes in the allocation principles

Retail Banking Other

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	-16	-28	-35	-24	-23	-43%	-30%	-79	-67	18%
Net fee and commission income	-8	-12	-4	-8	-6	-33%	33%	-24	-11	118%
Net result from items at fair value	-2	1	0	-2	-1		100%	-1	-3	-67%
Equity method & other income	6	3	7	9	8	100%	-25%	16	26	-38%
Total income incl. allocations	-20	-36	-32	-25	-22	-44%	-9%	-88	-55	60%
Staff costs	-92	-94	-90	-88	-90	-2%	2%	-276	-275	0%
Other exp. excl. depreciations	95	91	93	81	102	4%	-7%	279	289	-3%
Total expenses incl. allocations	-12	-22	-12	-22	-3	-45%		-46	-27	70%
Profit before loan losses	-32	-58	-44	-47	-25	-45%	28%	-134	-82	63%
Net loan losses	-4	-4	-1	-5	-4	0%	0%	-9	-8	13%
Operating profit	-36	-62	-45	-52	-29	-42%	24%	-143	-90	59%
Economic capital (EC)	18	20	13	73	13	-10%	38%	18	13	38%
Number of employees (FTEs)	4,541	4,550	4,550	4,562	4,537	0%	0%	4,541	4,537	0%

Historical numbers have been restated following changes in the allocation principles

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 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 focuses on increasing returns through continuous improvements and strict resource management. Effective business selection and a strengthened customer service model support income development and capital allocation.

Business development

Wholesale Banking managed to further strengthen its leading market position. The market sentiment and intense competition continued to affect customer activity.

FICC products face demanding macroeconomic and regulatory challenges, but the business model in Nordea has proven relatively robust. The transformation of the business continued with secondary trading increasing for corporate bonds and decreasing for government bonds.

Successful execution of capital market financings and focus on cross-selling support Nordea's position as preferred corporate adviser.

Wholesale Banking's value-adding performance and successful relationship strategy was recognised with a top placement in the Nordic M&A league table as well as No. 1 positions in Nordic ECM, Nordic corporate bonds and Nordic syndicated loans.

Banking

Corporate customer activity was modest in a seasonally weak third quarter. Daily business was stable with largely unchanged margins and transaction flows at normal levels for the quarter. The disintermediation of banks in the loan market continued to affect lending volume and re-pricing opportunities, but was largely offset by strong capital market activities. Customer demand for event-driven transactions remained strong.

Institutional customer activity continued to be challenged by the low interest rate environment, and general sentiment for risk management products.

Customer activity in Shipping, Offshore & Oil Services was moderate.

In Russia, customer activity was at a satisfactory level, despite a slowdown in the economy and low capital investments, caused by the geopolitical uncertainty and RUB volatility. Nordea closely monitors the development and is well prepared in case of further escalation.

Capital markets

The interest rate environment, suppressed financial market volatility and seasonal slowness continued to affect customer activity during the third quarter of 2014. A pickup in volatility led to an improved performance towards the end of the quarter due to increased hedging demand. In the foreign exchange area, pressure on margin continues but higher volumes counteracted the downwards pressure. Customer activity picked up momentum compared to first half of 2014.

Loan capital markets activities remained high, especially in corporate M&A financings and midcap leveraged financings towards the end of the quarter. Primary bond issuance remained robust despite geopolitical uncertainty. Both credit spreads and interest rates verged to historic lows with investors continuing their search for yield in credit. This supported the continued strong development of the Nordic bond markets. Momentum held up for the Nordic IPO market and corporate M&A activity increased.

The equity market continued to rise in the quarter although with higher volatility. Equities continued its strong performance with encouraging progress across all business lines. Nordea was the largest local broker on a Nordic level further strengthening its position as a top Nordic equity house. The lead position was backed by top broker rankings from both local and international clients.

Credit quality

Net loan losses amounted to EUR 25m. The loan loss ratio was 9 basis points (5 basis points in the previous quarter). A collective provision of EUR 14m for Finland was made in Corporate & Institutional Banking. Net loan losses in Shipping, Offshore & Oil Services amounted to EUR 2m compared to net recoveries of EUR 27m in the second quarter.

Result

Total income was EUR 555m, a decrease of 13% from the previous quarter. The shift in income composition from items at fair value to fee and commission income was underlined by the year-to-date development.

Total expenses decreased by 10% from the previous quarter and decreased by 7% compared to the third quarter of last year. Continued strict resource management resulted in lower REA and a competitive cost/income ratio.

Operating profit decreased to EUR 335m, down 14% from the third quarter last year. The business area RAROCAR amounted to 12%.

Corporate & Institutional Banking

Total income was down 12% compared to the previous quarter, affected by continuous pressure on items at fair value and seasonality. Daily business was moderate with stable transaction flows. The business continued to be challenged by low volatility in the capital markets and low interest rates, and related limited demand for hedging products. The successful development within the advisory and capital markets areas continued. Institutional customer activity was generally affected by the holiday season with a few exceptions across the Nordics.

Shipping, Offshore & Oil Services

Total income was up 5% compared to the previous quarter, mainly due to increased margins and an increase in commission income. Loan volumes were stable in local currencies and items at fair value somewhat down. Compared to the third quarter last year, income remained at about the same level as an increase in commission income and loan margins compensated for the reduced loan volumes. Net loan losses have been significantly reduced compared to third quarter last year, and credit quality has improved.

Banking Russia

Total income was in line with the previous quarter, but up 8% from the third quarter 2013 due to strong net interest income this quarter. Lending volumes increased 8% in the third quarter compared to the previous quarter, mainly due to the appreciation of USD, which makes up ~70% of the lending portfolio. Expenses increased compared to the previous quarter, but were down 4% from the corresponding quarter last year. Operating profit remained strong.

Wholesale Banking other (including Capital Markets unallocated)

Wholesale Banking other total income was down 42% from the previous quarter. Wholesale Banking other is the residual result not allocated to customer units. This includes the unallocated income from Capital Markets, Transaction Products and International Units. It also includes the additional liquidity premium for the funding cost of long-term lending and deposits in Wholesale Banking. Optimisation of the business takes place in the relevant customer and product units.

Wholesale Banking total

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2		Q3/Q3		Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13	
						Q3/Q2	Q3/Q3	Q3/Q2	Q3/Q3			EUR	Local
Net interest income	283	279	272	267	288	1%	-2%	1%	2%	834	845	-1%	4%
Net fee and commission income	135	153	170	149	149	-12%	-9%	-12%	-7%	458	419	9%	13%
Net result from items at fair value	136	205	213	221	221	-34%	-38%	-33%	-38%	554	696	-20%	-21%
Equity method & other income	1	1	1	1	2	0%	-50%	0%	-50%	3	3	0%	0%
Total income incl. allocations	555	638	656	638	660	-13%	-16%	-13%	-14%	1849	1963	-6%	-3%
Staff costs	-177	-199	-197	-201	-184	-11%	-4%	-10%	-1%	-573	-584	-2%	2%
Other exp. excl. depreciations	-9	-9	-8	-27	-16	0%	-44%	-18%	-44%	-26	-52	-50%	-40%
Total expenses incl. allocations	-195	-217	-213	-236	-209	-10%	-7%	-10%	-3%	-625	-663	-6%	-1%
Profit before loan losses	360	421	443	402	451	-14%	-20%	-14%	-19%	1224	1300	-6%	-4%
Net loan losses	-25	-13	-34	-36	-62	92%	-60%	97%	-57%	-72	-216	-67%	-65%
Operating profit	335	408	409	366	389	-18%	-14%	-18%	-13%	1152	1084	6%	8%
Cost/income ratio, %	35	34	32	37	32					34	34		
RAROCAR, %	12	14	15	13	15					14	14		
Economic capital (EC)	8,451	8,385	8,566	8,441	8,515	1%	-1%			8,451	8,515	-1%	
Risk exposure amount (REA)	57,346	58,011	59,307	59,023	61,303	-1%	-6%			57,346	61,303	-6%	
Number of employees (FTEs)	6,021	5,983	6,022	6,023	6,002	1%	0%			6,021	6,002	0%	
Volumes, EURbn:													
Lending to corporates	107.9	98.8	96.5	96.5	95.9	9%	13%			107.9	95.9	13%	
Lending to households	0.5	0.5	0.5	0.5	0.5	0%	0%			0.5	0.5	0%	
Total lending	108.4	99.3	97.0	97.0	96.4	9%	12%	7%	12%	108.4	96.4	12%	12%
Corporate deposits	73.0	69.0	70.7	66.5	67.2	6%	9%			73.0	67.2	9%	
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%			0.2	0.2	0%	
Total deposits	73.2	69.2	70.9	66.7	67.4	6%	9%	3%	8%	73.2	67.4	9%	8%

Historical numbers have been restated following changes in the organisation

Corporate & Institutional Banking

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	168	179	169	177	175	-6%	-4%	516	511	1%
Net fee and commission income	121	136	163	139	132	-11%	-8%	420	394	7%
Net result from items at fair value	54	75	59	72	62	-28%	-13%	188	235	-20%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	343	390	391	388	369	-12%	-7%	1124	1140	-1%
Staff costs	-11	-11	-11	-9	-9	0%	22%	-33	-29	14%
Other exp. excl. depreciations	-92	-92	-97	-96	-96	0%	-4%	-281	-290	-3%
Total expenses incl. allocations	-103	-103	-108	-105	-105	0%	-2%	-314	-319	-2%
Profit before loan losses	240	287	283	283	264	-16%	-9%	810	821	-1%
Net loan losses	-27	-42	-38	-37	-41	-36%	-34%	-107	-136	-21%
Operating profit	213	245	245	246	223	-13%	-4%	703	685	3%
Cost/income ratio, %	30	26	28	27	28	15%	7%	28	28	
RAROCAR, %	15	19	18	16	15	-21%	0%	17	15	
Economic capital (EC)	4,406	4,387	4,450	4,913	5,079	0%	-13%	4,406	5,079	-13%
Risk exposure amount (REA)	31,181	30,900	31,283	34,816	35,888	1%	-13%	31,181	35,888	-13%
Number of employees (FTEs)	212	212	205	169	169	0%	25%	212	169	25%
Volumes, EURbn:										
Total lending	39.4	39.0	38.5	38.7	40.1	1%	-2%	39.4	40.1	-2%
Total deposits	35.8	34.7	35.8	33.6	34.9	3%	3%	35.8	34.9	3%

Shipping, Offshore & Oil Services

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	68	62	66	65	69	10%	-1%	196	201	-2%
Net fee and commission income	17	16	16	12	14	6%	21%	49	41	20%
Net result from items at fair value	7	10	11	6	7	-30%	0%	28	26	8%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	92	88	93	83	90	5%	2%	273	268	2%
Staff costs	-5	-5	-5	-6	-6	0%	-17%	-15	-18	-17%
Other exp. excl. depreciations	-11	-11	-11	-10	-10	0%	10%	-33	-30	10%
Total expenses incl. allocations	-16	-16	-16	-16	-16	0%	0%	-48	-48	0%
Profit before loan losses	76	72	77	67	74	6%	3%	225	220	2%
Net loan losses	-2	27	5	-1	-20		-90%	30	-94	
Operating profit	74	99	82	66	54	-25%	37%	255	126	102%
Cost/income ratio, %	17	18	17	19	18	-6%	-6%	18	18	
RAROCAR, %	18	18	19	14	15	0%	20%	18	14	
Economic capital (EC)	1,180	1,154	1,162	1,314	1,349	2%	-13%	1,180	1,349	-13%
Risk exposure amount (REA)	8,612	8,409	8,457	9,065	9,052	2%	-5%	8,612	9,052	-5%
Number of employees (FTEs)	85	86	84	87	86	-1%	-1%	85	86	-1%
Volumes, EURbn:										
Total lending	11.2	10.6	10.7	11.4	11.8	6%	-5%	11.2	11.8	-5%
Total deposits	4.0	4.4	4.1	4.3	3.7	-9%	8%	4.0	3.7	8%

