Nordea

Annual Report 2013

Nordea Bank Norge

Contents

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

The following is a translation of the Norwegian original document. The original Norwegian text shall be the governing text for all purposes and in the case of any discrepancy the Norwegian wording shall be applicable.

Nordea Bank Norge Group

Key financial figures

Business volumes, key items

	2013	2012	Change %	2011	2010	2009
Total operating income, NOKm	12,685	12,083	5	11,336	11,650	11,243
Total operating expenses[3], NOKm	4,725	4,989	–5	5,323	5,076	5,324
Profit before loan losses[3], NOKm	7,960	7,094	12	6,013	6,574	5,919
Net loan losses, NOKm	1,401	958	46	1,432	725	2,004
Operating profit[3], NOKm	6,559	6,136	7	4,581	5,849	3,915
Net profit for the year[3], NOKm	4,701	4,440	6	3,347	4,300	2,634
Loans to the public, NOKbn	462.8	456.0	1	464.4	439.2	422.3
Deposits and borrowings from the public, NOKbn	218.9	219.0	0	223.2	234.1	217.2
of which savings deposits	87.7	89.6	–2	87.2	79.1	64.0
Equity[3], NOKbn	40.8	35.9	14	30.4	29.6	26.7
Total assets[3,4], NOKbn	598.1	573.7	4	589.3	497.3	534.0

Ratios and key figures

	2013	2012	2011	2010	2009
Earnings per share (EPS)[3], NOK	8.5	8.1	6.1	7.8	4.8
Equity per share[1,3], NOK	74.0	65.1	55.2	53.6	48.5
Shares outstanding[1], million	551	551	551	551	551
Return on equity[3], %	12.3	14.5	11.6	15.6	10.1
Cost/income ratio[3], %	37	41	47	44	47
Loan loss ratio, basis points	30	19	32	17	45
Core tier 1 capital ratio, excluding transition rules[1], %	17.8	14.6	10.1	9.4	8.9
Tier 1 capital ratio, excluding transition rules[1], %	20.0	16.7	12.0	10.0	9.5
Total capital ratio, excluding transition rules[1], %	21.3	17.6	13.4	12.8	12.2
Core tier 1 capital ratio, including transition rules[1], %	12.5	10.7	8.0	7.9	7.6
Tier 1 capital ratio, including transition rules[1], %	14.0	12.3	9.5	8.5	8.1
Total capital ratio, including transition rules[1], %	15.0	13.0	10.6	10.8	10.5
Core tier 1 capital [1], NOKm	40,019	33,774	26,302	24,529	23,836
Tier 1 capital[1], NOKm	44,978	38,589	31,239	26,223	25,509
Risk-weighted assets, incl transition rules[1], NOKbn	321	314	329	310	314
Number of employees[1,2] (full-time equivalents)	2,862	2,889	3,132	3,229	3,244

[1] End of the year.

[2] The figure for 2009 has been restated to not include employees on leave of absence.

[3] Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

[4] Figures for 2012 are restated due to changes in policies, see Note 1 Accounting Policies for further details.

Nordea Bank Norge Board of Directors' report

Throughout this report the terms "Nordea Bank Norge" and "NBN" refer to Nordea Bank Norge ASA and its subsidiaries, while "NBN ASA" refers to Nordea Bank Norge ASA. Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ), the parent company in the Nordea Group. The term "Nordea" and "Nordea Group" refers to Nordea Bank AB (publ) and its subsidiaries.

Nordea Bank Norge ASA is domiciled in Oslo and its business registration number is 911 044 110.

Group organisation

As part of the Nordea Group, NBN operates in the banking business. All the operations of NBN are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the business areas, encompasses all the operations of NBN.

Legal structure

Nordea aims at continuous simplification of its legal structure and as regards the Nordic banks the aim is that Nordea Bank AB (publ) will be converted into a European company. Among other things, a conversion is conditional on Nordea obtaining necessary approvals from the relevant authorities.

The final regulatory responses to the financial crisis are yet to be seen, and to be evaluated. Nordea is following up and analysing the changes in process, which are not expected to be finalised during 2014.

Subsidiaries and foreign branches

NBN ASA has subsidiaries in Norway. NBN ASAs branches in New York and Cayman Island were closed in 2013. NBN ASA has no foreign representative offices.

The most significant subsidiaries are Nordea Eiendomskreditt AS (NE) and Nordea Finans Norge AS (NFN). In the following, NBN's figures are commented. The difference between NBN's figures and the parent company's figures are in all major aspects small, other than the covered bonds setup.

NE is used as a vehicle to secure competitive funding by issuing covered bonds secured with household mortgage loans. During 2010, the risk in the household mortgage loans was transferred to NE, thus derecognising of the loans in NBN ASA and recognition in NE was performed. NBN Group figures remain unchanged. In 2013, a total of NOK 10.1bn in covered bonds were issued in NE. For more information, see Note 46 Covered bonds.

NFN has the business area responsibility for financing products in Norway. The company's main products are leasing, car financing, factoring and consumer credits.

Macroeconomic and financial market development

Towards the end of the year we noted continued improvements in global economic data and a positive development in financial markets. In the Nordic economies, the latest development has been weaker, although the overall picture still appears relatively robust.

Macroeconomic development

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

The Nordic economies show lower growth, although the overall picture still appears relatively robust. In Sweden, GDP growth reported for the third quarter disappointed slightly at 0.1%, but the broader picture for 2013 remains solid with expected full year growth close to 1%. The quarterly growth in Denmark was reported inline with expectations at 0.4% while Norway was at 0.5%. The broader picture still supports a gradual improvement in Denmark, and Norway is set to end another strong year in 2013 with GDP expected at 1.8% growth compared to the European region estimate of -0.4%. In Finland, growth fell short of expectations at 0% and instead followed the more mixed picture seen in Euroland with an estimate of -0.4% for 2013.

Financial market development

Financial markets were characterised by continued positive investor sentiment. The stronger than expected economic data in combination with decision by the US Federal Reserve to reduce asset purchases (tapering) and the budget deal reached by US politicians, caused equities to rise broad-based and US stock indices to touch new record highs in the fourth quarter.

Similarly, yields in US and core European countries rose over the last quarter as investors gradually begin to factor a more positive overall outlook and more normalised central bank behaviour into future expectations. Peripheral yields and credit spreads likewise extended the tightening seen throughout the year.

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

Business development in 2013

Although the macro-economy has shown signs of stabilisation, 2013 has been a year of relatively low growth and low interest rates. Despite these challenges NBN has, through its continued focus on its Relationship Strategy and cost efficiency programme, achieved increased income and reduced costs. NBN continually seeks ways to increase great customer experience and has achieved increased activity in our mobile banking solution. NBN has also received very positive feedback on the successful implementation of chat possibilities with customers via nordea.no along with the introduction of online meetings. During January 2014, 24/7 service has been implemented to further support our Relationship Strategy.

Retail Household activity has a continued strong performance with over 9,600 new externally acquired Gold and Premium customers. In 2013, customer meetings hit a record for its highest number of quarterly meetings facilitating increased mortgage lending and increased deposits. Retail Corporate has also had a strong contribution with increased lending volumes and positive development from focus on risk adjusted pricing.

In Wholesale, the Norwegian bond market remained strong, and Markets related income in Fixed Income, Currencies & Commodities (FICC), Investment Banking (IB) and Equities have shown growth in 2013.

In Shipping, the market conditions in the tanker, dry cargo and containership markets were generally weak during the year and continued to put pressure on values. However, in the latter part of 2013, there was a moderate improvement in freight rates in the tanker and bulker segment, and vessel values strengthened somewhat.

NBN has continued success in keeping costs down and continues to deliver on its cost efficiency programme, with a leaner employee base throughout 2013.

Across the bank there are a number of initiatives to reduce Risk Weighted Assets (RWA) to meet the demanding current and future regulations. NBN has achieved success with reduced RWA excluding transition rules compared to last year. Development in competition for deposits and customer ancillary services is aggressive and pressure on margins increases.

Result summary for 2013

Note that comparative figures in the income statement and balance sheet have been restated and the restated figures are used for comparative purposes throughout. See Note 1 Accounting Policies for a summary of restatements.

Income

Total operating income was NOK 12,685m (12,083), an increase of 5%, mainly driven by strong net interest income and greater results from items at fair value.

Net interest income increased by 6% to NOK 9,391m (8,896), although an 8% increase when adjusted for the bank deposit guarantee fees paid on the Norwegian Bank's fully funded Guarantee fund in 2013. The rise compared to 2012 stems mainly from growth in increased lending margins in all major business areas, reflecting the current market conditions and risk pricing initiatives to meet upcoming regulatory requirements.

Lending to the public grew 1% to NOK 462.8bn. Retail Household mortgage lending activity continued to provide growth, and corporate lending in Retail and CIB increased at year end compared to one year ago. Average volumes were slightly down as there has been a general focus on customer selection in relation to capital effects. Ending volumes were supported by positive foreign exchange effects in the Shipping and CIB lending portfolios due to the weakened NOK versus USD and Euro.

Net deposit volumes were stable at year end. Retail Household and CIB average deposit volume increased 4%, yet were offset by slightly depressed average volumes in Retail Corporate and Shipping driven by aggressive competition.

Deposit margins fell in all major business areas reflecting the extreme competition in the market for deposits.

Net fee and commission income showed continued strong results rising 1% to NOK 2,440m with the fourth quarter delivering the highest result this year. Continued focus on full customer service and cross selling has supported positive growth in NBN. The increase is driven by Lending related commissions coupled with increased focus on the right pricing for off-balance sheet exposures.

Net result on items at fair value climbed from NOK 456m to NOK 512m. Interest related instruments were the main contributor, with positive effects from Markets' fixed income sales and bond portfolio, partially offset by a reduction from Treasury's bond portfolio. FX instruments contributed with a healthy increase driven by Markets FX products, and a positive Treasury contribution compared to a loss in the prior year. Equity contributed positively and is up from a low result in the prior year.

Results from undertakings accounted for under the equity method contributed with positive NOK 139m, compared to NOK 136m last year. This result is mainly related to Eksportfinans ASA, and compared to 2012 there were decreasing credit spreads, contributing to lower unrealised losses on the valuation of Eksportfinans own debt, and reduced interest income as lending volumes continue to wind down. As from fourth quarter 2011, Nordea has applied its own valuation model towards the valuation of Eksportfinans' own debt. For further information see Note 20 Investments in associated undertakings.

Other operating income increased 11% to 203m driven by increased services to the NBAB Oslo Branch.

Expenses

Total operating expenses fell 5% to NOK 4,725m, although only by 2% after adjusting for a one-time positive pension effect in 2013.

Staff costs dropped 9%. Adjusted for the aforementioned pension effect and transfer of staff to the Norwegian NBAB branch in 2012 (IT Service Entity (ITSE)), staff costs decreased 2% compared to 2012. Adjusted pension costs fell compared to prior year. The number of full-time equivalents (FTE) at end of period was down by 1% and ended at 2,862, with reductions in all areas other than Wealth Management and in the subsidiaries.