Banking Russia

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	65	60	60	60	57	8%	14%	185	173	7%
Net fee and commission income	2	4	3	3	3	-50%	-33%	9	9	0%
Net result from items at fair value	0	6	1	2	3	-100%	-100%	7	10	-30%
Equity method & other income	1	0	0	0	0			1	0	
Total income incl. allocations	68	70	64	65	63	-3%	8%	202	192	5%
Staff costs	-15	-16	-15	-18	-17	-6%	-12%	-46	-50	-8%
Other exp. excl. depreciations	-8	-7	-6	-9	-8	14%	0%	-21	-22	-5%
Total expenses incl. allocations	-26	-24	-22	-29	-27	8%	-4%	-72	-77	-6%
Profit before loan losses	42	46	42	36	36	-9%	17%	130	115	13%
Net loan losses	-2	0	-1	-1	0			-3	8	
Operating profit	40	46	41	35	36	-13%	11%	127	123	3%
Cost/income ratio, %	38	34	34	45	43	12%	-12%	36	40	
RAROCAR, %	25	29	25	22	21	-14%	19%	27	23	
Economic capital (EC)	483	470	493	475	496	3%	-3%	483	496	-3%
Risk exposure amount (REA)	3,415	3,182	3,332	3,372	5,948	7%	-43%	3,415	5,948	-43%
Number of employees (FTEs)	1,377	1,383	1,399	1,405	1,402	0%	-2%	1,377	1,402	-2%
Volumes, EURbn:										
Lending to corporates	6.1	5.6	5.7	5.8	6.0	9%	2%	6.1	6.0	2%
Lending to households	0.5	0.5	0.5	0.5	0.5	0%	0%	0.5	0.5	0%
Total lending	6.6	6.1	6.2	6.3	6.5	8%	2%	6.6	6.5	2%
Corporate deposits	1.1	1.2	1.3	1.7	1.7	-8%	-35%	1.1	1.7	-35%
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%	0.2	0.2	0%
Total deposits	1.3	1.4	1.5	1.9	1.9	-7%	-32%	1.3	1.9	-32%

Wholesale Banking Other

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	-18	-22	-23	-35	-13	-18%	38%	-63	-40	58%
Net fee and commission income	-5	-3	-12	-5	0	67%		-20	-25	-20%
Net result from items at fair value	75	114	142	141	149	-34%	-50%	331	425	-22%
Equity method & other income	0	1	1	1	2	-100%	-100%	2	3	-33%
Total income incl. allocations	52	90	108	102	138	-42%	-62%	250	363	-31%
Staff costs	-146	-167	-166	-168	-152	-13%	-4%	-479	-487	-2%
Other exp. excl. depreciations	103	100	106	88	98	3%	5%	309	290	7%
Total expenses incl. allocations	-50	-74	-67	-86	-61	-32%	-18%	-191	-220	-13%
Profit before loan losses	2	16	41	16	77	-88%	-97%	59	144	-59%
Net loan losses	6	2	0	3	-1	200%		8	6	33%
Operating profit	8	18	41	19	76	-56%	-89%	67	150	-55%
Economic capital (EC)	2,382	2,374	2,461	1,739	1,591	0%	50%	2,382	1,591	50%
Risk exposure amount (REA)	14,138	15,520	16,235	11,770	10,415	-9%	36%	14,138	10,415	36%
Number of employees (FTEs)	4,347	4,302	4,334	4,362	4,345	1%	0%	4,347	4,345	0%
Volumes, EURbn:										
Total lending	51.2	43.6	41.1	40.2	37.6	17%	36%	51.2	37.6	36%
Total deposits	32.1	28.7	29.5	26.9	26.9	12%	19%	32.1	26.9	19%

Historical numbers have been restated following changes in the organisation

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. The area consists of the businesses: Private Banking serving customers from 80 branches in the Nordics as well as from offices in Luxembourg, Zürich and Singapore; Asset Management responsible for actively managed investment funds and mandates and for serving institutional asset management customers; Life & Pensions serving customers with a full range of pension, endowment and risk products. Additionally, the area consists of the service units Savings & Wealth Offerings and Strategy, Support & Control. Wealth Management is the largest Nordic private bank, life & pensions provider and asset manager.

Business development

Nordea's Assets under Management (AuM) increased to EUR 254.5bn, up EUR 6.2bn or 2% from the previous quarter and 12% from the same quarter last year. The increase in AuM was due to a positive market appreciation of EUR 3.0bn, and net inflow of EUR 3.2bn ending the quarter with AuM at another all-time high.

For the fourth quarter in a row, all businesses contributed positively to the quarter's inflow.

Customers' interest in investing in discretionary management solutions continued to increase during the third quarter. In the prevailing low interest rate environment, it is difficult to achieve a satisfactory investment return without taking too much risk. The discretionary solutions allow customers to benefit from Nordea's investment process in which risk levels are closely managed to match future possible returns with client expectations and risk profiles.

The number of Private Banking customers increased to 109,600 by the end of the third quarter. A continued strong focus is held on customer acquisition as well as aligning the Private Banking service and advisory model with the needs of the customers and the regulatory changes in the market. Net inflow in Private Banking amounted to EUR 0.6bn, mainly due to flow from newly acquired customers.

Asset Management maintains its strong momentum in sales and revenues in all client segments. Net flows into the Nordic retail funds across all four Nordic countries were EUR 0.3bn in the third quarter. On top of this, additional EUR 1.5bn of net flow went into the funds via unit link investments.

Net flow from Institutional Clients and Global Fund Distribution was EUR 1.4bn. The institutional segment had positive net flows with especially high net flows in Norway and the strong development in value of AuM continued. Global Fund Distribution also continued the strong momentum with net flow of EUR 0.8bn in the quarter. The net flow was well diversified in terms of

products with Multi-Asset solutions attracting the highest net flows. The growth remains strong across all countries of distribution during the quarter, with a noticeable strong development in Southern Europe.

Nordea recently received a quota for investments in mainland China, and has launched the first two Luxembourg domiciled funds to utilise this – the quota was oversubscribed from launch. In addition hereto, a new member of the Star product family, the Nordic Star fund, has been launched aiming to complement the existing product range.

Investment performance was satisfactory in the third quarter with 65% of composites outperforming benchmarks. The 3-year performance is strong with 72% of all composites outperforming benchmarks.

Life & Pensions' gross written premiums continued to exceed the record levels reported in 2013, reaching EUR 1,614m in the third quarter which is 14% higher than in the corresponding quarter in 2013.

Due to seasonal patterns, gross written premiums decreased by EUR 204m compared to the second quarter. The market return product driven sales momentum in the Nordea Bank channel continued to fuel new business sales in the third quarter.

In the third quarter, market return and risk products accounted for 87% of total gross written premiums. The Nordea branches continued to generate two-thirds of total sales during the third quarter. Market return products continued to support the growth in AuM and amounted at the end of the third quarter to 51% of total AuM in Life & Pensions.

Result

Third quarter income was EUR 392m, down 7% from the previous quarter but up 5% from the same quarter last year. The decrease from last quarter is mainly due to decrease in income in Life & Pensions attributable to a write-down of deferred acquisition costs in the Polish pension fund subsidiary.

Costs have decreased 6% compared to the previous quarter and decreased 2% from the same quarter last year as a consequence of successful cost management. Due to the lower income, operating profit was EUR 207m, down 7% from the previous quarter but up 12% from the same quarter last year despite the write-down.

Private Banking

Total income was EUR 129m in the third quarter, a 10% increase compared to the same period last year, and the strongest third quarter yet for the Private Banking business. The increased income level was supported by higher ancillary income driven by recurring income items such as investment funds and life products income. Combined with a continuous strict cost focus and simplification initiatives, the operating profit ended at EUR 43m, up 39% compared to the same quarter last year.

Asset Management

Asset Management income was EUR 140m in the third quarter, down 1% from the previous quarter and up 10% from the same quarter last year. Since the same quarter last year, AuM has increased 17%. Compared to last quarter, costs are down 7%. The C/I ratio has improved to 38%. Operating profit was EUR 87m, up 2% from the previous quarter and up 14% from the same quarter last year.

Life & Pensions

Operating profit in the third quarter amounted to EUR 73m, or 13% lower compared to the second quarter. The decrease is in its entirety attributable to a write-down of deferred acquisition costs in the Polish pension fund subsidiary, of EUR 27m. The profit contribution from the underlying business continued to increase with profit from market return products increasing by EUR 9m compared to the second quarter.

Wealth Management other

The area consists of the Wealth Management service operations which are not directly connected to any of the business units. It includes additional liquidity premium for long-term lending and deposits in Wealth Management and net interest income related thereto.

Wealth Management total

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Chg local curr. Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13 EUR	Local
Net interest income	35	38	36	30	29	-8%	21%	-10%	19%	109	90	21%	21%
Net fee and commission income	262	298	277	302	265	-12%	-1%	-10%	2%	837	788	6%	9%
Net result from items at fair value	90	79	71	78	74	14%	22%	15%	24%	240	215	12%	15%
Equity method & other income	5	5	8	5	6	0%	-17%	23%	-12%	18	24	-25%	-27%
Total income incl. allocations	392	420	392	415	374	-7%	5%	-5%	7%	1204	1117	8%	10%
Staff costs	-118	-122	-120	-130	-114	-3%	4%	-2%	5%	-360	-350	3%	4%
Other exp. excl. depreciations	-66	-74	-77	-90	-73	-11%	-10%	-9%	-5%	-217	-223	-3%	1%
Total expenses incl. allocations	-185	-197	-198	-221	-189	-6%	-2%	-5%	1%	-580	-579	0%	3%
Profit before loan losses	207	223	194	194	185	-7%	12%	-5%	14%	624	538	16%	18%
Net loan losses	0	-1	0	-1	0	-100%	0%	-75%	-7%	-1	-4	-75%	-64%
Operating profit	207	222	194	193	185	-7%	12%	-5%	14%	623	534	17%	19%
Cost/income ratio, %	47	47	51	53	51	1%	-7%			48	52		
RAROCAR, %	28	31	28	27	25	-10%	12%			29	24		
Economic capital (EC)	2,245	2,179	2,116	2,019	2,270	3%	-1%	3%	-1%	2,245	2,270	-1%	-1%
Risk exposure amount (REA)	4,791	4,795	4,827	2,827	2,818	0%	70%	0%	70%	4,791	2,818	70%	70%
Number of employees (FTEs)	3,492	3,502	3,489	3,452	3,480	0%	0%	0%	0%	3,492	3,480	0%	0%
Volumes, EURbn:													
AuM	254.5	248.3	238.7	232.1	226.8	2%	12%	2%	12%	254.5	226.8	12%	12%
Total lending	8.9	8.8	8.6	8.5	8.3	1%	7%	1%	6%	8.9	8.3	7%	6%
Total deposits	10.8	11.2	11.0	11.1	11.0	-4%	-2%	-4%	-1%	10.8	11.0	-2%	-1%

Historical numbers have been restated following changes in the segment reporting

Assets under Management (AuM), volumes and net inflow

EURbn	Q314	Q3 14	Net inflow	Q2 14	Q1 14	Q4 13	Q3 13
Nordic Retail funds	46.3		0.3	44.9	43.0	41.7	41.2
Private Banking	82.0		0.6	81.2	79.1	77.3	74.9
Institutional sales	63.5		1.4	61.0	57.3	54.4	53.0
Life & Pensions	62.7		0.9	61.2	59.3	58.7	57.7
Total	254.5		3.2	248.3	238.7	232.1	226.8

Private Banking

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	35	38	35	31	29	-8%	21%	108	90	20%
Net fee and commission income	73	80	74	86	73	-9%	0%	227	235	-3%
Net result from items at fair value	20	24	24	22	15	-17%	33%	68	59	15%
Equity method & other income	1	1	1	0	0	0%		3	2	50%
Total income incl. allocations	129	143	134	139	117	-10%	10%	406	386	5%
Staff costs	-42	-44	-42	-44	-41	-5%	2%	-128	-125	2%
Other exp. excl. depreciations	-43	-42	-46	-47	-43	2%	0%	-131	-130	1%
Total expenses incl. allocations	-86	-87	-89	-92	-86	-1%	0%	-262	-260	1%
Profit before loan losses	43	56	45	47	31	-23%	39%	144	126	14%
Net loan losses	0	-1	0	-1	0	-100%		-1	-4	-75%
Operating profit	43	55	45	46	31	-22%	39%	143	122	17%
Cost/income ratio, %	67	61	66	66	74	10%	-9%	65	67	-4%
RAROCAR, %	30	38	32	35	23	-21%	30%	34	32	6%
Economic capital (EC)	426	428	428	379	383	0%	11%	426	383	11%
Risk exposure amount (REA)	2,688	2,698	2,736	2,497	2,501	0%	7%	2,688	2,501	7%
Number of employees (FTEs)	1,233	1,237	1,226	1,216	1,220	0%	1%	1,233	1,220	1%
Volumes, EURbn:										
AuM	82.0	81.2	79.1	77.3	74.9	1%	9%	82.0	74.9	9%
Household mortgage lending	5.9	5.7	5.5	5.3	5.2	4%	13%	5.9	5.2	13%
Consumer lending	3.0	3.1	3.1	3.2	3.1	-3%	-3%	3.0	3.1	-3%
Total lending	8.9	8.8	8.6	8.5	8.3	1%	7%	8.9	8.3	7%
Household deposits	10.8	11.2	11.0	11.1	11.0	-4%	-2%	10.8	11.0	-2%
Total deposits	10.8	11.2	11.0	11.1	11.0	-4%	-2%	10.8	11.0	-2%

Historical numbers have been restated following changes in the segment reporting

Asset Management

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	138	141	132	148	125	-2%	10%	411	354	16%
Net result from items at fair value	2	2	2	1	0	0%		6	-1	
Equity method & other income	0	-1	2	1	2	-100%	-100%	1	10	-90%
Total income incl. allocations	140	142	136	150	127	-1%	10%	418	363	15%
Staff costs	-29	-29	-30	-32	-26	0%	12%	-88	-83	6%
Other exp. excl. depreciations	-24	-28	-25	-30	-25	-14%	-4%	-77	-77	0%
Total expenses incl. allocations	-53	-57	-55	-62	-51	-7%	4%	-165	-161	2%
Profit before loan losses	87	85	81	88	76	2%	14%	253	202	25%
Net loan losses	0	0	0	0	0			0	0	
Operating profit	87	85	81	88	76	2%	14%	253	202	25%
Cost/income ratio, %	38	40	40	41	40			39	44	
Income, spread (basis points)	34	36	36	41	36	-6%	-6%	35	35	0%
Economic capital (EC)	133	121	108	107	118	10%	13%	133	121	10%
Risk exposure amount (REA)	309	303	297	330	317	2%	-3%	309	303	2%
AuM, EURbn	166.3	159.8	152.8	146.2	142.7	4%	17%	166.3	159.8	4%
Number of employees (FTEs)	588	581	572	564	556	1%	6%	588	581	1%

Life & Pensions

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	0	0	0	0	0					
Net fee and commission income	51	77	71	67	67	-34%	-24%	199	199	0%
Net result from items at fair value	68	53	46	55	59	28%	15%	167	157	6%
Equity method & other income	4	5	5	4	5	-20%	-20%	14	13	8%
Total income incl. allocations	123	135	122	126	131	-9%	-6%	380	369	3%
Staff costs	-29	-29	-29	-34	-31	0%	-6%	-87	-90	-3%
Other exp. excl. depreciations	-21	-22	-23	-20	-22	-5%	-5%	-66	-69	-4%
Total expenses incl. allocations	-50	-51	-52	-54	-53	-2%	-6%	-153	-159	-4%
Profit before loan losses	73	84	70	72	78	-13%	-6%	227	210	8%
Net loan losses	0	0	0	0	0			0	0	
Operating profit	73	84	70	72	78	-13%	-6%	227	210	8%
Cost/income ratio, %	41	38	43	43	40	8%	0%	40	43	
Return on Equity YtD, %	13	16	14	13	14	-19%	-7%	15	14	
Equity	1,674	1,614	1,565	1,518	1,754	4%	-5%	1,674	1,754	-5%
AuM, EURbn	56.8	55.5	53.6	53.3	52.1	2%	9%	56.8	52.1	9%
Premiums	1,614	1,818	2,064	1,867	1,419	-11%	14%	5,496	4,777	15%
Risk exposure amount (REA)	1,794	1,794	1,794			0%		1,794		
Number of employees (FTEs)	1,097	1,110	1,118	1,130	1,157	-1%	-5%	1,097	1,157	-5%
Profit drivers										
Profit Traditional products	29	25	17	26	18	16%	61%	71	52	37%
Profit Market Return products	51	42	35	24	40	21%	28%	128	109	17%
Profit Risk products	16	15	16	21	18	7%	-11%	47	43	9%
Total product result	96	82	68	71	76	17%	26%	246	204	21%
Return on Shareholder equity, other profits and group adj.	-23	2	2	1	2			-19	6	
Operating profit	73	84	70	72	78	-13%	-6%	227	210	8%

Wealth Management Other

EURm	Q314	Q214	Q114	Q413	Q313	Q3/Q2	Q3/Q3	Jan-Sep 14	Jan-Sep 13	Jan-Sep 14/13
Net interest income	0	0	1	-1	0			1	0	
Net fee and commission income	0	0	0	1	0			0	0	
Net result from items at fair value	0	0	-1	0	0			-1	0	
Equity method & other income	0	0	0	0	-1		-100%	0	-1	-100%
Total income incl. allocations	0	0	0	0	-1		-100%	0	-1	-100%
Staff costs	-18	-20	-19	-20	-16	-10%	13%	-57	-52	10%
Other exp. excl. depreciations	22	18	17	7	17	22%	29%	57	53	8%
Total expenses incl. allocations	4	-2	-2	-13	1			0	1	-100%
Profit before loan losses	4	-2	-2	-13	0			0	0	
Net loan losses	0	0	0	0	0			0	0	
Operating profit	4	-2	-2	-13	0			0	0	
Economic capital (EC)	12	16	15	15	15	-25%	-20%	12	15	-20%
Number of employees (FTEs)	574	574	573	542	547	0%	5%	574	547	5%

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 third quarter, the proportion of long-term funding of total funding was approx. 74%, unchanged from 74% at the end of the second 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 applies internal-based assumptions for the 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 in terms of structural liquidity risk.

Short-term liquidity risk is measured using several metrics and Liquidity Coverage Ratio is one of the metrics. LCR for the Nordea Group was 133% at the end of the third quarter. The LCR in EUR was 204% and in USD 113% at the end of the third 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 62bn at the end of the third quarter (EUR 62bn at the end of the second quarter).

The outstanding volume of short-term debt was at the end of the third quarter EUR 51bn.

Nordea issued approx. EUR 5.1bn of long-term funding in the third quarter excluding Danish covered bonds, of which approx. EUR 3.0bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

Notable transactions include a USD 1.5bn Additional Tier 1 note in dual tranche format, and a 3-year GBP 500m FRN covered bond.

The market risk on Group Treasury's interest-rate positions, calculated as average VaR, was EUR 54m in the third quarter. The risk related to equities, calculated as VaR, was EUR 3m and the risk related to credit spreads (VaR) was EUR 2m. Interest rate risk and equity risk decreased while the credit spread risk was unchanged compared to the second quarter.

Result

Total operating income was EUR 98m in the third quarter. Net interest income was stable at EUR 70m in the third quarter compared to EUR 70m in the previous quarter. The net result from items at fair value was EUR 29m compared to EUR 19m in the second quarter and was mainly related to interest-rate-related items. Operating profit was EUR 34m.

EURm	Group Corporate Centre					Group functions, Other & Eliminations									
	Q314	Q214	Q114	Q413	Q313	Jan-Sep 14	Jan-Sep 13	Q314	Q214	Q114	Q413	Q313	Jan-Sep 14	Jan-Sep 13	
Net interest income	70	70	91	102	75	231	240	45	29	24	43	41	98	98	
Net fee and commission income	-3	-2	-4	-2	-4	-9	-8	-4	-5	-17	-6	-18	-26	-30	
Net result from items at fair value	29	19	23	-9	35	71	79	-39	-42	5	-49	-60	-76	-70	
Equity method & other income	2	2	1	4	4	6	14	384	8	2	15	4	393	18	
Total operating income	98	89	111	95	110	299	325	386	-10	14	3	-33	389	16	
Staff costs	-61	-70	-55	-54	-51	-186	-162	-43	-180	-46	-20	-44	-269	-115	
Other exp. excl. depreciations	5	16	-1	-17	-2	20	-3	25	1	13	42	5	39	29	
Total operating expenses	-64	-67	-67	-86	-63	-199	-192	-385	-192	-41	10	-53	-617	-113	
Net loan losses	0	0	0	0	0	0	0	-1	-2	0	1	-2	-3	-2	
Operating profit	34	22	44	9	47	100	133	0	-204	-27	14	-88	-231	-99	
Economic capital (EC)	844	806	913	552	612	844	612	1,404	1,483	877	868	868	1,404	868	
Risk exposure amount (REA)	6,669	6,427	6,566	4,849	4,500	6,669	4,500	10,087	10,542	13,492	12,644	13,343	10,087	13,343	
Number of employees (FTEs)	2,186	2,162	1,768	1,681	1,644	2,186	1,644	1,045	983	924	963	966	1,045	966	

Income statement

EURm	Note	Q3 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Operating income						
Interest income		2,548	2,493	7,624	7,872	10,604
Interest expense		-1,152	-1,107	-3,498	-3,737	-5,079
Net interest income		1,396	1,386	4,126	4,135	5,525
Fee and commission income		922	876	2,794	2,625	3,574
Fee and commission expense		-255	-224	-715	-686	-932
Net fee and commission income	3	667	652	2,079	1,939	2,642
Net result from items at fair value	4	291	346	1,058	1,206	1,539
Profit from companies accounted for under the equity method		7	14	19	58	79
Other operating income		393	28	429	84	106
Total operating income		2,754	2,426	7,711	7,422	9,891
Operating expenses						
General administrative expenses:						
Staff costs		-728	-732	-2,391	-2,239	-2,978
Other expenses	5	-378	-441	-1,219	-1,355	-1,835
Depreciation, amortisation and impairment charges of tangible and intangible assets		-410	-61	-529	-163	-227
Total operating expenses		-1,516	-1,234	-4,139	-3,757	-5,040
Profit before loan losses		1,238	1,192	3,572	3,665	4,851
Net loan losses	6	-112	-171	-405	-555	-735
Operating profit		1,126	1,021	3,167	3,110	4,116
Income tax expense		-188	-257	-673	-763	-1,009
Net profit for the period from continuing operations		938	764	2,494	2,347	3,107
Net profit for the period from discontinued operations, after tax	12	0	12	-39	-4	9
Net profit for the period		938	776	2,455	2,343	3,116
Attributable to:						
Shareholders of Nordea Bank AB (publ)		938	777	2,455	2,343	3,116
Non-controlling interests		-	-1	-	-	-
Total		938	776	2,455	2,343	3,116
Basic earnings per share, EUR - Total operations		0.23	0.19	0.61	0.58	0.77
Diluted earnings per share, EUR - Total operations		0.23	0.19	0.61	0.58	0.77