Other expenses rose 2% to NOK 1,900m, mainly explained by charges from ITSE. NBN transferred IT staff to the NBAB branch in April 2012. For the first quarter 2012 NBN had staff costs related to the transferred employees, whereas after the transfer, costs related to IT services are presented as other expenses in NBN. Various cost reductions were realised within office expenses, including a successful transition to more cost efficient mobile phone solutions. Rental costs were down from a higher level in 2012, while various legal and advisory fees were slightly up. Depreciations fell due to impairments on various IT projects recognised in the fourth quarter of 2012.

Net loan losses

Net loan losses were up 46% to NOK 1,401m, from NOK 958m in 2012. Loan losses were experienced across fewer corporate customers in 2013, with concentration in Telecommunication operators, Shipping & offshore, Real estate, and Industrial commercial services. Impaired loans gross went down 25% from last year. The net loan loss ratio at the end of the year was 30 basis points compared to 19 basis points in 2012. Individual loan losses amounted to 24 basis points, while collective loan losses lead to 6 basis points.

Taxes

The income tax expense was NOK 1,858m, giving an effective tax rate of 28.3% (27.6) for NBN group and 29.8% (28.2) for the parent company.

Net profit

The net profit for the year rose 6% and amounted to NOK 4,701m (4,440) due to higher income and reduced costs. The return on equity was 12.3% (14.5 in 2012 – restated for the IAS 19 update).

Comments on the Balance Sheets - financial structure

Total assets grew by 4%, to NOK 598bn at the end of 2013. The Norwegian Krone (NOK) weakened compared to EUR and USD compared to 2012.

Assets

The changes on the asset side of the balance sheet are explained by two main drivers. Loans to central banks and credit institution increased by NOK15.3bn, which are mainly positions held in Treasury. These assets fluctuate with the liquidity situation in NBN, as well as general liquidity situation in the macro environment in Norway, driven by the AFS portfolios in Treasury. Further, the growth in loans to the public amounted to 6.8bn driven by both household and corporate lending in Retail, as well as CIB.

Liabilities and funding activities

Total liabilities increased 4% to NOK 557bn, mainly explained by increased deposits from credit institutions and debt securities in issue.

Deposits from credit institutions from within the Nordea Group are 85% (84) of total deposits from credit institutions. This is reflection of the advantage of having four home markets to utilise in managing Nordea's liquidity and funding positions. Debt securities in issue have increased 8% driven by the NEK covered bonds program, as well as issues of senior debt in NBN ASA.

Equity

Shareholder's equity grew 14% and ended at NOK 40.8bn. The increase includes net profit for the year of NOK 4,701m.

Appropriation of net profit for the year

The net profit in the parent company for the year amounted to NOK 2,774m.

According to IFRS, distribution of group contributions and dividends will not be recognised before formal decision is made in the General Assembly. As a part of the strategy for NBN, no dividend is planned to be paid from the 2013 earnings in order to maintain the capital adequacy position.

NBN ASA will receive a group contribution with taxable effect of NOK 675m from the wholly owned subsidiary

Nordea Eiendomskreditt AS. The Board of Directors will propose to the General Assembly a distribution of a group contribution without taxable effect of NOK 486m from NBN ASA to Nordea Eiendomskreditt AS. This will in effect be treated as an investment in Nordea Eiendomskreditt AS. The group contributions will not affect the equity in NBN in 2014.

For the General Assembly 24 March 2014 it will be proposed a distribution of a group contribution without taxable effect of NOK 486m from NBN ASA to Nordea Eiendomskreditt AS and that net profit of NOK 2,774m for 2013 is retained within NBN.

Nordea's funding and liquidity operations

Approximately NOK 10.1bn of covered bonds were issued during the year. For further information on liquidity management, see pages 14-15.

Off-balance sheet commitments

The bank's business operations include different off-balance sheet items, mainly guarantees and credit commitments. For total exposure regarding these items, see Note 36 Contingent liabilities and 37 Commitments.

Other Information

The Board of Directors confirms the assumption that NBN ASA is a going concern and the annual accounts have been prepared based on this assumption.

The Board of Directors considers solidity as per 31 December 2013 to be healthy.

Credit risk appetite of 25 basis points of total loans over a business cycle remains.

NBN is not engaged in significant research and development activities.

Risk, liquidity and capital management

Management of risk, liquidity and capital are key success factors in the financial services industry. The maintaining of risk awareness within the organisation is ingrained in the business strategies. Nordea has clearly defined risk, liquidity and capital management frameworks, including policies and instructions for different risk types, capital adequacy and for the capital structure.

Management principles and control

Group Board and Board Risk Committee

The Boards have the ultimate responsibility for limiting and monitoring NBN's risk exposure as well as for setting the targets for the capital ratios. Risk is measured and reported according to common principles and policies approved by the Group Board, which also decides on policies for credit risk, counterparty credit risk, market risk, liquidity risk and operational risk management as well as the ICAAP. All policies are reviewed at least annually.

In the credit instructions, the Board of Directors in Nordea decides on powers-to-act for credit committees at different levels within the business areas. These authorisations vary for different decision-making levels, mainly in terms of size of limits, and are also dependent on the internal rating of customers. The Group Board of Directors in Nordea also decides on the limits for market and liquidity risk in NBN.

The Board Risk Committee assists the Board of Directors in fulfilling its oversight responsibilities concerning management and control of the risks, risk frameworks, as well as controls and processes associated with the Nordea's operations.

Responsibility of CEO and GEM

The Chief Executive Officer (CEO) has the overall responsibility for developing and maintaining effective risk, liquidity and capital management principles and controls.

The CEO in Group Executive Management (GEM) decides on Nordea's earnings volatility measurement framework(s) and targets for these, such as the Structural Interest Income Risk (SIIR).

The CEO and GEM regularly review reports on risk exposure and have established a number of committees for risk, liquidity and capital management:

- The Asset and Liability Committee (ALCO), chaired by the Chief Financial Officer (CFO) in GEM, prepares issues of major importance concerning the Group's financial operations and balance sheet risks as well as capital management either for decision by the CEO in GEM or for recommendation by the CEO in GEM and for decision by the Group Board.

- The Risk Committee, chaired by the Chief Risk Officer (CRO), oversees the management and control of the Nordea 's risks on an aggregate level and evaluates the sufficiency of the risk frameworks, controls and processes associated with these risks. Further, within the scope of resolutions adopted by the Board of Directors, the Risk Committee decides on the allocation of the market risk limits and liquidity risk limits to the risk-taking units Group Treasury and Markets. The limits are set in accordance with the business strategies and are reviewed at least annually. The heads of the units allocate the respective limits within the unit and may introduce more detailed limits and other risk mitigating techniques such as stop-loss rules.

- The Risk Committee has established sub-committees for its work and decision-making within specific risk areas.

- The Group Executive Management Credit Committee (GEM CC) and Executive Credit Committee (ECC) are chaired by the CRO in GEM while the Group Credit Committee Retail Banking (GCCR) and the Group Credit Committee Wholesale Banking (GCCW) are chaired by the Chief Credit Officer (CCO) in GEM. These credit committees decide on major credit risk customer limits and industry policies for Nordea. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

Responsibility of Group Risk Management and Group Corporate Centre
Within the Nordea, two units, Group Risk Management and Group Corporate Centre, are responsible for risk, capital, liquidity and balance sheet management. Group Risk Management, headed by the CRO in GEM, is responsible for the risk management framework and processes. Group Corporate Centre, headed by the CFO in GEM, is responsible for the capital policy, the composition of the capital base, the capital adequacy framework and for management of liquidity risk.

Each business area and group function is primarily responsible for managing the risks in its operations within the applicable limits and framework, including identification, control and reporting.

Risk appetite
Risk appetite within Nordea is defined as the level and nature of risk that the bank is willing to take in order to pursue the articulated strategy on behalf of shareholders, and is defined by constraints reflecting the views of shareholders, debt holders, regulators and other stakeholders.

The Group Board of Nordea is ultimately responsible for the overall risk appetite of Nordea and for setting the principles for how risk appetite is managed. The Group Board Risk Committee assists the Group Board in fulfilling these responsibilities by reviewing the development of the risk profile in relation to risk appetite and making recommendations regarding changes to Nordea's risk appetite.

Nordea's risk appetite framework is based on explicit top-down risk appetite statements ensuring comprehensive coverage of key risks faced by Nordea. These statements collectively define the boundaries for Nordea's risk taking activities and will also help identify areas with scope for potential additional risk taking. The statements are approved by the Group Board in Nordea, and set the basis for a new risk reporting structure. Moreover, the framework supports management decision processes such as planning and target setting.

The Risk Appetite framework considers key risks relevant to Nordea's business activities and is on an aggregate level represented in terms of credit risk, market risk, operational risk, solvency, compliance/non-negotiable risks, and liquidity risk.

The Risk Appetite framework is further presented in the Capital and Risk management Report (Pillar 3 report).

Monitoring and reporting
The "Policy for internal Control and Risk Management in the Nordea Group" states that the management of risks includes all activities aiming at identifying, measuring, assessing, monitoring and controlling risks as well as measures to limit and mitigate consequences of the risks. Management of risks is proactive, emphasising training and risk awareness. Nordea Group maintains a high standard of risk management by means of applying available techniques and methodology to its own needs. The control environment in Nordea is based on, among other things, the principles for segregation of duties and independence. Monitoring and reporting of risk is conducted on a daily basis for market and liquidity risk, and on a monthly and quarterly basis for credit and operational risk.

Risk reporting including reporting the development of RWA is regularly made to GEM and the Board of Directors. Group Internal Audit (GIA) makes an independent evaluation of the processes regarding risk and capital management in accordance with the annual audit plan.

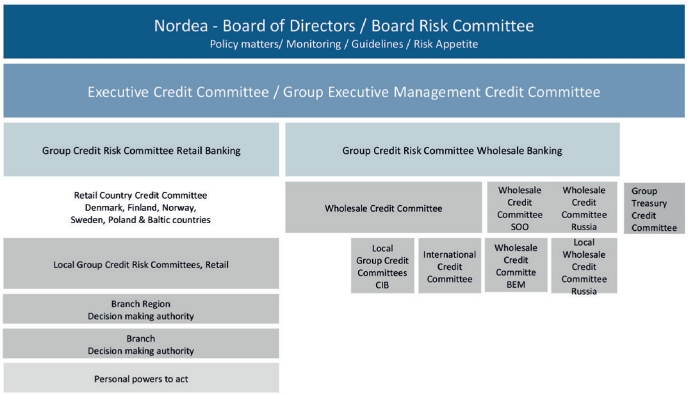
Disclosure requirements of the CRD – Capital and risk management report 2013
Additional and more detailed information on risk and capital management is presented in the Capital and Risk Management Report 2013, in accordance with the national capital adequacy legislation which is based on the EU commonly referred to as the Capital Requirements Directive (the CRD), which in turn is based on the Basel II framework issued by the Basel Committee on Banking Supervision. The report is available at www.nordea.com.

Risk management

Credit Risk management
Group Risk Management is responsible for the credit process framework and the credit risk management framework, consisting of policies, instructions and guidelines for Nordea. Group Risk Management is responsible for controlling and monitoring the quality of the credit portfolio and the credit process. Each customer area and product area is primarily responsible for managing the credit risks in its operations within the applicable framework and limits, including identification, control and reporting.