Statement of comprehensive income

EURm	Q3 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Net profit for the period	938	776	2,455	2,343	3,116
Items that may be reclassified subsequently to the income statement					
Currency translation differences during the period	193	-140	55	-714	-999
Hedging of net investments in foreign operations:					
Valuation gains/losses during the period	-150	45	-55	349	464
Tax on valuation gains/losses during the period	33	-10	12	-77	-102
Available for sale investments: ¹					
Valuation gains/losses during the period	46	29	68	39	31
Tax on valuation gains/losses during the period	-10	-8	-15	-9	-6
Cash flow hedges:					
Valuation gains/losses during the period	42	3	-7	30	-2
Tax on valuation gains/losses during the period	-10	-1	1	-8	-1
Items that may not be reclassified subsequently to the income statement					
Defined benefit plans:					
Remeasurement of defined benefit plans	-205	99	-364	99	155
Tax on remeasurement of defined benefit plans	48	-23	84	-23	-39
Other comprehensive income, net of tax²	-13	-6	-221	-314	-499
Total comprehensive income	925	770	2,234	2,029	2,617
Attributable to:					
Shareholders of Nordea Bank AB (publ)	925	771	2,234	2,029	2,617
Non-controlling interests	-	-1	-	-	-
Total	925	770	2,234	2,029	2,617

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

² Of which EUR 0m for Q3 2014 and EUR 29m for Jan-Sep 2014 (Q3 2013: EUR 22m, Jan-Sep 2013: EUR 0m, Jan-Dec 2013: EUR -22m) related to discontinued operations.

Balance sheet

EURm	Note	30 Sep 2014	31 Dec 2013	30 Sep 2013
Assets				
Cash and balances with central banks		26,149	33,529	28,558
Loans to central banks	7	8,550	11,769	6,393
Loans to credit institutions	7	13,533	10,743	12,728
Loans to the public	7	359,816	342,451	343,191
Interest-bearing securities		93,192	87,314	87,031
Financial instruments pledged as collateral		9,419	9,575	6,382
Shares		38,689	33,271	32,411
Derivatives		93,025	70,992	74,565
Fair value changes of the hedged items in portfolio				
hedge of interest rate risk		241	203	226
Investments in associated undertakings		498	630	622
Intangible assets		3,011	3,246	3,267
Property and equipment		527	431	421
Investment property		3,451	3,524	3,272
Deferred tax assets		102	62	94
Current tax assets		246	31	184
Retirement benefit assets		324	321	129
Other assets		15,745	11,064	15,313
Prepaid expenses and accrued income		2,202	2,383	2,464
Assets held for sale	12	-	8,895	8,575
Total assets		668,720	630,434	625,826
<i>Of which assets customer bearing the risk</i>		<i>28,178</i>	<i>24,912</i>	<i>23,508</i>
Liabilities				
Deposits by credit institutions		57,875	59,090	49,482
Deposits and borrowings from the public		204,684	200,743	200,481
Liabilities to policyholders		51,519	47,226	46,287
Debt securities in issue		191,212	185,602	182,901
Derivatives		84,983	65,924	69,270
Fair value changes of the hedged items in portfolio				
hedge of interest rate risk		3,067	1,734	1,840
Current tax liabilities		548	303	541
Other liabilities		31,748	24,737	30,402
Accrued expenses and prepaid income		3,761	3,677	4,053
Deferred tax liabilities		837	935	1,052
Provisions		360	177	335
Retirement benefit obligations		692	334	225
Subordinated liabilities		7,648	6,545	6,632
Liabilities held for sale	12	-	4,198	3,693
Total liabilities		638,934	601,225	597,194
Equity				
Non-controlling interests		2	2	2
Share capital		4,050	4,050	4,050
Share premium reserve		1,080	1,080	1,080
Other reserves		-380	-159	26
Retained earnings		25,034	24,236	23,474
Total equity		29,786	29,209	28,632
Total liabilities and equity		668,720	630,434	625,826
Assets pledged as security for own liabilities		181,127	174,418	170,814
Other assets pledged		9,087	7,467	10,082
Contingent liabilities		22,012	20,870	20,773
Credit commitments ¹		77,938	78,332	82,456
Other commitments		1,424	1,267	1,313

¹ Including unutilised portion of approved overdraft facilities of EUR 40,709m (31 Dec 2013: EUR 44,053, 30 Sep 2013: EUR 44,100m).

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
Balance at 1 Jan 2014	4,050	1,080	-613	-18	81	391	24,236	29,207	2	29,209
Total comprehensive income	-	-	12	-6	53	-280	2,455	2,234	-	2,234
Share-based payments ²	-	-	-	-	-	-	13	13	-	13
Dividend for 2013	-	-	-	-	-	-	-1,734	-1,734	-	-1,734
Disposal of own shares ³	-	-	-	-	-	-	64	64	-	64
Balance at 30 Sep 2014	4,050	1,080	-601	-24	134	111	25,034	29,784	2	29,786

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
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 ²	-	-	-	-	-	-	17	17	-	17
Dividend for 2012	-	-	-	-	-	-	-1,370	-1,370	-	-1,370
Purchases of own shares ³	-	-	-	-	-	-	-57	-57	-	-57
Other changes	-	-	-	-	-	-	-	-	-3	-3
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
Balance at 1 Jan 2013	4,050	1,080	24	-15	56	275	22,530	28,000	5	28,005
Total comprehensive income	-	-	-442	22	30	76	2,343	2,029	-	2,029
Share-based payments ²	-	-	-	-	-	-	12	12	-	12
Dividend for 2012	-	-	-	-	-	-	-1,370	-1,370	-	-1,370
Purchases of own shares ³	-	-	-	-	-	-	-41	-41	-	-41
Other changes	-	-	-	-	-	-	-	-	-3	-3
Balance at 30 Sep 2013	4,050	1,080	-418	7	86	351	23,474	28,630	2	28,632

¹ Total shares registered were 4,050 million (31 Dec 2013: 4,050 million, 30 Sep 2013: 4,050 million).

² The total holding of own shares related to Long Term Incentive Programme (LTIP) is 15,9 million (31 Dec 2013: 18.3 million, 30 Sep 2013: 18.3 million).

³ 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 30 Sep 2014 were 22.7 million (31 Dec 2013: 31.8 million, 30 Sep 2013: 30.0 million).

Cash flow statement, condensed - Total operations

EURm	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
<i>Operating activities</i>			
Operating profit	3,167	3,110	4,116
Profit for the period from discontinued operations, after tax	-39	-4	9
Adjustments for items not included in cash flow	6,460	3,007	4,492
Income taxes paid	-689	-734	-1,010
Cash flow from operating activities before changes in operating assets and liabilities	8,899	5,379	7,607
Changes in operating assets and liabilities	-23,620	-9,689	-1,292
Cash flow from operating activities	-14,721	-4,310	6,315
<i>Investing activities</i>			
Sale/acquisition of associated undertakings	481	-	-
Property and equipment	-136	-63	-120
Intangible assets	-118	-136	-228
Net investments in debt securities, held to maturity	2,240	795	930
Other financial fixed assets	483	-10	-10
Cash flow from investing activities	2,950	586	572
<i>Financing activities</i>			
Issued/amortised subordinated liabilities	638	-500	-500
Divestment/repurchase of own shares incl change in trading portfolio	64	-41	-57
Dividend paid	-1,734	-1,370	-1,370
Cash flow from financing activities	-1,032	-1,911	-1,927
Cash flow for the period	-12,803	-5,635	4,960
Cash and cash equivalents at beginning of the period	45,670	42,808	42,808
Translation difference	1,957	-1,218	-2,098
Cash and cash equivalents at end of the period	34,824	35,955	45,670
Change	-12,803	-5,635	4,960
Cash and cash equivalents	30 Sep 2014	30 Sep 2013	31 Dec 2013
The following items are included in cash and cash equivalents (EURm):	2014	2013	2013
Cash and balances with central banks	26,149	28,558	33,529
Loans to central banks	7,151	5,459	9,313
Loans to credit institutions	1,524	1,604	2,290
Assets held for sale	-	334	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, 2013:2, 2013:24 and 2014:18) 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 2013 Annual Report.

The new standard IFRS 10 "Consolidated Financial Statements" was implemented on 1 January 2014 but has not had any significant impact on the financial statements.

The Swedish Financial Supervisory Authority has in addition issued amendments to FFFS 2008:25 in FFFS 2013:24 and 2014:18 and the Swedish Financial Reporting Board has issued amendments to RFR 1 "Supplementary Accounting Rules for Groups". These amendments were implemented as from 1 January 2014 except for the amendments in FFFS 2014:18 that were implemented in the third quarter 2014. The amendments in FFFS 2014:18 require changed capital adequacy disclosures (presented in Note 11 "Capital adequacy"). The amendments in FFFS 2013:24 and the amendments to RFR 1 have not had any significant impact on the financial statements.

Forward starting bonds

The presentation of forward starting bonds was changed in the fourth quarter 2013. The impact on the comparative figures for the third quarter 2013 was not significant and the comparative figures have consequently not been restated.

Impact on capital adequacy from new or amended IFRS standards

IFRS 9 "Financial Instruments" covering classification and measurement, impairment and general hedging has been adopted by the IASB but has not yet been implemented by Nordea.

The changes in classification and measurement are 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 or large exposures are not expected, but this is naturally dependent on the financial instruments on Nordea's balance sheet at transition.

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that the new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy at transition. Nordea has not yet finalised any impact assessment.

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

The IASB has also adopted IFRS 15 "Revenue from Contracts with Customers". The new standard has not yet been implemented by Nordea. It is not expected that the standard will have any significant impact on Nordea's financial statements, capital adequacy or large exposures.

Exchange rates

	Jan-Sep 2014	Jan-Jun 2014	Jan-Dec 2013	Jan-Sep 2013
EUR 1 = SEK				
Income statement (average)	9.0421	8.9594	8.6524	8.5814
Balance sheet (at end of period)	9.1465	9.1762	8.8591	8.6575
EUR 1 = DKK				
Income statement (average)	7.4591	7.4627	7.4579	7.4574
Balance sheet (at end of period)	7.4431	7.4557	7.4593	7.4580
EUR 1 = NOK				
Income statement (average)	8.2776	8.2796	7.8091	7.6620
Balance sheet (at end of period)	8.1190	8.4035	8.3630	8.1140
EUR 1 = PLN				
Income statement (average)	4.1762	4.1766	4.1969	4.2012
Balance sheet (at end of period)	4.1776	4.1568	4.1543	4.2288
EUR 1 = RUB				
Income statement (average)	48.0375	48.0224	42.3269	41.6619
Balance sheet (at end of period)	49.7653	46.3779	45.3246	43.8240

Note 2 Segment reporting

	Operating segments							Reconciliation	Total Group
	Retail Banking	Whole-sale Banking	Wealth Management	Group Corporate Centre	Other operating segments	Total operating segments			
Jan-Sep 2014									
Total operating income, EURm	4,324	1,862	1,206	301	-1	7,692	19	7,711	
- of which internal transactions ¹ , EURm	-1,188	-173	13	1,302	46	0	-	-	
Operating profit, EURm	1,750	1,158	619	98	-8	3,617	-450	3,167	
Loans to the public ² , EURbn	223	57	9	-	-	289	71	360	
Deposits and borrowings from the public ² , EURbn	109	41	11	-	-	161	44	205	
Jan-Sep 2013									
Total operating income, EURm	4,203	1,916	1,107	306	24	7,556	-134	7,422	
- of which internal transactions ¹ , EURm	-1,215	-221	17	1,424	-5	0	-	-	
Operating profit, EURm	1,582	1,067	534	129	16	3,328	-218	3,110	
Loans to the public ² , EURbn	216	57	9	-	-	282	61	343	
Deposits and borrowings from the public ² , EURbn	106	41	11	-	-	158	42	200	

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-Sep	
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
	2014	2013	2014	2013	2014	2013	2014	2013
Total operating income, EURm	4,288	4,137	129	123	-93	-57	4,324	4,203
- of which internal transactions, EURm	-1,014	-1,088	-33	-35	-141	-92	-1,188	-1,215
Operating profit, EURm	1,885	1,637	10	35	-145	-90	1,750	1,582
Loans to the public, EURbn	215	208	8	8	-	-	223	216
Deposits and borrowings from the public, EURbn	105	103	4	3	-	-	109	106

	Corporate & Institutional Banking		Shipping, Offshore & Oil Services		Nordea Bank Russia		Capital Markets unallocated		Wholesale Banking Other ⁴		Wholesale Banking Jan-Sep	
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total operating income, EURm	1,127	1,110	271	256	214	180	253	343	-3	27	1,862	1,916
- of which internal transactions, EURm	-111	-162	-49	-60	-24	-32	78	96	-67	-63	-173	-221
Operating profit, EURm	704	672	255	118	134	117	105	186	-40	-26	1,158	1,067
Loans to the public, EURbn	39	39	11	12	7	6	-	-	-	-	57	57
Deposits and borrowings from the public, EURbn	36	36	4	4	1	1	-	-	-	-	41	41

	Private Banking		Asset Management		Life & Pension unallocated		Wealth Management Other ⁵		Wealth Management Jan-Sep	
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total operating income, EURm	601	537	418	357	381	390	-194	-177	1,206	1,107
- of which internal transactions, EURm	10	12	0	0	0	1	3	4	13	17
Operating profit, EURm	294	234	253	198	227	235	-155	-133	619	534
Loans to the public, EURbn	9	9	-	-	-	-	-	-	9	9
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-Sep		30 Sep		30 Sep	
	2014	2013	2014	2013	2014	2013
Total operating segments	3,617	3,328	289	282	161	158
Group functions ¹	-105	-79	-	-	-	-
Unallocated items	-106	-1	72	50	44	36
Differences in accounting policies ²	-239	-138	-1	11	0	6
Total	3,167	3,110	360	343	205	200

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. As from Q1 2014 the allocation principles has changed, which in addition leads to a difference between the measurement of the operating profit in the "Total operating segments" and the "Total Group". Comparative figures have been restated accordingly.

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.

Note 3 Net fee and commission income

EURm	Q3 2014	Q2 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Asset management commissions	296	292	251	861	727	1,000
Life insurance	92	88	83	271	249	350
Brokerage, securities issues and corporate finance	59	72	66	216	216	296
Custody and issuer services	23	53	29	98	86	124
Deposits	11	10	13	30	37	50
Total savings and investments	481	515	442	1,476	1,315	1,820
Payments	98	101	106	302	307	417
Cards	147	130	131	400	381	508
Total payment and cards	245	231	237	702	688	925
Lending	124	126	130	387	386	510
Guarantees and documentary payments	45	44	37	135	136	187
Total lending related commissions	169	170	167	522	522	697
Other commission income	27	25	30	94	100	132
Fee and commission income	922	941	876	2,794	2,625	3,574
Savings and investments	-111	-85	-78	-278	-228	-322
Payments	-21	-21	-22	-63	-67	-90
Cards	-64	-62	-65	-184	-190	-259
State guarantee fees	-34	-32	-34	-101	-99	-132
Other commission expenses	-25	-33	-25	-89	-102	-129
Fee and commission expenses	-255	-233	-224	-715	-686	-932
Net fee and commission income	667	708	652	2,079	1,939	2,642

Note 4 Net result from items at fair value

EURm	Q3 2014	Q2 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Shares/participations and other share-related instruments	837	841	723	1,733	1,751	2,630
Interest-bearing securities and other interest-related instruments	195	1,177	128	2,327	-159	238
Other financial instruments	326	90	36	441	164	90
Foreign exchange gains/losses	-170	-318	206	-589	719	876
Investment properties	36	4	43	201	105	145
Change in technical provisions ¹ , Life insurance	-798	-1,239	-635	-2,588	-643	-1,519
Change in collective bonus potential, Life insurance	-171	-213	-163	-538	-762	-978
Insurance risk income, Life insurance	57	49	51	157	153	202
Insurance risk expense, Life insurance	-21	-35	-43	-86	-122	-145
Total	291	356	346	1,058	1,206	1,539

Of which Life insurance

EURm	Q3 2014	Q2 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Shares/participations and other share-related instruments	444	894	637	1,393	1,569	2,418
Interest-bearing securities and other interest-related instruments	624	628	107	1,771	-178	30
Other financial instruments	5	-5	0	0	0	0
Foreign exchange gains/losses	-108	-31	62	-144	39	66
Investment properties	39	8	44	210	105	144
Change in technical provisions ¹ , Life insurance	-798	-1,239	-635	-2,588	-643	-1,519
Change in collective bonus potential, Life insurance	-171	-213	-163	-538	-762	-978
Insurance risk income, Life insurance	57	49	51	157	153	202
Insurance risk expense, Life insurance	-21	-35	-43	-86	-122	-145
Total	71	56	60	175	161	218

¹ Premium income amounts to EUR 517m for Q3 2014 and EUR 1,665m for Jan-Sep 2014 (Q2 2014: EUR 547m, Q3 2013: EUR 537m, Jan-Sep 2013: 1,747m, Jan-Dec 2013: EUR 2,278m).

Note 5 Other expenses

	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
EURm	2014	2014	2013	2014	2013	2013
Information technology	-130	-127	-167	-401	-471	-671
Marketing and representation	-20	-26	-24	-74	-84	-116
Postage, transportation, telephone and office expenses	-40	-42	-43	-132	-147	-192
Rents, premises and real estate	-90	-124	-96	-301	-283	-373
Other	-98	-96	-111	-311	-370	-483
Total	-378	-415	-441	-1,219	-1,355	-1,835

Note 6 Net loan losses

	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
EURm	2014	2014	2013	2014	2013	2013
Loan losses divided by class						
Loans to credit institutions	23	0	0	23	0	1
Loans to the public	-141	-121	-173	-414	-575	-748
- of which provisions	-245	-228	-223	-742	-843	-1,131
- of which write-offs	-115	-151	-167	-425	-482	-709
- of which allowances used to cover write-offs	69	109	96	304	336	508
- of which reversals	126	129	102	388	359	508
- of which recoveries	24	20	19	61	55	76
Off-balance sheet items	6	-14	2	-14	20	12
Total	-112	-135	-171	-405	-555	-735

Key ratios

	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full year
	2014	2014	2013	2014	2013	2013
Loan loss ratio, basis points	12	16	20	15	21	21
- of which individual	12	15	18	15	20	20
- of which collective	0	1	2	0	1	1

Note 7 Loans and impairment

EURm	Total			
	30 Sep 2014	30 Jun 2014	31 Dec 2013	30 Sep 2013
Loans, not impaired	378,214	370,098	361,218	358,539
Impaired loans	6,538	6,409	6,564	6,644
- Performing	4,168	4,073	3,909	3,781
- Non-performing	2,370	2,336	2,655	2,863
Loans before allowances	384,752	376,507	367,782	365,183
Allowances for individually assessed impaired loans	-2,416	-2,391	-2,397	-2,457
- Performing	-1,447	-1,418	-1,372	-1,342
- Non-performing	-969	-973	-1,025	-1,115
Allowances for collectively assessed impaired loans	-437	-424	-422	-414
Allowances	-2,853	-2,815	-2,819	-2,871
Loans, carrying amount	381,899	373,692	364,963	362,312

EURm	Central banks and credit institutions				The public			
	30 Sep 2014	30 Jun 2014	31 Dec 2013	30 Sep 2013	30 Sep 2014	30 Jun 2014	31 Dec 2013	30 Sep 2013
Loans, not impaired	22,085	26,619	22,515	19,124	356,129	343,479	338,703	339,415
Impaired loans	-	24	24	24	6,538	6,385	6,540	6,620
- Performing	-	-	-	-	4,168	4,073	3,909	3,781
- Non-performing	-	24	24	24	2,370	2,312	2,631	2,839
Loans before allowances	22,085	26,643	22,539	19,148	362,667	349,864	345,243	346,035
Allowances for individually assessed impaired loans	-	-24	-24	-24	-2,416	-2,367	-2,373	-2,433
- Performing	-	-	-	-	-1,447	-1,418	-1,372	-1,342
- Non-performing	-	-24	-24	-24	-969	-949	-1,001	-1,091
Allowances for collectively assessed impaired loans	-2	-3	-3	-3	-435	-421	-419	-411
Allowances	-2	-27	-27	-27	-2,851	-2,788	-2,792	-2,844
Loans, carrying amount	22,083	26,616	22,512	19,121	359,816	347,076	342,451	343,191

Allowances and provisions

EURm	30 Sep 2014	30 Jun 2014	31 Dec 2013	30 Sep 2013
Allowances for items on the balance sheet	-2,853	-2,815	-2,819	-2,871
Provisions for off balance sheet items	-75	-81	-61	-68
Total allowances and provisions	-2,928	-2,896	-2,880	-2,939

Key ratios

	30 Sep 2014	30 Jun 2014	31 Dec 2013	30 Sep 2013
Impairment rate, gross, basis points	170	170	178	182
Impairment rate, net, basis points	107	107	113	115
Total allowance rate, basis points	74	75	77	79
Allowances in relation to impaired loans, %	37	37	37	37
Total allowances in relation to impaired loans, %	44	44	43	43
Non-performing, not impaired, EURm	318	334	418	350

Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	26,149	-	-	-	-	-	26,149
Loans to central banks	8,263	-	287	-	-	-	8,550
Loans to credit institutions	6,877	-	6,629	27	-	-	13,533
Loans to the public	254,292	-	54,271	51,253	-	-	359,816
Interest-bearing securities	-	3,191	38,931	22,051	-	29,019	93,192
Financial instruments pledged as collateral	-	-	9,419	-	-	-	9,419
Shares	-	-	9,390	29,294	-	5	38,689
Derivatives	-	-	90,749	-	2,276	-	93,025
Fair value changes of the hedged items in portfolio hedge of interest rate risk	241	-	-	-	-	-	241
Other assets	6,449	-	-	8,082	-	-	14,531
Prepaid expenses and accrued income	1,435	-	95	19	-	-	1,549
Total 30 Sep 2014	303,706	3,191	209,771	110,726	2,276	29,024	658,694
Total 31 Dec 2013 ¹	304,996	5,359	166,073	105,551	1,947	28,006	611,932

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	28,388	1,550	-	27,937	57,875
Deposits and borrowings from the public	32,360	10,953	-	161,371	204,684
Liabilities to policyholders, investment contracts	-	16,141	-	-	16,141
Debt securities in issue	7,594	40,856	-	142,762	191,212
Derivatives	83,402	-	1,581	-	84,983
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	3,067	3,067
Other liabilities	11,705	8,825	-	8,738	29,268
Accrued expenses and prepaid income	13	483	-	1,898	2,394
Subordinated liabilities	-	-	-	7,648	7,648
Total 30 Sep 2014	163,462	78,808	1,581	353,421	597,272
Total 31 Dec 2013 ¹	132,375	68,001	1,336	356,619	558,331

¹ The comparative figures have been restated to reflect a correction of the classification of liabilities linked to the development of assets in pooled schemes. The deposits have been moved from "Other financial liabilities" to "Designated at fair value through profit or loss". Corresponding assets have been moved from "Held for trading" to "Designated at fair value through profit or loss". There was no impact on the carrying amounts.