Within the powers to act granted by the Board of Directors, credit risk limits are approved by decision-making authorities on different levels in the organisation. The rating and the exposure of the customer decide at what level the decision will be made. Responsibility for a credit exposure lies with a customer responsible unit. Customers are assigned a rating or score in accordance with the Nordea's rating and scoring guidelines.

Credit Decision-making structure for main operations



*Making decisions and allocations within limits approved by ECC

Credit risk definition and identification

Credit risk is defined as the risk of loss if counterparts fail to fulfil their agreed obligations and that the pledged collateral does not cover the claims. Credit risk stems mainly from various forms of lending, but also from guarantees and documentary credits, counterparty credit risk in derivatives contracts, transfer risk attributable to the transfer of money from another country and settlement risk. For monitoring the distribution of a portfolio, improving the risk management and defining a common strategy towards specific industries there are specific industry credit principles and industry credit policies in place establishing requirements and caps.

Individual and collective assessment of impairment

Throughout the process of identifying and mitigating credit impairments, Nordea continuously reviews the quality of the credit exposures. Weak and impaired exposures are closely and continuously monitored and reviewed at least on a quarterly basis in terms of current performance, business outlook, future debt service capacity and the possible need for provisions.

A provision is recognized if there is objective evidence based on loss events or observable data that the customer's future cash flow is weakened to the extent that full repayment is unlikely, collateral included. Exposures with provision are considered as impaired. The size of the provision is equal to the estimated loss being the difference between the book value and the discounted value of the future cash flow, including the value of pledged collateral. Impaired exposures can be either performing or nonperforming. Exposures that have been past due more than 90 days are automatically regarded as non-performing, and reported as impaired, or not impaired depending on the deemed loss potential.

In addition to individual impairment testing of all individually significant customers, collective impairment testing is performed for groups of customers that have not been found to be impaired on individual level. The collective impairment is based on the migration of rated and scored customers in the credit portfolio as well as management judgement. The assessment of collective impairment reacts to up- and down-ratings of customers as well as new customers and customers leaving the portfolio. Also customers going to and from default affect the calculation. Collective impairment is assessed quarterly for each legal unit. The rationale for this two-step procedure with both individual and collective assessment is to ensure that all incurred losses are accounted for up to and including each quarterly balance sheet date.

Further information on credit risk is presented in Note 45 Credit risk disclosures to the financial statements.

Credit portfolio

Credit risk is measured, monitored and segmented in different ways. On-balance lending constitutes the major part of the credit portfolio and the basis for impaired loans and loan losses. Credit risk in lending is measured and presented as the principle amount of on-balance sheet claims, i.e. loans to credit institutions and the public, and off-balance sheet potential claims on customers and counterparts, net after allowances. Credit risk exposure also includes the risk related to derivative contracts and securities financing.

NBN's total loans increased by 1%, excluding loans and receivables to credit institutions, to NOK 463bn during 2013 (NOK 456bn). This was mainly attributable to an increase in the household of 2% and corporate portfolio by 1%. Including off-balance sheet exposures and exposures related to securities, the total credit risk exposure at year end was NOK 694bn (NOK 669bn). Out of total lending to the public, corporate customers accounted for 52% (52) and household customers 48% (48). Loans to central banks and credit institutions, mainly in the form of inter-bank deposits, increased to NOK 32bn (NOK 18bn) at the end of 2013.

Credit risk exposure and loans and receivables
(excluding cash and balances at central banks and settlement risk exposure)

NOKm	31 Dec 2013	31 Dec 2012
To credit institutions	33,076	17,798
To the public	462,772	455,990
– of which corporate	238,583	235,463
– of which household	223,751	219,884
– of which public sector	437	643
Total loans and receivables	**495,848**	**473,788**
Off balance credit exposure [1]	113,076	102,481
Counterparty risk exposure [2]	1,609	1,727
Treasury bills and interest-bearing securities [3]	83,931	91,243
Total credit risk exposure	**694,464**	**669,239**

[1] Of which for corpoorate customers approx. 90%.

[2] After closeout neeting and collateral agreements, including current market value exposure as well as potential future exposure.

[3] Also includes Treasury bills and interest-bearing securities pledged as collateral in repurchase agreements.

Loans to corporate customers

Loans to corporate customers at the end of 2013 increased to NOK 239bn (NOK 235bn). Other financial institutions, Telecommunication operators and Industrial capital goods were the sectors that increased the most. While Telecommunication equipment, Paper and forest materials and Industrial commercial services etc. where the sectors that decreased the most. Real estate remains the largest sector in NBN's lending portfolio, at NOK 79bn (NOK 78bn). The commercial real estate portfolio comprises both relatively large and financially strong companies as well as many small and medium sized companies.

Loans to Shipping and Offshore decreased to NOK 39bn (NOK 41bn). The shipping portfolio is well diversified by type of vessel, has a focus on large and financially robust industrial players and exhibits strong credit quality, with an average rating of 4. Nordea is a leading bank to the global Shipping and Offshore sector with strong brand recognition and a world leading loan syndication franchise. Reflecting Nordea's global customer strategy, there is an even distribution between Nordic and non-Nordic customers.

The distribution of loans to corporates in Nordea Bank Norge, by size of loans shows a high degree of diversification where approx. 68% (66) of the corporate volume is for loans up to NOK 450m per customer.

Credit risk mitigation is an inherent part of the credit decision process. In every credit decision and review, the valuation of collaterals is considered as well as the adequacy of covenants and other risk mitigations.

Pledging of collateral is the main credit risk mitigation technique. In corporate exposures, the main collateral types are real estate mortgages, floating charges and leasing objects. Collateral coverage is higher for exposures to financially weaker customers than for those who are financially strong.

Regarding large exposures syndication of loans is the primary tool for managing concentration risk while credit risk mitigation by the use of credit default swaps has been applied to a limited extent.

Covenants in credit agreements do not substitute collaterals, but are an important complement to both secured and unsecured exposures. Most exposures of substantial size and complexity include appropriate covenants. Financial covenants are designed to react to early warning signs and are carefully monitored.

Loans to household customers

In 2013 loans to household customers increased by 2% to NOK 224bn (NOK 220bn). The increase is mainly attributable to a 1% increase in mortgage loans to NOK 214bn (NOK 211bn). Consumer loans increased to NOK 9.7bn (NOK 8.8bn). The proportion of mortgage loans of total household loans was unchanged at 96% (96).

Geographical distribution

Lending to the public distributed by borrower domicile shows that the Nordic market unchanged at 94% (94). Other EU countries represent the main part of the lending outside the Nordic countries.

Loans to the public by industry

NOKm	31 Dec 2013
Energy (oil, gas etc.)	9,077
Metals and mining materials	1,399
Paper and forest materials	507
Other materials (building materials, etc.)	3,290
Industrial capital goods	2,172
Industrial commercial services, etc.	19,555
Construction and engineering	13,081
Shipping and offshore	39,500
Transportation	7,404
Consumer durables (cars, appliances, etc.)	9,260
Media and leisure	4,787
Retail trade	11,727
Consumer staples (food, agriculture, etc.)	15,938
Health care and pharmaceuticals	1,450
Financial institutions	9,749
Real estate	79,241
IT software, hardware and services	1,619
Telecommunication equipment	1
Telecommunication operators	1,521
Utilities (distribution and productions)	6,323
Other, public and organisations	983
Corporate	**238,583**
Household mortgages	214,097
Household consumer	9,655
Public sector	437
Total	**462,772**

Rating and scoring distribution

One way of assessing credit quality is through analysis of the distribution across rating grades, for rated corporate customers and institutions, as well as risk grades for scored household and small business customers, ie retail exposures.

About 80% (73) of the corporate exposure is rated 4– or higher and the portion of institutional exposure rated 5– or higher is 100% (99). About 91% (89) of the retail exposures are scored C– or higher.

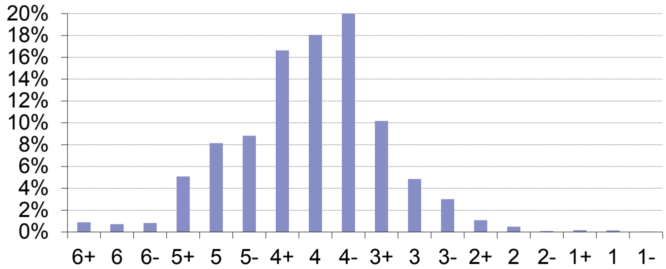
Impaired loans

Impaired loans gross in NBN decreased during the year to NOK 3,590m from NOK 4,772m, corresponding to 71bp of total loans (101bp). 36% (28) of impaired loans gross are performing loans and 64% (72) are non-performing loans. Impaired loans net, after allowances for individually assessed impaired loans amounted to NOK 1,734m (NOK 3,078m), corresponding to 35bp of total loans (63). Allowances for individually assessed loans increased to NOK 1,791m from NOK 1,677m.

Allowances for collectively assessed loans increased to NOK 673m from NOK 405m. The provisioning ratio was 49% (44). The sectors showing the largest increases in impaired loans were Consumer durables, Industrial capital goods as well as Consumer staples.

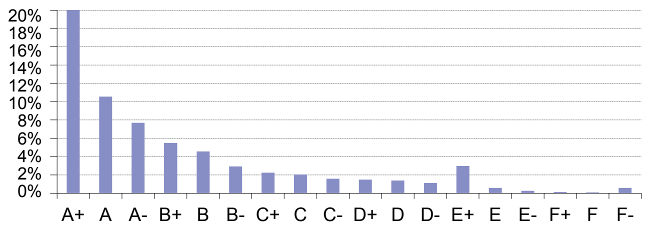
Past due loans to corporate customers 6 days or more that are not considered impaired decreased to NOK 1,384m (NOK 1,933m). The volume of past due loans to household customers decreased to NOK 5,074m (NOK 5,780m) in 2013.

Rating distribution IRB corporate



Where the highest rating is 6+

Scoring distribution IRB Retail



Where the highest rating is A+

Net loan losses

Loan losses increased to NOK 1,401m in 2013 (NOK 958m). This corresponds to a loan loss ratio of 30bp (19bp). NOK 1,298m relates to corporate customers (NOK 979m) and NOK 103m (NOK –21m) relates to household customers. The main losses were in the corporate sectors Telecommunication operators, Shipping and offshore as well as Real estate management and investment.

Impaired loans gross, including off-balance sheet items, and allowances by industry

NOKm	Impaired Loans, gross	Allowances (individual +collective)	Provisioning ratio (allowances/impaired loans)
Energy (oil, gas etc.)	0	6	
Metals and mining materials	252	95	38%
Paper and forest materials	5	4	67%
Other materials (building materials, etc.)	140	70	50%
Industrial capital goods	4	6	142%
Industrial commercial services, etc.	116	220	190%
Construction and engineering	167	99	60%
Shipping and offshore	671	483	72%
Transportation	12	17	146%
Consumer durables (cars, appliances, etc.)	21	17	80%
Media and leisure	40	25	62%
Retail trade	60	2	4%
Consumer staples (food, agriculture, etc.)	69	45	66%
Health care and pharmaceuticals	3	3	117%
Financial institutions	5	19	378%
Real estate	782	454	58%
IT software, hardware and services	1	2	116%
Telecommunication equipment	–	0	0%
Telecommunication operators	664	539	81%
Utilities (distribution and productions)	11	7	60%
Other, public and organisations	0	1	437%
Corporate	**3,025**	**2,113**	**70%**
Household mortgages	204	147	72%
Household consumer	295	203	69%
Public sector	–	–	–
Total impaired loans	**3,524**		
Allowances		**2,463**	
Provisioning ratio			**70%**

Counterparty credit risk

Counterparty credit risk is the risk that Nordea's counterpart in a FX, interest, commodity, equity or credit derivative contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart. Counterparty credit risk can also exist in repurchasing agreements and other securities financing transactions. The pre-settlement risk (current exposure and potential future exposure) at the end of 2013 for Nordea Bank Norge was NOK 1,609m (1,727), of which the current exposure net (after close-out and collateral reduction) represents NOK 103m. 100% of the pre-settlement risk and 100% of the current exposure net was towards financial institutions.