Note 9 Fair value of financial assets and liabilities

EURm	30 Sep 2014		31 Dec 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	26,149	26,149	33,529	33,529
Loans	382,140	382,140	365,166	365,166
Interest-bearing securities	93,192	93,447	87,314	87,439
Financial instruments pledged as collateral	9,419	9,419	9,575	9,575
Shares	38,689	38,689	33,271	33,271
Derivatives	93,025	93,025	70,992	70,992
Other assets	14,531	14,531	10,179	10,179
Prepaid expenses and accrued income	1,549	1,549	1,906	1,906
Total	658,694	658,949	611,932	612,057
Financial liabilities				
Deposits and debt instruments	464,486	465,776	453,714	455,368
Liabilities to policyholders	16,141	16,141	13,737	13,737
Derivatives	84,983	84,983	65,924	65,924
Other liabilities	29,268	29,268	22,610	22,610
Accrued expenses and prepaid income	2,394	2,394	2,346	2,346
Total	597,272	598,562	558,331	559,985

The determination of fair value is described in the Annual report 2013, Note G42 "Assets and liabilities at fair value".

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

EURm	Quoted prices in active markets for the same instrument		Valuation technique using observable data		Valuation technique using non-observable data		Total
	(Level 1)	Of which Life	(Level 2)	Of which Life	(Level 3)	Of which Life	
Assets at fair value on the balance sheet¹							
Loans to central banks	-	-	287	-	-	-	287
Loans to credit institutions	-	-	6,656	-	-	-	6,656
Loans to the public	-	-	105,524	-	-	-	105,524
Interest-bearing securities ²	58,887	12,441	40,111	7,250	370	69	99,368
Shares ³	32,917	22,720	1,642	1,651	4,182	3,184	38,741
Derivatives	108	3	91,670	78	1,247	-	93,025
Other assets	-	-	8,082	-	-	-	8,082
Prepaid expenses and accrued income	-	-	114	-	-	-	114
Total 30 Sep 2014	91,912	35,164	254,086	8,979	5,799	3,253	351,797
Total 31 Dec 2013	87,475	30,764	208,347	8,362	5,755	2,946	301,577
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	-	-	29,938	-	-	-	29,938
Deposits and borrowings from the public	-	-	43,313	-	-	-	43,313
Liabilities to policyholders	-	-	16,141	16,141	-	-	16,141
Debt securities in issue	40,856	-	7,594	-	-	-	48,450
Derivatives	127	-	83,378	124	1,478	-	84,983
Other liabilities	9,939	-	10,591	-	-	-	20,530
Accrued expenses and prepaid income	-	-	496	-	-	-	496
Total 30 Sep 2014	50,922	-	191,451	16,265	1,478	-	243,851
Total 31 Dec 2013	44,095	-	156,217	14,905	1,400	-	201,712

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

² Of which EUR 9,367m relates to the balance sheet item Financial instruments pledged as collateral.

³ Of which EUR 52m relates to the balance sheet item Financial instruments pledged as collateral.

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

For information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2013, Note G42 "Assets and liabilities at fair value".

Transfers between Level 1 and 2

During the period, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 164m from Level 1 to Level 2 and EUR 1,037m from Level 2 to Level 1 of the fair value hierarchy. Nordea also transferred other liabilities of EUR 27m from Level 2 to Level 1. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10, continued

Movements in Level 3

EURm	Fair value gains/losses recognised in the income statement during the year			Recognised in OCI	Purchases / Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Translation differences	30 Sep
	1 Jan	Realised	Un-realised								
Interest-bearing securities	478	7	8	-3	169	-287	-2	-	-	-	370
- of which Life	104	5	4	-	19	-63	-	-	-	-	69
Shares	3,841	333	189	-	683	-824	-19	-	-25	4	4,182
- of which Life	2,842	246	165	-	638	-669	-13	-	-25	-	3,184
Derivatives (net)	37	-558	-268	-	-	-	558	-	-	-	-231
Other liabilities	1	-	-	-	-	-1	-	-	-	-	-
Total 2014, net	4,355	-218	-71	-3	852	-1,110	537	-	-25	4	4,321
Total 2013, net	4,824	383	-108	-	297	-1,071	331	-13	-46	-25	4,572

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. During the period Nordea transferred shares of EUR 25m from Level 3 to Level 2. The reason for the transfer from Level 3 to Level 2 was that observable market data became 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 period 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

For information about valuation processes for fair value measurement in level 3, see the Annual report 2013 Note G42 "Assets and liabilities at fair value".

Deferred day 1 profit

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. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information see, the Annual report 2013 Note G1 "Accounting policies". The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of how this aggregated difference has changed during the period (movement of deferred Day 1 profit).

Deferred day 1 profit - Derivatives, net

EURm	2014	2013
Opening balance at 1 Jan	38	24
Deferred profit on new transactions	5	23
Recognised in the income statement during the period	-8	-9
Closing balance at 30 Sep	35	38

Note 10, continued

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

EURm	Fair value	Of which		Unobservable input	Range of fair value ⁴
		Life ¹	Valuation techniques		
Interest-bearing securities					
Mortgage and other credit institutions ²	244	9	Discounted cash flows	Credit spread	-8/8
Corporates	60	60	Discounted cash flows	Credit spread	-4/4
Other	66	-	-	-	-7/7
Total 30 Sep 2014	370	69			-19/19
Total 31 Dec 2013	478	104			-25/25
Shares					
Private equity funds	2,391	1,873	Net asset value ³		
Hedge funds	449	177	Net asset value ³		
Credit funds	506	407	Net asset value/market consensus ³		
Other funds	595	570	Net asset value/Fund prices ³		
Other	241	157	-		
Total 30 Sep 2014	4,182	3,184			-376/380
Total 31 Dec 2013	3,841	2,842			-381/381
Derivatives, net					
Interest rate derivatives	167	-	Option model	Correlations Volatilities	-7/5
Equity derivatives	-264	-	Option model	Correlations Volatilities Dividend	-16/9
Foreign exchange derivatives	-46	-	Option model	Correlations Volatilities	+/-0
Credit derivatives	-103	-	Credit derivative model	Correlations Recovery rates	-10/8
Other	15	-	Option model	Correlations Volatilities	+/-0
Total 30 Sep 2014	-231	-			-33/22
Total 31 Dec 2013	37	-			-31/25

¹ 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.

² 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.

³ 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 (European Venture 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 95% compared to the values received from suppliers/custodians.

⁴ The column "Range of fair value" shows the sensitivity of Level 3 financial instruments to changes in key assumptions. For more information see the Annual Report 2013, Note G42 "Assets and liabilities at fair value".

Note 11 Capital adequacy

These figures are according to part 8 of CRR, in Sweden implemented in FFFS 2014:12

Summary of items included in own funds

EURm	30 Sep 2014	31 Dec ⁵ 2013	30 Sep ⁶ 2013
Calculation of own funds			
Equity in the consolidated situation	26,548	28,429	26,884
Proposed/actual dividend	-	-1,734	-626
Common Equity Tier 1 capital before regulatory adjustments	26,548	26,695	26,258
Deferred tax assets	-	-68	-100
Intangible assets	-585	-2,987	-3,010
IRB provisions shortfall (-) ¹	-299	-369	-453
Deduction for investments in credit institutions (50%) ²	-	-99	-95
Pension assets in excess of related liabilities ³	-62	-	-
Other items, net	-2,793	-60	-92
Total regulatory adjustments to Common Equity Tier 1 capital	-3,739	-3,583	-3,750
Common Equity Tier 1 capital (net after deduction)	22,809	23,112	22,508
Additional Tier 1 capital before regulatory adjustments	2,739	1,949	1,976
Total regulatory adjustments to Additional Tier 1 capital	-	-617	-612
Additional Tier 1 capital	2,739	1,332	1,364
Tier 1 capital (net after deduction)	25,548	24,444	23,872
Tier 2 capital before regulatory adjustments	4,906	4,789	4,833
IRB provisions excess (+)/shortfall (-) ¹	-	-369	-453
Deduction for investments in credit institutions (50%) ²	-	-99	-94
Deductions for investments in insurance companies	-517	-616	-613
Pension assets in excess of related liabilities	-	-190	-126
Other items, net	-	81	85
Total regulatory adjustments to Tier 2 capital	-517	-1,193	-1,201
Tier 2 capital	4,389	3,596	3,632
Own funds (net after deduction)⁴	29,937	28,040	27,504

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

² CRD III deducted 50% T1, 50% T2, CRD IV risk weighted with 250%.

³ Based on conditional FSA approval.

⁴ Own Funds adjusted for IRB provision, i.e. adjusted own funds equal EUR 30,236m by 30 Sep 2014.

⁵ Including profit for the period.

⁶ Including profit from Q2 2013.