Market risk

Market risk is defined as the risk of loss in Nordea's holdings and transactions as a result of changes in market rates and parameters that affect the market value, for example changes to interest rates, credit spreads, FX rates, equity prices, commodity prices and option volatilities. Nordea Markets and Group Treasury are the key contributors to market risk in Nordea. Nordea Markets is responsible for the customer-driven trading activities, whereas Group Treasury is responsible for funding activities, asset and liability management, liquidity portfolios, pledge/collateral portfolios and investments for Nordea's own account. For all other banking activities, the basic principle is that market risks are transferred to Group Treasury where the risks are managed.

Measurement of market risk

Nordea calculates Value at Risk (VaR) using historical simulation. This means that the current portfolio is revaluated using the daily changes in market prices and parameters observed during the last 500 trading days, thus generating a distribution of 499 returns based on empirical data. From this distribution, the expected shortfall method is used to calculate a VaR figure, meaning that the VaR figure is based on the average of the worst outcomes from the distribution. The 1-day VaR figure is subsequently scaled to a 10-day figure using the "square-root of time" assumption. The 10-day VaR figure is used to limit and measure market risk at all levels both in the trading book and in the banking book.

Separate VaR figures are calculated for interest rate, credit spread, foreign exchange rate and equity risks. The total VaR includes all these risk categories and allows for diversification among them. The VaR figures include both linear positions and options. The model has been calibrated to generate a 99% VaR figure. This means that the 10-day VaR figure can be interpreted as the loss that will statistically be exceeded in one of hundred 10-day trading periods.

It is important to note that while every effort is made to make the VaR model as realistic as possible, all VaR models are based on assumptions and approximations that have significant effect on the risk figures produced. While historical simulation has the advantage of not being dependent on a specific assumption regarding the distribution of returns, it should be noted that the historical observations of the market variables that are used as input, may not give an adequate description of the behaviour of these variables in the future. The choice of the time period used is also important. While using a longer time period may enhance the model's predictive properties and lead to reduced cyclicality, using a shorter time period increases the model's responsiveness to sudden changes in the volatility of financial markets. The choice of using the last 500 days of historical data has thus been made with the aim to strike a balance between the pros and cons from using longer or shorter time series in the calculation of VaR.

Market risk analysis

The consolidated market risk for Nordea Bank Norge presented in the next table includes both the trading book and the banking book. The total VaR was NOK 228m at the end of 2013 (NOK 123m). The total risk is primarily driven by interest rate risk.

Consolidated market risk in Nordea Bank Norge, 31 December 2013

NOKm	Mea-sure	31 Dec 2013	2013 high	2013 low	2013 avg	31 Dec 2012
Total Risk	VaR	227.7	265.7	117.0	177.2	122.7
– Interest Rate Risk	VaR	228.0	265.6	117.1	178.2	123.5
– Equity Risk	VaR	7.5	9.7	0.6	4.5	0.7
– Foreign ExchangeRisk	VaR	12.5	15.8	0.4	7.1	7.3
Diversification effect		8 %	14 %	3 %	7 %	9 %

Structural Interest Income Risk (SIIR)

SIIR is the amount Nordea's accumulated net interest income would change during the next 12 months if all interest rates change by one percentage point. SIIR reflects the mismatch in the balance sheet items and the off-balance sheet items when the interest rate repricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly. Nordea's SIIR management is based on policy statements resulting in different SIIR measures and organisational procedures. Policy statements focus on optimising financial structure, balanced risk taking and reliable earnings growth, identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information. Group Treasury has the responsibility for the operational management of SIIR.

SIIR measurement methods

Nordea's SIIR is measured through dynamic simulations by calculating several net interest income scenarios and comparing the difference between these scenarios. Several interest rate scenarios are applied, but the basic measures for SIIR are the two scenarios (increasing rates and decreasing rates) measuring the effect on Nordea's net interest income for a 12 months period of a one percentage point increase, respectively decrease, in all interest rates. The balance sheet is assumed to be constant over time. Main elements of the customer behaviour and Nordea's decision-making process concerning Nordea's own rates are, however, taken into account.

SIIR analysis

At the end of the year, the SIIR for increasing market rates in Nordea Bank Norge was NOK 284m (NOK 228m) and the SIIR for decreasing market rates was NOK -1,268m (NOK -1,014m). These figures imply that net interest income would increase if interest rates rise and decrease if interest rates fall.

Operational risk

Operational risk is defined as the risk of direct or indirect loss, or damaged reputation, resulting from inadequate or failed internal processes, from people and systems, or from external events.

Operational risk includes compliance risk, which is the risk of business not being conducted according to legal and regulatory requirements, market standards and business ethics. Managing operational risk is part of the management's responsibilities. In order to manage these risks, a common set of standards and a sound risk management culture is aimed for with the objective to follow best practice regarding market conduct and ethical standards in all business activities. The key principle of Operational risk in Nordea is the three lines of defence.

The first line of defence is represented by the business organisation which includes the risk and compliance officer network. The risk and compliance officers ensure that operational and compliance risk is managed effectively within the business organisation and consequently they are located in the first line of defence but performing second line of defence tasks. Group Operational Risk and Compliance, representing the second line of defence, has defined a common set of standards (Group Directives, processes and reporting) in order to manage these risks.

The key process for active risk management is the annual risk and control self-assessment process which puts focus on identifying key risks as well as ensuring fulfilment of requirements specified in the group directives. Key risks are identified both through top-down Division management involvement and through bottom-up analysis of result from control questions as well as existing information from processes such as incident reporting, scenario analyses, quality and risk analyses, and product approvals. The timing of this process is synchronised with the annual planning process to be able to ensure adequate input to the Group's overall prioritisations.

Group Internal Audit, representing the third line of defence, provides assurance to the Board of Directors on the risk management, control and governance processes.

Liquidity risk

Management principles and control

Group Treasury is responsible for pursuing the Nordea's liquidity strategy, managing the liquidity in Nordea and for compliance with the group-wide limits set by the Board of Directors and the Risk Committee. Furthermore, Group Treasury develops the liquidity risk management frameworks, which consist of policies, instructions and guidelines for Nordea as well as the principles for pricing liquidity risk.

The Board of Directors define the liquidity risk appetite by setting limits for applied liquidity risk measures. The most central measure is survival horizon, which defines the risk appetite by setting the minimum survival of one month under institution-specific and market-wide stress scenarios with limited mitigation actions.

Liquidity risk management

Liquidity risk is the risk of being able to meet liquidity commitments only at increased cost or, ultimately, being unable to meet obligations as they fall due. Nordea's liquidity management and strategy is based on policy statements resulting in various liquidity risk measures, limits and organisational procedures.

Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude towards liquidity risk. Nordea strives to diversify its sources of funding and seeks to establish and maintain relationships with investors in order to ensure market access. A broad and diversified funding structure is reflected by the strong presence in Nordea's four domestic markets in the form of a strong and stable retail customer base and the variety of funding programmes. Funding programmes are both shortterm (US commercial paper, European commercial paper, commercial paper, Certificates of Deposits) and long-term (covered bonds, European medium-term notes, medium term notes) and cover a range of currencies.

Nordea's liquidity risk management includes stress testing and a business continuity plan for liquidity management. Stress testing is defined as the evaluation of potential effects on a bank's liquidity situation under a set of exceptional but plausible events. Stress testing framework includes also survival horizon metrics (see below), which represents a combined liquidity risk scenario (idiosyncratic and market-wide stress).

Liquidity risk measurement methods
The liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. In order to manage short-term funding positions, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 30 days. Cash flows from both on-balance sheet and off-balance sheet items are included. Funding gap risk is measured and limited for each currency and as a total figure for all currencies combined. The total figure for all currencies combined is limited by the Board of Directors in Nordea Group.

To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. The buffer minimum level is set by the Board of Directors in Nordea Group. The liquidity buffer consists of central bank eligible high-grade liquid securities held by Group Treasury that can be readily sold or used as collateral in funding operations.

During 2011, the Survival horizon metric was introduced. It is conceptually similar to Basel Liquidity Coverage Ratio. The metric is composed of a liquidity buffer and funding gap risk cash flows, and includes expected behavioral cash flows from contingent liquidity drivers. Survival horizon defines the short-term liquidity risk appetite of the Group and expresses the excess liquidity after a 30-day period without access to market funding. The Board of Directors in Nordea Group has set a limit for minimum survival without access to market funding for a 30 day period.

The structural liquidity risk of Nordea is measured and limited by the Board of Directors in Nordea Group through the Net Balance of Stable Funds (NBSF), which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a remaining term to maturity of more than 12 months, as well as shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 12 months and committed facilities. The CEO in GEM has set as a target that the NBSF should be positive, which means that stable assets must be funded by stable liabilities.

Liquidity risk analysis
The short-term liquidity risk remained at moderate levels throughout 2013. The average funding gap risk, i.e. the average expected need for raising liquidity in the course of the next 30 days, was NOK –2.8bn (NOK –4.4bn). Nordea Bank Norway's liquidity buffer range was NOK 74.5 – 99.5bn (NOK 52.9 – 87.4bn) throughout 2013 with an average buffer size of NOK 79.6bn (NOK 73.5bn). Nordea Bank Norway's liquidity buffer is highly liquid, consisting of only central bank eligible securities held by Group Treasury. Survival horizon was in the range of NOK 61.4 – 127.4bn (NOK 53.6 – 109.5bn) throughout 2013 with an average of NOK 87.0bn (NOK 77.2bn). The aim of always maintaining a positive net balance of stable funding has been comfortably achieved throughout 2013. The yearly average for the net balance of stable funding was NOK 51.5bn (NOK 25.7bn).

For additional information on contractual cashflows, see Note 43 Maturity analysis for assets and liabilities.

Capital management
Nordea strives to be efficient in its use of capital and therefore actively manages its balance sheet with respect to assets, liabilities and risk. The goal is to enhance returns to shareholders while maintaining a prudent capital structure.

Capital governance
The Group Board of Directors decides ultimately on the targets for capital ratios and the capital policy in Nordea, while the CEO in GEM decides on the overall framework of capital management. The ability to meet targets and to maintain minimum capital requirements is reviewed regularly within the Asset and Liability Committee (ALCO) and the Risk Committee.

The capital requirement and the capital base described in this section follow the rules in the Capital Requirements Directive (CRD) and not accounting standards, see Note 45 Credit risk disclosures for details.

Minimum capital requirements

Risk-weighted assets (RWA) are calculated in accordance with requirements in the CRD. Nordea Bank Norge had 84% of the exposure covered by internal rating based (IRB) approaches by the end of 2012.