Own Funds including profit

EURm	30 Sep 2014	31 Dec 2013	30 Sep 2013
Common Equity Tier 1 capital, including profit	23,759	23,112	22,975
Total Own Funds, including profit	30,886	28,040	27,971

Note 11, continued

Minimum capital requirement and REA

EURm	30 Sep 2014 Minimum Capital requirement	30 Sep 2014 REA	31 Dec 2013 Minimum Capital requirement	31 Dec 2013 REA	30 Sep 2013 Minimum Capital requirement	30 Sep 2013 REA
Credit risk	9,929	124,107	10,376	129,705	10,841	135,513
IRB	8,623	107,789	8,965	112,061	9,075	113,440
- of which corporate	6,068	75,851	6,787	84,844	6,844	85,555
- of which advanced	4,371	54,633	-	-	-	-
- of which foundation	1,697	21,218	6,787	84,844	6,844	85,555
- of which institutions	734	9,171	468	5,848	498	6,221
- of which retail	1,670	20,880	1,588	19,848	1,620	20,253
- of which other	151	1,887	122	1,521	113	1,411
Standardised	1,306	16,318	1,411	17,644	1,766	22,073
- of which central governments or central banks	65	807	20	258	23	290
- of which regional governments or local authorities	15	191	13	170	3	40
- of which public sector entities	1	14	3	32	-	-
- of which multilateral development banks	-	-	-	-	-	-
- of which international organisations	-	-	-	-	-	-
- of which institutions	22	282	49	611	36	449
- of which corporate	147	1,841	301	3,769	655	8,188
- of which retail	456	5,699	476	5,949	484	6,040
- of which secured by mortgages on immovable property	240	2,997	386	4,826	388	4,852
- of which in default	26	321	36	448	48	602
- of which associated with particularly high risk	53	659	-	-	-	-
- of which covered bonds	-	-	-	-	-	-
- of which institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
- of which collective investments undertakings (CIU)	-	-	2	21	1	8
- of which equity	200	2,498	-	-	-	-
- of which other items	81	1,009	125	1,560	128	1,604
Credit Value Adjustment Risk	217	2,709	-	-	-	-
Market risk	711	8,891	700	8,753	582	7,278
- of which trading book, Internal Approach	421	5,266	410	5,131	334	4,177
- of which trading book, Standardised Approach	132	1,652	186	2,321	148	1,848
- of which banking book, Standardised Approach	158	1,973	104	1,301	100	1,253
Operational risk	1,347	16,842	1,344	16,796	1,344	16,796
Standardised	1,347	16,842	1,344	16,796	1,344	16,796
Sub total	12,204	152,549	12,420	155,254	12,767	159,587
Adjustment for transitional rules						
Additional capital requirement	5,741	71,759	4,318	53,969	4,143	51,787
Total	17,945	224,308	16,738	209,223	16,910	211,374

Minimum Capital Requirement & Buffers

Percentage	Minimum Capital requirement	Capital Buffers				Capital Buffers total	Total
		CCoB	CCyB	SII	SRB		
Common Equity Tier 1 capital	4.5	2.5	N/A	N/A	N/A	2.5	7.0
Tier 1 capital	6.0	2.5	N/A	N/A	N/A	2.5	8.5
Own funds	8.0	2.5	N/A	N/A	N/A	2.5	10.5
EURm							
Common Equity Tier 1 capital	6,865	3,814				3,814	10,678
Tier 1 capital	9,153	3,814				3,814	12,967
Own funds	12,204	3,814				3,814	16,018

Common Equity Tier 1 available to meet Capital Buffers

Percentage points of REA	30 Sep 2014
Common Equity Tier 1 capital	10.5

Note 11, continued

Capital ratios

Percentage	30 Sep 2014	31 Dec 2013	30 Sep 2013
Common Equity Tier 1 capital ratio, including profit	15.6	14.9	14.4
Tier 1 ratio, including profit	17.4	15.7	15.3
Total capital ratio, including profit	20.2	18.1	17.5
Common Equity Tier 1 capital ratio, excluding profit	15.0	14.0	14.1
Tier 1 ratio, excluding profit	16.7	14.9	15.0
Total Capital ratio, excluding profit	19.6	17.2	17.2
Leverage ratio¹			30 Sep 2014
Tier 1 capital, transitional definition, EURm ²			24,674
Leverage ratio exposure, EURm			580,221
Leverage ratio, percentage			4.3

¹ Leverage ratio presented is based on three month average according to local FSA reporting process.

² Excluding profit.

Additional information on exposures for which internal models are used

	On-balance exposure, EURm	Off-balance exposure, EURm	Exposure value (EAD), EURm ¹	Of which EAD for off- balance, EURm	Exposure- weighted average risk weight:
Corporate, foundation IRB:	23,016	13,678	42,601	5,672	49.8
- of which rating grades 6	2,023	980	5,578	393	17.9
- of which rating grades 5	6,118	4,737	12,311	2,131	32.3
- of which rating grades 4	10,239	6,057	18,281	2,741	58.2
- of which rating grades 3	2,989	1,047	4,247	285	88.3
- of which rating grades 2	526	227	688	49	156.1
- of which rating grades 1	32	51	67	17	199.5
- of which unrated	447	454	584	40	109.9
- of which defaulted	642	125	845	16	0.0
Corporate, advanced IRB:	109,620	61,991	133,142	28,098	41.0
- of which rating grades 6	9,140	5,458	10,188	2,715	11.1
- of which rating grades 5	24,377	22,025	34,337	10,220	21.8
- of which rating grades 4	50,145	27,037	61,050	12,219	39.8
- of which rating grades 3	17,375	5,289	18,860	2,222	58.2
- of which rating grades 2	2,883	747	2,982	312	96.7
- of which rating grades 1	516	59	380	19	108.3
- of which unrated	791	842	1,093	391	72.1
- of which defaulted	4,393	534	4,252	-	156.9
Institutions, foundation IRB:	37,623	3,487	47,091	1,179	19.5
- of which rating grades 6	18,702	967	21,267	493	9.0
- of which rating grades 5	18,208	938	23,993	401	24.5
- of which rating grades 4	519	1,183	1,545	167	64.5
- of which rating grades 3	99	171	164	57	108.4
- of which rating grades 2	72	114	42	17	186.4
- of which rating grades 1	1	8	3	2	249.7
- of which unrated	22	106	77	42	150.7
- of which defaulted	-	-	-	-	-
Retail, of which secured by real estate:	135,290	6,317	139,764	4,475	8.9
- of which scoring grades A	87,950	5,084	91,540	3,590	3.3
- of which scoring grades B	26,116	781	26,732	616	7.8
- of which scoring grades C	11,646	260	11,809	162	15.5
- of which scoring grades D	4,164	109	4,227	63	29.8
- of which scoring grades E	2,711	61	2,739	29	52.7
- of which scoring grades F	1,157	7	1,161	4	77.9
- of which not scored	90	10	97	7	29.6
- of which defaulted	1,456	5	1,459	4	130.1
Retail, of which other retail:	20,884	9,282	26,063	6,162	32.4
- of which scoring grades A	7,455	4,962	10,415	3,229	9.3
- of which scoring grades B	5,619	2,036	6,830	1,448	20.7
- of which scoring grades C	3,257	1,191	3,827	813	34.8
- of which scoring grades D	1,576	628	1,868	397	47.5
- of which scoring grades E	1,393	234	1,456	141	54.0
- of which scoring grades F	612	75	626	52	83.4
- of which not scored	53	79	93	34	45.0
- of which defaulted	919	77	948	48	262.7
Other non credit-obligation assets:	2,240	7	1,908	3	98.9

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

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

Note 12 Discontinued operations and disposal groups held for sale

EURm	Q3 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Net interest income	0	38	28	117	154
Net fee and commission income	1	8	0	26	38
Other operating income	5	3	14	3	7
Total operating income	6	49	42	146	199
Total operating expenses	-5	-27	-46	-90	-118
Net loan losses	-1	-8	-5	-19	-26
Operating profit	0	14	-9	37	55
Income tax expense	-	-2	-1	-8	-13
Net profit for the period from discontinued	0	12	-10	29	42
Net result for the period recognised on the measurement at fair value	-	-	-19	1	1
Transaction and transition cost (including cost to sell)	-	-	-10	-34	-34
Net profit for the period from discontinued operations after measurement at fair value less cost to sell	0	12	-39	-4	9

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

Balance sheet - Condensed

EURm	30 Sep 2014	30 Sep 2013	31 Dec 2013
Assets			
Loans to the public	-	6,334	6,144
Interest-bearing securities	-	1,335	1,534
Shares	-	344	385
Total other assets	-	562	832
Total assets held for sale	-	8,575	8,895
Liabilities			
Deposits by credit institutions	-	95	78
Deposits and borrowings from the public	-	2,887	3,384
Liabilities to policyholders	-	611	625
Total other liabilities	-	100	111
Total liabilities held for sale	-	3,693	4,198

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. All regulatory approvals were received and the transaction closed during the second quarter 2014, when also the operations were derecognised. As from the third quarter only the IT services still performed by Nordea are classified as discontinued operations. 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 segment. The impact from discontinued operations on other comprehensive income can be found in the statement of comprehensive income.

As from the first quarter 2014 "Assets held for sale" also included the investment in the associated undertaking Nets Holding A/S. The reclassification followed Nordea's earlier announced divestment of its 20.7% stake. All approvals have been received and the sale was completed, and the investment derecognised, on 9 July 2014. As from the reclassification to "Assets held for sale" up until the derecognition the investment was held at the lower of fair value and carrying amount. The gain amounts to EUR 378m and has consequently been recognised during the third quarter.

Note 13 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 Tier 1 capital of an institution consists of the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital of the institution. Common equity Tier 1 includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations, the full expected shortfall deduction (the negative difference between expected losses and provisions) and finally other deductions such as cash flow hedges.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount. The Common equity tier 1 capital ratio is calculated as Common equity tier 1 capital as a percentage of risk exposure amount.

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, 2013:2, 2013:24 and 2014:18). 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, 2013:2, 2013:24 and 2014:18). 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 2013 Annual Report.

The Swedish Financial Supervisory Authority has issued amendments to FFFS 2008:25 in FFFS 2013:24 and 2014:18 and the Swedish Financial Reporting Board has issued amendments to RFR 2 "Accounting for Legal Entities". The new requirement in FFFS 2013:24 for disclosing maturity information was early adopted as from 1 January 2013. FFFS 2014:18 was implemented during the third quarter 2014 and changed the capital adequacy disclosures (presented in Note 1 "Capital adequacy"). Other amendments in FFFS 2013:24 and RFR 2 have been adopted as from 1 January 2014 but have not had any significant impact on Nordea.

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.

Nordea Bank AB (publ)

Income statement

EURm	Q3 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013	Full year 2013
Operating income					
<i>Interest income</i>	477	533	1,497	1,640	2,140
<i>Interest expense</i>	-306	-382	-1,001	-1,142	-1,499
Net interest income	171	151	496	498	641
<i>Fee and commission income</i>	267	256	810	915	1,259
<i>Fee and commission expense</i>	-64	-55	-199	-183	-250
Net fee and commission income	203	201	611	732	1,009
Net result from items at fair value	15	36	106	77	131
Dividends	8	-	359	300	1,827
Other operating income	138	163	751	476	674
Total operating income	535	551	2,323	2,083	4,282
Operating expenses					
General administrative expenses:					
Staff costs	-256	-239	-800	-737	-982
Other expenses	-204	-237	-664	-715	-1,018
Depreciation, amortisation and impairment charges of tangible and intangible assets	-164	-26	-229	-74	-109
Total operating expenses	-624	-502	-1,693	-1,526	-2,109
Profit before loan losses	-89	49	630	557	2,173
Net loan losses	-19	-1	-60	-56	-124
Impairment of securities held as financial non-current assets	-	-	-	0	-4
Operating profit	-108	48	570	501	2,045
Appropriations	-	-	-	-	102
Income tax expense	0	-16	-12	-58	-192
Net profit for the period	-108	32	558	443	1,955

Nordea Bank AB (publ)

Balance sheet

EURm	30 Sep 2014	31 Dec 2013	30 Sep 2013
Assets			
Cash and balances with central banks	566	45	39
Treasury bills	4,864	4,953	6,758
Loans to credit institutions	88,896	80,917	77,017
Loans to the public	41,753	34,155	34,912
Interest-bearing securities	11,864	11,128	11,702
Financial instruments pledged as collateral	459	737	349
Shares	6,287	5,351	6,131
Derivatives	4,965	4,219	4,218
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-14	-11	4
Investments in group undertakings	17,483	17,723	17,666
Investments in associated undertakings	7	7	7
Intangible assets	700	729	712
Property and equipment	139	118	120
Deferred tax assets	27	28	21
Current tax assets	197	0	116
Other assets	1,533	2,533	923
Prepaid expenses and accrued income	1,018	1,291	1,128
Total assets	180,744	163,923	161,823
Liabilities			
Deposits by credit institutions	30,820	17,500	19,541
Deposits and borrowings from the public	50,051	47,531	48,272
Debt securities in issue	64,650	62,961	60,874
Derivatives	3,884	3,627	3,308
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,215	715	826
Current tax liabilities	6	11	3
Other liabilities	2,315	4,173	2,814
Accrued expenses and prepaid income	1,166	1,150	1,246
Deferred tax liabilities	0	10	10
Provisions	238	184	163
Retirement benefit obligations	171	166	177
Subordinated liabilities	7,416	5,971	6,049
Total liabilities	161,932	143,999	143,283
Untaxed reserves	3	3	107
Equity			
Share capital	4,050	4,050	4,050
Share premium reserve	1,080	1,080	1,080
Other reserves	1	-2	13
Retained earnings	13,678	14,793	13,290
Total equity	18,809	19,921	18,433
Total liabilities and equity	180,744	163,923	161,823
Assets pledged as security for own liabilities	3,558	2,454	3,249
Other assets pledged	7,097	7,033	5,965
Contingent liabilities	70,087	70,385	85,406
Credit commitments ¹	25,317	26,713	27,183

¹ Including unutilised portion of approved overdraft facilities of EUR 14,963m (31 Dec 2013: EUR 12,845m, 30 Sep 2013: EUR 12,461m).