Nordea Bank Norge is approved to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for a significant part of the market risk in the trading book. For operational risk the standardised approach is applied.

Capital requirements in Nordea Bank Norge group

NOKm	2013 Capital requirement[1]	2013 RWA	2012 Capital requirement[1]	2012 RWA
Credit risk	**16,170**	**202,128**	**16,664**	**208,297**
IRB	14,827	185,342	15,177	189,716
- of which corporate	12,484	156,051	12,413	155,166
- of which institution	308	3,851	442	5,523
- of which retail	1,862	23,276	2,201	27,520
- of which retail SME	124	1,545	127	1,589
- of which retail real estate	1,214	15,177	1,473	18,417
- of which retail other	524	6,553	601	7,514
- of which other	173	2,164	121	1,507
Standardised	1,343	16,786	1,487	18,581
- of which sovereign	14	172	30	372
- of which retail	573	7,159	498	6,226
- of which other	756	9,455	959	11,983
Market risk	179	2,237	172	2,153
- of which trading book, Internal Approach	94	1,180	59	735
- of which trading book, Standardised Approach	85	1,057	113	1,418
Operational risk	1,677	20,957	1,690	21,125
Standardised	1,677	20,957	1,690	21,125
Sub total	**18,026**	**225,322**	**18,526**	**231,575**
Adjustment for transition rules				
Additional capital requirement according to transition rules	7,683	96,043	6,625	82,815
Total	**25,709**	**321,366**	**25,151**	**314,390**

[1] 8% minimum capital requirement.

Internal capital requirement

Nordea bases its internal capital requirements under the Internal Capital Adequacy Assessment Process (ICAAP) on risks defined by CRD and risks internally defined under Pillar II. The following major risk types are included in the internal capital requirement: credit risk, market risk, operational risk and business risk. Additionally, interest rate risk in the banking book, risk in Nordea's sponsored defined benefit pension plans, real estate risk and concentration risk are explicitly accounted for.

In addition to calculating risk capital for its various risk types, Nordea conducts a comprehensive capital adequacy stress test to analyse the effects of a series of global and local shock scenarios. The results of the stress tests are considered, along with potential management interventions, in Nordea's internal capital requirements as buffers for economic stress. The internal capital requirement is a key component of Nordea's capital ratio target setting.

The ICAAP also describes Nordea's management, mitigation and measurement of material risks and assesses the adequacy of internal capital by defining internal capital requirements reflecting the risk of the institution. However, regulatory buffers are introduced with the implementation of CRD IV. This might lead to higher capitalisation requirements than what is determined in the internal capital requirement.

Economic Capital (EC)

Nordea's Economic Capital model is based on the same risk components as the ICAAP but also includes risks in the insurance businesses. EC is calculated for the conglomerate whereas the ICAAP, which is governed by the CRD, covers only the financial group. EC was during 2013 further aligned to core tier 1 capitalisation requirements anticipated in forthcoming regulation.
Economic Capital for Nordea Bank Norge was at the end of 2013 EUR 3.6bn (EUR 4.1bn as of 2012, restated).

Economic Profit (EP)

Nordea uses EP as one of its financial performance indicators. EP is calculated as risk-adjusted profit less the cost of equity. Risk-adjusted profit and EP are measures to support performance management and for shareholder value creation. In investment decisions and customer relationships, EP drives and supports the operational decision making process in Nordea. The EP model also captures both growth and return. EC and expected losses (EL) are inputs in the EP framework.

Expected loss (EL)

EL reflects the normalised loss level of the individual credit exposure over a business cycle as well as various portfolios. EL is a more stable measure than actual losses, but it will vary with the business cycle as a consequence of shifts in the repayment capacity (PD dimension) and collateral coverage (LGD dimension) distributions.

Capital base

Capital base (referred to as own funds in the CRD) is the sum of tier 1 capital and tier 2 capital after deductions.

Tier 1 capital is defined as capital of the same or close to the character of paid-up, capital-eligible reserves and a limited portion of hybrid capital loan (perpetual loan) instruments (maximum up to 50% of tier 1). Profit may only be included after deducting the proposed dividend. Goodwill and deferred tax assets, IRB shortfall as well as investment in credit institutions are deducted from tier 1 and tier 2.

Tier 2 comprises perpetual loans and dated loans. The total tier 2 amount may not exceed tier 1. Dated tier 2 loans may not exceed half the amount of tier 1. The limits are set after deductions, i.e. investment in credit institutions.

Table Summary of items included in capital base in Nordea Bank Norge group

Summary of items included in capital base in Nordea Bank Norge group[1]

NOKm	31 Dec 2013	31 Dec 2012
Calculation of total capital base		
Equity	40,680	36,172
Proposed/actual dividend	–	–
Hybrid capital loans	4,959	4,815
Deferred tax assets	–	–206
Intangible assets	–376	–1,143
IRB provisions excess (+)/shortfall (–)	–282	–1,048
Deduction for investments in credit institutions (50%)	0	–1
Other items, net	–2	–
Tier 1 capital (net after deduction)	**44,978**	**38,589**
– of which hybrid capital	4,959	4,815
Tier 2 capital	**3,376**	**3,230**
– of which perpetual subordinated loans	1,213	1,114
IRB provisions excess (+)/shortfall (–)	–282	–1,048
Deduction for investments in credit institutions (50%)	0	–1
Total capital base	**48,072**	**40,771**

Key capital adequacy ratios in Nordea Bank Norge group[1]

	31 Dec	31 Dec
RWA including transition rules	321,366	314,390
RWA excluding transition rules	225,322	231,575
Capital requirement including transition rules[1]	25,709	25,151
Core tier 1 capital	40,019	33,774
Tier 1 capital	44,978	38,589
Capital base	48,071	40,771
Capital ratios excl. transition rules		
Core tier 1 capital ratio (%)	17.8%	14.6%
Tier 1 capital ratio (%)	20.0%	16.7%
Capital base ratio (%)	21.3%	17.6%
Capital adequacy quotient (Capital base/Capital requirement)	2.67	2.20
Capital ratios incl. transition rules		
Core tier 1 capital ratio (%)	12.5%	10.7%
Tier 1 capital ratio (%)	14.0%	12.3%
Capital base ratio (%)	15.0%	13.0%
Capital adequacy quotient (Capital base/Capital requirement)	1.87	1.62

[1] 8% minimum capital requirement.

Further information

Further information on capital management and capital adequacy is presented in note 38 Capital adequacy and in the Capital and Risk Management report at www.nordea.com.

New regulations

The final version of the Capital Requirement Directive IV (CRD IV) and Capital Requirement Regulation (CRR) for the European financial market was published in June 2013. The Directive will be implemented through national law in all EU countries during 2014 while the Regulation will become applicable in all EU countries from 1 January 2014 directly through the European process. In Norway the implementation time table is not decided yet since the CRD IV/CRR has not been agreed within the EEA agreement yet. In addition to CRD IV/CRR, there are several closely related proposals emerging.

CRD IV and CRR

The CRD IV/CRR is intended to set a single rule book for all banks in all EU Member States in order to avoid divergent national rules. The European Banking Authority (EBA) are supporting the process by issuing binding technical standards and are expected to deliver more than 100 standards due to CRD IV/CRR, of which a large number were issued for consultation during 2013.

The CRD IV/CRR includes several key initiatives, which change the current requirements that have been in effect since 2007. The regulation requires higher and better quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the riskbased requirement, measures to promote the buildup of capital that can be drawn down in periods of stress, and the introduction of liquidity standards.

The CRD IV/CRR requires banks to comply with the following
minimum capital ratios.

- Common equity tier 1 (CET1) capital ratio of 4.5%
- Tier 1 capital ratio of 6%
- Total capital ratio of 8%

The CRD IV also introduces a number of capital buffers. All buffers are to be expressed in relation to RWA and to be covered by CET1 and represent additional capital to be held on top of the minimum regulatory requirements. The buffers are a capital conservation buffer of 2.5%, a countercyclical capital buffer as an extension of the capital conservation buffer, which will be developed in national jurisdictions when excess credit growth is judged to be associated with a buildup of systemwide risk and are to be set in the range 0–2.5%. Supervisory authorities shall also require that globally systemically important institutions (G-SIIs) hold buffer of additionally 1–3.5%– In addition, the CRD IV allows for a Systemic Risk Buffer (SRB) to be added as well as a buffer for other systemically important institutions (O-SIIs). The O-SII buffer can be set up to 2% and the SRB can be set up to 3% for a banks all exposures and up to 5% for a banks domestic exposures. Breaching of these buffer requirements will restrict banks' capital distribution, such as dividend.

RWA will mainly be affected by additional requirements for counterparty credit risk, by introducing capital requirements for Credit Valuation Adjustment- risk and Central Counterparties, an introduction of an asset correlation factor for exposures towards large financial institutions and a multiplication factor of 0,7619 for exposures to SMEs. Several countries are also discussing the introduction of higher risk weights or other restrictions on mortgage lending. The CRD IV/CRR also introduces a non-risk-based measure, the leverage ratio, in order to limit an excessive build-up of leverage on credit institutions' balance sheets, thus helping to contain the cyclicality of lending.

CRD IV/CRR also introduces two new quantitative liquidity standards; liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). LCR requires that a bank hold liquidity buffers which are adequate to face any possible imbalance between liquidity inflows and outflows under gravely stressed conditions over a period of 30 days. NSFR requires that a bank shall ensure that long term obligations are adequately met with a diversity of stable funding instruments under both normal and stressed conditions. CRD IV/CRR does not contain detailed rules for NSFR. BCBS published detailed proposals for NSFR in 2010 and changed proposals on 12 January 2014. According to the Basel proposals, a bank' Available Stable Funding (ASF) shall be at least equal to its Required Stable Funding (RSF). ASF and RSF are determined by prespecified factors. LCR is expected to be phased in from January 2015 while NSFR might be introduced as a minimum standard by January 2018, but local requirements might give earlier implementation.

Within CRR there are a number of national options that can be implemented into national legislation/regulation should the national authorities choose to do so. Even though Norway is not a member of the EU and the current rules still apply, new levels of capital requirement were decided already in June 2013 to be applicable from 1 July 2013. According to these new rules, financial institutions shall have a CET1 capital ratio of at least 4.5 %. In addition, institutions must have a capital conservation buffer of at least 2.5 % CET1 and a systemic risk buffer of 2 % CET1. The systemic risk buffer will be raised from 2 % to 3 % from 1 July 2014. Furthermore, SIFIs must hold an additional buffer of 1 % CET1 from 1 July 2015 and 2 % CET1 from 1 July 2016. Nordea Bank Norge is considered a SIFI according the Norwegian rules. It is suggested that all identified SIFIs are to be given the same additional capital requirement. In addition to the specific capital requirements, a new regulation was introduced in October 2013, giving the authorisation to determine a countercyclical buffer. The countercyclical buffer will range between 0 and 2.5 % CET1 and the Ministry of Finance shall each quarter make a decision on the level of the countercyclical buffer based on advice from the Norwegian Central Bank. On 12 December 2013 the Ministry of Finance decided to set the buffer rate to 1% to be applicable from 30 June 2015. In October 2013 the Ministry of Finance also adopted a new regulation regarding the risk weights for residential mortgage for IRB banks. The regulation increases the LGD floor from the current 10 % to 20 %.

Other new regulation

FSB has published "Effective resolution of Systemically Important Financial institutions" and "Key Attributes of Effective Resolution Regimes for Financial Institutions". Also the EU Commission published "Crisis Management Directive", which is planned to be adopted by 2014. The objective of the new regulations is to reduce the risk of a bank failure through better planning for financial disasters.

The BCBS has published a second consultative document on a fundamental review of the trading book. The aim is to strengthen the resilience to market risks due to observed weaknesses during the crisis. The review sets out a potential definition of the scope of the trading book and also proposes to strengthen the relationship between the standardised and internal models- based approaches.

In 2012, the Commission presented a proposal to move to a full banking union in the Eurozone. The proposal for a single supervisory mechanism for banks in the Eurozone should be seen as an important step in strengthening the Economic and Monetary Union (EMU). A banking union can be defined as a fully integrated bank regulatory and supervisory system within a federal structure.

In February 2012, the EU Commission established a High-level Expert Group (HLEG) with the task to assess whether additional reforms on the structure of individual banks should be considered. The HLEG presented a report in October 2012 with the suggestion to have a mandatory separation of proprietary trading and other so called high risk trading activities from the normal banking activities. During 2013 the Commission has been working on a legislative proposal and an impact study with the aim of presenting the proposal early 2014.

Internal control and risk management regarding financial reporting

The systems for internal control and risk management over financial reporting are designed to give reasonable assurance concerning reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, applicable laws and regulations in Norway, and other requirements for listed companies. The internal control and risk management activities in NBN follow the Nordea principles and are included in Nordea's planning and resource allocation processes. Internal control and risk management over financial reporting in Nordea can be described in accordance with the original COSO framework (Internal Control – Integrated framework, by the Committee of Sponsoring Organizations of the Treadway commission) as follows below. (An updated 2013 Framework has been issued. The adoption of the 2013 Framework has a transition period until 15 December 2014).

Control Environment

The control environment constitutes the basis for Nordea's internal control and contains the culture and values established by the Board of Directors in Nordea Group and Group Executive Management. A clear and transparent organizational structure is of importance for the control environment. Nordea's business structure aims to support the overall strategy, with a strong business momentum and increased requirements on capital and liquidity. The business as well as the organization is under continuous development. The key principle of risk management in Nordea is the three lines of defence, with the first line of defence being the business organisation and Group Functions, the second line being the centralised risk group functions which defines a common set of standards, and the third line being the internal audit function. The second line of defence function, Accounting Key Controls (AKC), implements a Nordea group-wide system of key controls to ensure that controls essential for the financial reporting are continuously identified, monitored and assessed.

Risk Assessment

The Board of Directors in Nordea Group bears the ultimate responsibility for limiting and monitoring Nordea risk exposure, and risk management is considered as an integral part of running the business. The main responsibility for performing risk assessments regarding financial reporting risks lies with the business organisation. Performing risk assessments close to the business increases the possibility of identifying the most relevant risks. In order to govern the quality, central functions stipulate in governing documents when and how these assessments are to be performed. Examples of risk assessments, performed at least annually, are Quality and Risk Analysis for changes and Self Risk Assessments on divisional levels.

Control Activities

The heads of the respective units are primarily responsible for managing the risks associated with the units' operations and financial reporting processes. This responsibility is primarily supported by the Group Accounting Manual (GAM), the Financial Control Principles and various governing bodies, such as the Group Valuation Committee. The GAM includes a standard reporting package used by all entities to ensure consistent use of Nordea's principles and coordinated financial reporting. Fundamental internal control principles in Nordea are segregation of duties and the four-eye principle when approving for instance transactions and authorisations. The quality assurance vested in the management reporting process, where a detailed analysis of the financial outcome is performed, constitutes one of the most important control mechanisms associated with the reporting process. The reconciliations constitute another set of important controls where Nordea works continuously to further strengthen the quality.

Information & Communication

Group Functions are responsible for ensuring that the Group Accounting Manual and the Financial Control Principles are up-to-date and that changes are communicated to the responsible units. These governing documents are broken down into instructions and standard operating procedures in the responsible units. On an annual basis accounting specialists within Group Finance & Reporting provide sessions for accountants and controllers in order to inform about existing and updated rules and regulations with an impact on Nordea. Matters having impact on the fulfilment of financial reporting objectives are communicated with external parties, with Nordea actively participating in relevant national forums, for example forums established by the Financial Supervisory Authorities, Central Banks and associations for financial institutions.

Monitoring

Nordea has established a process with the purpose of ensuring proper monitoring of the quality of the financial reporting and follow-up regarding possible deficiencies. This interactive process aims to cover all components in the original COSO framework. The Board of Directors, the Board Audit Committee, the Board Risk Committee and Group Internal Audit have an important role with regards to monitoring the internal control over financial reporting in Nordea.

According to Norwegian law, Nordea is required to have an external auditor. At the Annual General Meeting 2013 KPMG was reelected as auditor for the time period up to end of the Annual General Meeting 2014. State Authorised Public Accountant Lars Inge Pettersen is the auditor-in-charge for Nordea Bank Norge ASA.

Articles of association regulating the Board of Directors

The requirements in the Norwegian Accounting Act §3.3b requires the statutes regulating the composition and nomination of the Board of Directors to be disclosed.

According to the statutes of Nordea Bank Norge ASA the Board of Directors comprises 5-8 directors who are elected by the Supervisory Board. At least one fourth of the Board's directors shall be external, not employed or holding any honorary functions in the bank. One of the elected directors shall be an employee of the bank. For this director, 2 personal deputies shall be elected with the right to attend and speak at board meetings, provided the second deputy only attends when the director or the first deputy is absent.

The chairman and deputy chairman of the Board shall be elected by separate ballot. The elected directors serve for terms of 2 years. Each year the elected directors with the longest term of service shall retire. The first time approximately half of the directors shall retire according to lots drawn by the Election Committee. Deputy directors are elected for terms of 2 years. If an elected director retires before the expiry of the election period and the number of elected directors thereby becomes less than 5, a new director shall be elected for the remaining period at the earliest opportunity.

The election of directors shall be prepared by an Election Committee comprising the chairman of the Supervisory Board and 2 members elected by the Supervisory Board for a period of 2 years. The Committee shall have members from both groups of the Supervisory Board, c.f. § 11 (3- 4) of the Commercial Banks Act. The chairman of the Supervisory Board is the chairman of the committee. For the director who is elected from among the employees of the Bank and for the personal deputies for this director, only the employee representative on the Election Committee shall submit a recommendation.

The Supervisory Board is composed of 15 members, elected by the General Meeting. The Supervisory Board should be broadly based and include members from the various regions and industries that are affected by the Bank's activities.

As part of a reorganisation decision, Torsten Hagen Jørgensen, new CFO in GEM, was chosen as Board member and deputy chairman for NBN by the Board of Representatives 28 January 2013.

Further information

Further information on corporate governance and internal control and risk management regarding financial reporting is presented in the Nordea Bank AB (publ) Annual Report 2013.

Human Resources

People make it happen

Working at Nordea is working at a relationship bank in which everybody is responsible for supporting great customer experiences. This is why attracting, developing and maintaining highly motivated people are among our main priorities.

Our People Strategy emphasises that for Nordea to reach its goals our employees need to reach theirs. This means that Nordea has to provide opportunities for our people to grow and live well-balanced lives. Teamwork is an integral part of working at Nordea and a key to our success.

We focus on health and aim at identifying and strengthening the factors that enhance a healthy working environment for our employees. At Nordea, we recognise that people have different needs in different stages of their lives, and it is important to strike a balance between work and leisure.

We ensure this in different ways, taking into account local conditions, rules and regulations. We strive to create flexible working conditions on a day-to-day basis. We offer our employees access to health services, with thorough health checks as well as favourable terms for leave of absence.

Great leaders build the right team

Our values are incorporated into all our people processes, our training and everyday leadership, and are the foundation for our leadership competencies. Leadership was a specific focus area in 2013, when the final programme in our Leadership Pipeline Framework was implemented. All of our leaders will now take part in leadership training when they change from one leadership level to another. Further, in 2014 all leaders will participate in people performance management training to further strengthen Nordea's people performance culture.

Continuous feedback to support successful performance

Regular feedback is essential to ongoing development. We create a culture of responsiveness through our Employee Satisfaction Index (ESI) and our Performance & Development Dialogue (PDD) process. The ESI survey shows what our employees think about our employment practices, governance standards and values. In 2013, the ESI response rate was 92% indicating commitment to improving the operations together. NBN scored 70 out of 100 points on Satisfaction and Motivation for 2013. We follow up on the feedback from the ESI both at local and group level. In the PDDs, employees and leaders discuss the performance and potential competence and career development. In 2013, 75% reported to have participated in this review process.

Competence development is crucial for our business
Nordea provides group-wide leadership and employee development. Development is the joint responsibility of the manager and the employee. It is supported by feedback, coaching and mentoring as well as formal training programmes. Most development is, however, realised in daily work, because this is where competencies are put to use. The Talent Management process ensures that we have strong leaders, competent specialists and high-quality succession.

A company with many possibilities
Mobility is key for competence development. We advertise our vacancies internally and strive to find candidates among our colleagues as well as running internal career days on a country-wise basis. Nordea's Graduate Programme plays an important role in bringing new talents into the bank. The programme is in high demand, and hence a measure of our ability to attract some of the best young talents. The current graduate programme has been running for 13 years with more than 700 participants in NBN. Nine graduates started during 2013.

Equal opportunities
Gender diversity is a challenge in many industries and the society at large. Close to 47 % of the full-time employees of NBN are women. The share of females with personnel responsibility is 36%. To increase the number of females in managerial and especially executive positions is a priority and an analysis was initiated in 2013 to identify the barriers to increasing the share of women in leading positions. A plan was created to ensure that more female talents are motivated and given the possibility of continuing along the leadership career track.

In terms of full time salary, average salary for women and men in NBN was approximately NOK 546,000 and NOK 656,000, respectively, and reflects a higher number of men in leading and key positions.

Equal opportunities issues are an integrated part of the development of the organisation and employees. Nordea's Corporate Citizenship Principles includes the following overall provision: "We do not discriminate based on gender, ethnic background, religion or any other ground." The equal opportunities issues are included in the various personnel policies, for example career planning and appointments to higher management positions.

Nordea values its employees independent of gender, age, disability or cultural background. An important goal for a company as large as Nordea is to reflect the diversity in society. The individual qualifications should be the the right foundation for external recruitment and internal hires. We acknowledge that our employees have different motivation and ambition factors. The right person at the right place is the foundation to create great customer experience in the entire value chain. An active relation to diversity supports Nordea's value One Nordea Team.

Number of employees
The number of employees in NBN was 3,133 at the end of 2013. This represents 2,862 FTEs. NBN recruited in total 147 persons in 2013, 62 of these were female and 85 were male. The average age of the recruited persons was 33 in 2013.

Sick leave
Sick leave amounted to 28,246 days in 2013 equivalent to 4.21% (4.33), adjusted for holidays. The relatively low sick leave percentage must be seen in connection with the systematic reviews of the physical and psychosocial working environment performed by HR Health & Work Environment, particularly in those areas where sick leave is most frequent. Through the collective personal insurance scheme, all employees in NBN are guaranteed faster access to treatment. Further, the employees on sick leave are followed-up more closely in accordance with the agreement on Including Work Life (IA).