Note 1 Capital adequacy

These figures are according to part 8 of CRR, in Sweden implemented in FFFS 2014:12

Summary of items included in own funds

EURm	30 Sep 2014	31 Dec ⁵ 2013	30 Sep ⁶ 2013
Calculation of own funds			
Equity	18,253	19,923	18,421
Proposed/actual dividend	-	-1,734	-938
Common Equity Tier 1 capital before regulatory adjustments	18,253	18,189	17,483
Deferred tax assets	-7	-28	-21
Intangible assets	-382	-729	-711
IRB provisions shortfall (-) ¹	-	-81	-54
Deduction for investments in credit institutions (50%) ²	-	-	-
Pension assets in excess of related liabilities ³	-	-	-
Other items, net	-479	-	-
Total regulatory adjustments to Common Equity Tier 1 capital	-868	-838	-786
Common Equity Tier 1 capital (net after deduction)	17,385	17,351	16,697
Additional Tier 1 capital before regulatory adjustments	2,757	1,949	1,976
Total regulatory adjustments to Additional Tier 1 capital	-	-	-
Additional Tier 1 capital	2,757	1,949	1,976
Tier 1 capital (net after deduction)	20,142	19,300	18,673
Tier 2 capital before regulatory adjustments	4,665	4,143	4,141
IRB provisions excess (+)/shortfall (-) ¹	52	-81	-54
Deduction for investments in credit institutions (50%) ²	-	-	-
Deductions for investments in insurance companies	-518	-	-
Pension assets in excess of related liabilities	-	-	-
Other items, net	-	-	35
Total regulatory adjustments to Tier 2 capital	-466	-81	-19
Tier 2 capital	4,199	4,062	4,122
Own funds (net after deduction)⁴	24,341	23,362	22,795

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

² CRD III deducted 50% T1, 50% T2, CRD IV risk weighted with 250%.

³ Based on conditional FSA approval.

⁴ Own Funds adjusted for IRB provision, i.e. Basel I Own funds EUR 24,341m by 30 Sep 2014.

⁵ Including profit for the period.

⁶ Including profit for Q3 2013.

Own Funds including profit

EURm	30 Sep 2014	31 Dec 2013	30 Sep 2013
Common Equity Tier 1 capital, including profit	17,607	17,352	16,697
Total Own Funds, including profit	24,563	23,362	22,795

Note 1, continued

Minimum capital requirement and REA

EURm	30 Sep	30 Sep	31 Dec	31 Dec	30 Sep	30 Sep
	2014	2014	2013	2013	2013	2013
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
Credit risk	5,959	74,489	6,296	78,700	6,522	81,529
IRB	2,827	35,342	3,428	42,854	3,661	45,765
- of which corporate	2,342	29,285	3,100	38,749	3,307	41,335
- of which advanced	1,629	20,366	-	-	-	-
- of which foundation	713	8,919	3,100	38,749	3,307	41,335
- of which institutions	265	3,307	105	1,318	137	1,710
- of which retail	169	2,111	180	2,254	188	2,350
- of which other	51	639	43	533	29	370
Standardised	3,132	39,147	2,868	35,846	2,861	35,764
- of which central governments or central banks	7	91	2	26	2	27
- of which regional governments or local authorities	1	8	-	-	-	-
- of which public sector entities	-	-	-	-	-	-
- of which multilateral development banks	-	-	-	-	-	-
- of which international organisations	-	-	-	-	-	-
- of which institutions	1,317	16,458	1,290	16,126	1,290	16,128
- of which corporate	80	994	53	664	49	616
- of which retail	28	355	-	1	-	1
- of which retail	202	2,523	101	1,258	102	1,267
- of which in default	5	61	-	1	-	2
- of which associated with particularly high risk	-	-	-	-	-	-
- of which covered bonds	-	-	1	6	1	14
- of which institutions and corporates with a short-term credit	-	-	-	-	-	-
- of which collective investments undertakings (CIU)	-	-	-	-	-	-
- of which equity	1,486	18,578	-	-	-	-
- of which other items	6	79	1,421	17,764	1,417	17,709
Credit Value Adjustment Risk	15	185	-	-	-	-
Market risk	233	2,912	128	1,596	78	972
- of which trading book, Internal Approach	49	606	34	429	23	288
- of which trading book, Standardised Approach	7	90	5	59	5	58
- of which banking book, Standardised Approach	177	2,216	89	1,108	50	626
Operational risk	322	4,028	250	3,121	250	3,121
Standardised	322	4,028	250	3,121	250	3,121
Sub total	6,529	81,614	6,674	83,417	6,850	85,622
Adjustment for transitional rules						
Additional capital requirement according to transitional rules	-	-	-	-	-	-
Total	6,529	81,614	6,674	83,417	6,850	85,622

Minimum Capital Requirement & Buffers

Percentage	Minimum Capital requirement	Buffers				Capital Buffers total	Total
		CCoB	CCyB	SII	SRB		
Common Equity Tier 1 capital	4.5	2.5	N/A	N/A	N/A	2.5	7.0
Tier 1 capital	6.0	2.5	N/A	N/A	N/A	2.5	8.5
Own funds	8.0	2.5	N/A	N/A	N/A	2.5	10.5
EURm							
Common Equity Tier 1 capital	3,673	2,040				2,040	5,713
Tier 1 capital	4,897	2,040				2,040	6,937
Own funds	6,529	2,040				2,040	8,569

Common Equity Tier 1 available to meet Capital Buffers

Percentage points of REA	30 Sep
Common Equity Tier 1 capital	16.8

Note 1, continued

Capital ratios

Percentage	30 Sep 2014	31 Dec 2013	30 Sep 2013
Common Equity Tier 1 capital ratio, including profit	21.6	20.8	19.5
Tier 1 ratio, including profit	25.0	23.1	21.8
Total Capital ratio, including profit	30.1	28.0	26.6
Common Equity Tier 1 capital ratio, excluding profit	21.3	20.5	19.5
Tier 1 ratio, excluding profit	24.7	22.9	21.8
Total Capital ratio, excluding profit	29.8	27.7	26.6

Leverage ratio¹

	30 Sep 2014
Tier 1 capital, transitional definition, EURm ²	19,384
Leverage ratio exposure, EURm	224,012
Leverage ratio, percentage	8.7

¹ Leverage ratio and volumes presented is based on three month average according to local FSA reporting process.

² Excluding profit.

Additional information on exposures for which internal models are used

	On-balance exposure, EURm	Off-balance exposure, EURm	Exposure value (EAD), EURm ¹	Of which EAD for off- balance, EURm	Exposure- weighted average risk weight:
Corporate, foundation IRB:	5,762	11,960	16,912	11,200	52.7
- of which rating grades 6	1,581	462	1,917	335	19.7
- of which rating grades 5	1,662	3,340	4,726	3,048	33.1
- of which rating grades 4	1,729	6,467	7,931	6,212	59.8
- of which rating grades 3	388	1,310	1,631	1,264	96.5
- of which rating grades 2	131	241	328	223	164.0
- of which rating grades 1	3	61	47	44	232.6
- of which unrated	6	11	15	8	121.4
- of which defaulted	262	68	317	66	0.0
Corporate, advanced IRB:	21,806	36,451	47,126	26,115	43.2
- of which rating grades 6	714	2,227	1,801	1,229	13.1
- of which rating grades 5	5,399	11,757	12,914	7,524	24.1
- of which rating grades 4	11,514	16,827	23,796	12,776	43.3
- of which rating grades 3	3,348	4,269	6,966	3,639	68.1
- of which rating grades 2	388	537	783	517	113.5
- of which rating grades 1	23	60	82	59	132.8
- of which unrated	137	609	435	304	81.3
- of which defaulted	283	165	349	67	178.7
Institutions, foundation IRB:	15,082	869	16,674	354	19.8
- of which rating grades 6	9,255	260	9,672	64	8.5
- of which rating grades 5	5,594	261	6,557	78	32.9
- of which rating grades 4	173	309	396	209	69.9
- of which rating grades 3	46	35	40	1	93.0
- of which rating grades 2	8	-	-	-	207.3
- of which rating grades 1	-	-	-	-	0.0
- of which unrated	6	4	9	2	155.6
- of which defaulted	-	-	-	-	-
Retail, of which secured by real estate:	1,153	358	1,403	250	12.0
- of which scoring grades A	437	152	544	107	3.4
- of which scoring grades B	368	110	444	76	7.7
- of which scoring grades C	203	71	253	50	14.9
- of which scoring grades D	84	19	97	13	28.0
- of which scoring grades E	30	3	32	2	46.7
- of which scoring grades F	17	2	19	1	70.4
- of which not scored	1	1	1	1	23.4
- of which defaulted	13	-	13	-	179.3
Retail, of which other retail:	3,434	2,652	5,188	1,757	37.4
- of which scoring grades A	1,000	1,437	1,965	966	11.4
- of which scoring grades B	1,189	641	1,615	427	24.1
- of which scoring grades C	633	344	852	220	40.7
- of which scoring grades D	287	158	386	99	55.2
- of which scoring grades E	137	43	164	27	64.1
- of which scoring grades F	75	14	84	9	93.6
- of which not scored	7	5	10	3	58.3
- of which defaulted	106	10	112	6	516.2
Other non credit-obligation assets:	639	-	639	-	100.0

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

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

For further information:

- A press conference with management will be held on 22 October at 9.00 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be held on 22 October at 14.30 CET. Please dial +44 20 3427 1915, confirmation code 7556251#, 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 29 October, by dialling +44 20 3427 0598, access code 7556251#.
- An analyst and investor presentation will be held in London on 23 October at 12.30 local time at The Langham, 1c Portland Place, Regent Street, London W1B 1JA. To attend, please contact Charlotte Smith at ABG Sundal Collier via e-mail: charlotte.smith@abgsc.co.uk
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.

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Financial calendar

28 January 2015 – Fourth quarter and Full year results 2014 (silent period starts 9 January 2015)

29 April 2015 – First quarter results 2015 (silent period starts 7 April 2015)

17 July 2015 – Second quarter results 2015 (silent period starts 7 July 2015)

21 October 2015 – Third quarter results 2015 (silent period starts 7 October 2015)

Stockholm 22 October 2014

Christian Clausen
President and Group CEO

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

This report is published in one additional language version, in Swedish. In the event of any inconsistencies between the Swedish language version 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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