Six injuries to human beings (work related) have been reported due to accidents or other incidents in NBN in 2013.

The working environment is considered to be good in NBN. It has not been necessary to carry out any specific measures.

Remuneration
Nordea has a clear remuneration policy, instructions and processes, securing sound remuneration structures throughout the organisation. The Board of Directors decides on the Nordea Remuneration Policy, based on an analysis of the possible risks involved, and ensures that it is applied and followed-up as proposed by the Board Remuneration Committee (BRC). Nordea has a total remuneration approach to compensation that recognises the importance of well-balanced but differentiated remuneration structures based on business and market needs, and of compensation being consistent with and promoting sound and effective risk management, and not encouraging excessive risk-taking or counteracting Nordea's long-term interests.

The remuneration components are evaluated annually to ensure compliance with both international and local remuneration guidelines and requirements. In addition, risk analyses and mitigation are performed to address risks related to the governance and structure of the remuneration schemes, target-setting and measurement of results, as well as fraud and reputation. The main focus of the analysis is the variable components that potentially lead to total compensation that could be considered high. At least annually, the BRC follows up on the application of the Nordea Remuneration Policy and supplementary instructions with an independent review by Group Internal Audit.

For further information on remuneration see Note 8 Staff costs and the Board of Directors report in Nordea Bank Ab (publ) Annual Report.

Legal proceedings

Within the framework of the normal business operations, NBN faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the NBN or its financial position.

Subsequent events

No events have occurred after the balance sheet date, which may materially affect the assessment of the annual financial statements of NBN Group.

Corporate Social Responsibility (CSR) and Environmental concerns

Nordea's work relating to CSR in 2013 was focused on building closer relationships with our customers, improving compliance and addressing anti-money laundering, further integrating environmental, social and governance aspects into our products and processes, developing and supporting our people to secure strong performance as well as continuing to align our operations with our stakeholders' expectations by identifying the latter through interactive dialogue.

Nordea's CSR is governed by international commitments as well as internal policies. The Code of Conduct and the Nordea Sustainability Policy are the core CSR policies. The Code of Conduct is based on the ten principles of the United Nation's Global Compact while the Nordea Sustainability Policy spells out the Group's values and commitments to ethical business. Both apply to all personnel and all who work on behalf of Nordea. The main policies and international commitments are supported by specific and concrete policies to ensure compliance in everyday business. Examples are the human resources policies, the anti-corruption policies, and several investment and credit policies.

The Group Executive Management (GEM) approves the CSR strategy and goals each year. In addition to that, the Head of CSR participates in Group Executive Management meetings regularly during the year. Strategic oversight and direction sits with our CSR Stakeholder Board. The Board met four times in 2013.

Nordea is acknowledged as a Nordic leader and best bank in the CDP (Carbon Disclosure Project) Nordic Climate Change Report 2013 that tracks how the world's largest listed companies act in response to a changing climate. This is the third year in a row that Nordea makes the Nordic leader ranking, scoring 93 out of 100 possible points and a B level out of A-E.

In 2008, we launched the Ecological Footprint Programme. We have set ambitious environmental targets for the future in environmental management, green IT, paper consumption, waste management, and water consumption and are well on our way of achieving them. Further, we have implemented a new environmental data management. The IT tool collects our energy consumption figures, travel data, and waste data. Carbon emissions are then allocated to unit or individual level. This tool will allow every employee in Nordea to measure their own carbon footprint and identify improvement areas.

The credit framework in Nordea includes environmental, social and political risks as well as processes and methods for analysing and identifying risks. The Environmental Risk Assessment Tool (ERAT) considers environmentally related risks in the corporate lending process and produces an environmental risk profile, including climate change risks. In order to better handle the CSR risks in the corporate lending process, Nordea has also developed the Social and Political Risk Assessment Tool (SPRAT). Credit decisions are based on customers acting in compliance with ERAT and SPRAT, and there are legal repercussions for providing false information or withholding facts. An essential aspect of our credit process is that most credit analysts are dedicated to a specific industry in which they have in-depth expertise.

Nordea adopted the Equator Principles (EP) in 2007. The EP is a global, voluntary standard for commercial lenders based on the International Finance Corporation's (IFC) guidelines for environmentally and socially responsible financing. A finance institution that has adopted the EP should only grant loans to projects that are compliant to the principles. Our analysts and other relevant personnel have been trained in using the the Equator Principles and internal seminars are held annually to provide updates and knowledge sharing. Depending on the type of project, we monitor the performance of all active projects in the portfolio on a quarterly, semi-annual or annual basis, to ensure compliance with environmental, social and other conditions.

All of Nordeas suppliers are required to operate in accordance with our CSR principles. This means that we enforce our social, human rights, and environmental principles and regulations throughout our supply chain. We require all our suppliers to adhere to the Nordea Code of Conduct, Sustainability Policy, UN Global

Compact, Equator Principles as well as the United Nations Environmental Programme Finance Inititative (UNEP FI). In 2013, Nordea conducted six on-spot reviews to make sure we are on the right track. .

Nordea implemented Socially Responsible Investing (SRI) during 2007 when we as the first Nordic bank signed the UN's Principles for Responsible Investment (PRI). Through signing these principles Nordea is obliged to consider and implement factors such as the environment and social considerations in our investment analyses and decision making processes.

As a responsible international bank, Nordea is committed to supporting all efforts to combat organised crime and terrorism. Dedicated Anti-Money Laundering (AML) teams are set up in markets where Nordea operates. Nordea's AML work is based on international regulations with the ultimate goal of ensuring that funds from illegal sources cannot be laundered through the banking system or used to finance terrorism or illegal operations of any kind. In 2013, Nordea changed AML governance from a national to business area focus to improve governance, and establish a group-wide programme to track, coordinate and report on AML-related activities across the bank. Further, the formal whistle blowing system reflects Nordea's status as a Global Systemically Important Bank and ensures our compliance with the standards set out in the UK Bribery Act and European Banking Authority Guidelines.

Nordea has engaged in numerous activities to address the specific challenges in local communities. Our financial literacy programme began in 2010 Banking advisors visit classes with students aged 13-18, and hold hands-on classes in personal finance walking through issues that are relevant for the students in their current lives as well as issues they will be facing in the future. In Norway Nordea has partnered with Young Entrepreneurs, an organisation dedicated to developing the creativity, entrepreneurship and self-esteem of children and youths through school competitions.

Human rights are increasingly becoming an issue in international business. Human rights are often complex and United Nations has formed a working group to ascertain how the financial sector should handle human rights issues and where the responsibility begins and ends. Liisa Jauri, head of CSR at Nordea, is part of the working group. The UN working group will recommend how human rights, including children's rights, should be integrated in a bank. Nordea already include social aspects, of which human rights are a part, in the lending and investment analysis as well as sourcing. Going forward Nordea aims at including human rights aspects even more in our CSR work.

NBN's direct impact on the external environment is limited to the use of material and energy as well as the production of services necessary for the business. NBN's strong focus on general reduction of costs supports a reduced use of resources and energy. Indirect influence on the environment takes place via business activities.

For more information about Nordea's CSR work, see the Annual Report of Nordea Bank AB (publ) and Nordea's CSR Report available on www.nordea.com/csr.

Outlook for 2014

Despite macroeconomic challenges NBN achieved increased income, lower costs, a stronger capital position and an improved profit before loan losses in 2013.

Although activity has picked up somewhat during 2013, growth is still subdued and NBN foresees a prolonged period of an low-growth environment with lower than normal interest rates. As a consequence NBN will accelerate and expand the existing cost efficiency programme. This will enable NBN to adjust capacity to the expected lower activity level and to maintain our position as a strong bank.

Nordea Bank Norge ASA
Oslo, 5 February 2014

Ari Kaperi
Chairman

Torsten Hagen Jørgensen
Deputy chairman

Mary H. Moe

Karin S. Thorburn

Hans Chr. Riise
Employee representative

Gunn Wærsted
Chief Executive Officer

Financial statements - contents

Nordea Bank Norge

Income statements

NOKm	Note	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Operating income					
Interest income		19,375	20,072	15,115	16,573
Interest expense		-9,984	-11,176	-8,377	-9,439
Net interest income	3	**9,391**	**8,896**	**6,738**	**7,134**
Fee and commission income[2]		3,402	3,360	3,220	3,187
Fee and commission expense[2]		-962	-948	-951	-940
Net fee and commission income	4	**2,440**	**2,412**	**2,269**	**2,247**
Net result from items at fair value	5, 24	512	456	482	460
Profit/-loss from associated undertakings accounted for under the equity method	20	139	136	0	0
Dividends and group contribution	6	0	0	14	312
Other operating income	7	203	183	270	256
Total operating income		**12,685**	**12,083**	**9,773**	**10,409**
Operating expenses					
General administrative expenses:					
Staff costs[1]	8	-2,674	-2,930	-2,532	-2,784
Other expenses	9	-1,900	-1,856	-1,801	-1,779
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 21, 22	-151	-203	-146	-197
Total operating expenses		**-4,725**	**-4,989**	**-4,479**	**-4,760**
Profit before loan losses		**7,960**	**7,094**	**5,294**	**5,649**
Net loan losses	11	-1,401	-958	-1,340	-833
Operating profit		**6,559**	**6,136**	**3,954**	**4,816**
Income tax expense[1]	12	-1,858	-1,696	-1,180	-1,357
Net profit for the year		**4,701**	**4,440**	**2,774**	**3,459**
Attributable to:					
Shareholder of Nordea Bank Norge ASA		4,701	4,440	2,774	3,459
Total		**4,701**	**4,440**	**2,774**	**3,459**
Basic/diluted earnings per share, NOK		8.53	8.05	5.03	6.27

[1] Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further details.

[2] Figures for 2012 are restated, see Note 1 Accounting policies for further details.

Statements of comprehensive income

	Group		Parent Company	
NOKm	2013	2012	2013	2012
Net profit for the year	**4,701**	**4,440**	**2,774**	**3,459**
Items that may be reclassified subsequently to the income statement				
Available-for-sale investments[1]:				
Valuation gains/losses during the year	18	106	18	106
Tax on valuation gains/losses during the year	-5	-30	-5	-30
Transferred to the income statement	4	0	4	0
Tax on transfers to the income statement	-1	0	-1	0
Cash flow hedges:				
Valuation gains/losses during the year	4	0	49	0
Tax on valuation gains/losses during the year	-1	0	-13	0
Items that may not be reclassified subsequently to the income statement				
Defined benefit plans:				
Remeasurement of defined benefit plans[2]	172	1,067	169	1,049
Tax on remeasurement of defined benefit plans[2]	-36	-299	-35	-294
Other comprehensive income, net of tax[2]	**155**	**844**	**186**	**831**
Total comprehensive income	**4,856**	**5,284**	**2,960**	**4,290**
Attributable to:				
Shareholders of Nordea Bank ASA	4,856	5,284	2,960	4,290
Total	**4,856**	**5,284**	**2,960**	**4,290**

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

[2] Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

Nordea Bank Norge ASA
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Nordea Bank Norge

Balance sheets

NOKm	Note	Group 31 Dec 2013	Group 31 Dec 2012	Group 01 Jan 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012	Parent company 01 Jan 2012
Assets							
Cash and balances with central banks		2,600	3,836	5,299	2,595	3,836	5,289
Loans to central banks and credit institutions	13	33,076	17,798	26,943	70,555	55,519	56,552
Loans to the public	13	462,772	455,990	464,403	326,194	324,054	359,710
Interest-bearing securities[2]	14	82,907	81,140	53,726	104,067	102,350	74,505
Financial instruments pledged as collateral	15	1,024	1,917	534	1,024	1,917	534
Shares	16	572	493	1,645	572	493	1,645
Derivatives	17	5,190	1,466	5,803	5,592	1,790	6,044
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	436	764	658	348	411	232
Investments in group undertakings	19	0	0	0	5,042	4,646	2,845
Investments in associated undertakings	20	1,553	1,413	1,277	417	417	417
Intangible assets	21	375	411	461	318	358	408
Property and equipment	22	361	298	303	361	297	301
Investment property	24	203	132	0	10	28	0
Deferred tax assets[1]	12	0	336	714	0	669	969
Current tax assets	12	0	43	0	0	43	23
Other assets	25	4,408	4,691	3,888	4,373	4,657	3,754
Prepaid expenses and accrued income	26	2,643	2,951	2,773	1,744	2,143	1,915
Total assets		**598,120**	**573,679**	**568,427**	**523,212**	**503,628**	**515,143**
Liabilities							
Deposits by credit institutions	27	243,146	228,997	239,470	243,143	229,002	239,494
Deposits and borrowings from the public	28	218,862	218,952	223,195	218,875	218,972	223,178
Debt securities in issue	29	70,977	65,793	51,471	3,147	2,000	2,505
Derivatives	17	1,508	2,075	2,005	4,027	3,029	3,310
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	747	1,123	618	-58	2	0
Current tax liabilities	12	601	1,731	198	0	1,375	0
Other liabilities	30	8,526	6,718	7,252	8,511	6,774	7,322
Accrued expenses and prepaid income	31	2,472	2,512	2,368	1,271	1,388	1,259
Deferred tax liabilities	12	962	0	0	555	0	0
Provisions	32	121	317	512	119	305	499
Retirement benefit obligations[1]	33	1,129	1,673	2,676	1,098	1,639	2,622
Subordinated liabilities	34	8,294	7,879	9,394	8,294	7,879	9,394
Total liabilities		**557,345**	**537,770**	**539,159**	**488,982**	**472,365**	**489,583**
Equity							
Non-controlling interests		0	0	9	0	0	0
Share capital		4,411	4,411	3,860	4,411	4,411	3,860
Share premium reserve		3,402	3,402	953	3,402	3,402	953
Other reserves[1]		999	844	0	1,017	831	0
Retained earnings		31,963	27,252	24,446	25,400	22,619	20,747
Total equity		**40,775**	**35,909**	**29,268**	**34,230**	**31,263**	**25,560**
Total liabilities and equity		**598,120**	**573,679**	**568,427**	**523,212**	**503,628**	**515,143**
Assets pledged as security for own liabilities	35	161,229	151,513	132,931	68,777	62,683	68,709
Contingent liabilities	36	1,777	1,801	1,703	5,811	5,618	5,410
Commitments	37	113,076	102,527	107,592	123,635	111,025	164,127

[1] Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further details.

[2] Figures for prior period are restated due to changes in policies, see Note 1 Accounting Policies for further details.

Statements of changes in equity

Group

NOKm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 Jan 2013	**4,411**	**3,402**	**0**	**76**	**768**	**27,252**	**35,909**	**0**	**35,909**
Net profit for the year						4,701	4,701		4,701
Items that may be reclassified subsequently to the income statement									
Available-for-sale investments:									
Valuation gains/losses during the year				18			18		18
Tax on valuation gains/losses during the year				-5			-5		-5
Transferred to profit or loss on sale for the year				4			4		4
Tax on transfers to profit or loss on sale for the year				-1			-1		-1
Cash flow hedges:									
Valuation gains/losses during the year			4				4		4
Tax on valuation gains/losses during the year			-1				-1		-1
Items that may not be reclassified subsequently to the income statement									
Defined benefit plans:									
Remeasurement of defined benefit plans					172		172		172
Tax on remeasurement of defined benefit plans					-36		-36		-36
Other comprehensive income, net of tax	0	0	3	16	136	0	155	0	155
Total comprehensive income	0	0	3	16	136	4,701	4,856	0	4,856
Share-based payments[2]						18	18		18
Other changes						-8	-8		-8
Balance at 31 Dec 2013	**4,411**	**3,402**	**3**	**92**	**904**	**31,963**	**40,775**	**0**	**40,775**

NOKm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 Jan 2012	**3,860**	**953**	**0**	**0**	**0**	25,590	**30,403**	**9**	**30,412**
Restatement due to changed accounting policy[3]					0	-1,144	-1,144	0	-1,144
Restated opening balance at 1 Jan 2012	**3,860**	**953**	**0**	**0**		**24,446**	**29,259**	**9**	**29,268**
Net profit for the year						4,440	4,440		4,440
Items that may be reclassified subsequently to the income statement									
Available-for-sale investments:									
Valuation gains/losses during the year				106			106		106
Tax on valuation gains/losses during the year				-30			-30		-30
Items that may not be reclassified subsequently to the income statement									
Defined benefit plans:									
Remeasurement of defined benefit plans[3]					1,067		1,067		1,067
Tax on remeasurement of defined benefit plans[3]					-299		-299		-299
Other comprehensive income, net of tax	**0**	**0**	0	76	768	0	844	0	844
Total comprehensive income	0	0	0	76	768	4,440	5,284	0	5,284
Share-based payments[2]						13	13		13
Dividend for 2011						-1,600	-1,600	-6	-1,606
Increase of share capital and premium reserve	551	2,449					3,000		3,000
Step-up purchase of Privatmegleren AS[4]						-47	-47	-3	-50
Balance at 31 Dec 2012	**4,411**	**3,402**	**0**	**76**	**768**	**27,252**	**35,909**	**0**	**35,909**

[1] The share capital is NOK 4,410,868,608 (31 Dec 2012; 4 410 868 608) consisting of 551,358,576 shares at par value of NOK 8.00 (8.00 in 2012).

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

[3] Related to the amended IAS 19. See Note 1 Accounting Policies for more information.

[4] Referes to increase in investement in Privatmegleren AS from 67% to 100% ownership.

Statements of changes in equity cont.

Parent company

NOKm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	Total
Balance at 1 Jan 2013	**4,411**	**3,402**	**0**	**76**	**755**	**22,619**	**31,263**
Net profit for the year						2,774	2,774
Items that may be reclassified subsequently to the income statement							
Available-for-sale investments:							
Valuation gains/losses during the year				18			18
Tax on valuation gains/losses during the year				-5			-5
Transferred to profit or loss on sale for the year				4			4
Tax on transfers to profit or loss on sale for the year				-1			-1
Cash flow hedges:							
Valuation gains/losses during the year			49				49
Tax on valuation gains/losses during the year			-13				-13
Items that may not be reclassified subsequently to the income statement							
Defined benefit plans:							
Remeasurement of defined benefit plans					169		169
Tax on remeasurement of defined benefit plans					-35		-35
Other comprehensive income, net of tax	0	0	36	16	134	0	186
Total comprehensive income	0	0	36	16	134	2,774	2,960
Share-based payments[2]						17	17
Other changes						-10	-10
Balance at 31 Dec 2013	**4,411**	**3,402**	**36**	**92**	**889**	**25,400**	**34,230**

NOKm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	Total
Balance at 1 Jan 2012	**3,860**	**953**	**0**	**0**	**0**	**21,880**	**26,693**
Restatement due to changed accounting policy[3]						-1,133	-1,133
Restated opening balance at 1 Jan 2012	**3,860**	**953**	**0**	**0**	**0**	**20,747**	**25,560**
Net profit for the year						3,459	3,459
Items that may be reclassified subsequently to the income statement							
Available-for-sale investments:							
Valuation gains/losses during the year				106			106
Tax on valuation gains/losses during the year				-30			-30
Items that may not be reclassified subsequently to the income statement							
Defined benefit plans:							
Remeasurement of defined benefit plans					1,049		1,049
Tax on remeasurement of defined benefit plans					-294		-294
Other comprehensive income, net of tax	**0**	0	0	76	755	0	831
Total comprehensive income	0	0	0	76	755	3,459	4,290
Share-based payments[2]						13	13
Dividend for 2011						-1,600	-1,600
Increase of share capital and premium reserve	551	2,449					3,000
Balance at 31 Dec 2012	**4,411**	**3,402**	**0**	**76**	**755**	**22,619**	**31,263**

[1] The share capital is NOK 4,410,868,608 (31 Dec 2012; 4 410 868 608) consisting of 551,358,576 shares at par value of NOK 8.00 (8.00 in 2012).

[2] Referes to the Long Term Incentive Programme (LTIP).

[3] Related to the amended IAS 19. See Note 1 Accounting Policies for more information.

Cash flow statements

	Group		Parent company	
NOKm	2013	2012	2013	2012
Operating activities				
Operating profit[1]	6,559	6,136	3,954	4,816
Adjustments for items not included in cash flow[1]	1,082	800	1,257	708
Income taxes paid	-1,697	-207	-1,357	-81
Cash flow from operating activities before changes in operating assets and liabilities	**5,944**	**6,729**	**3,854**	**5,443**
Changes in operating assets				
Change in loans to central banks and credit institutions	-20,629	10,462	-30,879	2,795
Change in loans to the public	-8,131	7,405	-3,420	34,778
Change in interest-bearing securities[2]	5,827	-6,149	5,877	-6,542
Change in financial assets pledged as collateral	894	-1,383	894	-1,383
Change in shares	95	1,118	95	1,186
Change in derivatives, net	-4,023	4,733	-2,435	3,724
Change in investment property	-67	-132	17	-28
Change in other assets	281	-803	283	-904
Changes in operating liabilities				
Change in deposits by credit institutions	14,006	-10,473	13,996	-10,492
Change in deposits and borrowings from the public	-91	-4,243	-96	-4,206
Change in debt securities in issue	5,184	14,322	1,147	-505
Change in other liabilities[2]	-6,338	-21,865	-6,449	-21,878
Cash flow from operating activities	**-7,048**	**-279**	**-17,116**	**1,988**
Investing activities				
Liquidation / investment of group undertakings	0	0	-394	-1,807
Acquisition of property and equipment	-154	-79	-154	-79
Sale of property and equipment	81	76	12	10
Acquisition of intangible assets	-31	-74	-22	-69
Divestments / investments in debt securities, held to maturity	593	0	883	0
Cash flow from investing activities	**489**	**-77**	**325**	**-1,945**
Financing activities				
Other changes in equity	0	-57	0	0
Issued subordinated liabilities, net	0	0	0	0
Amortised subordinated liabilities	0	-1,107	0	-1,107
Increase in par value and share premium	0	3,000	0	3,000
Dividend paid	0	-1,600	0	-1,600
Cash flow from financing activities	**0**	**236**	**0**	**293**
Cash flow for the year	**-6,559**	**-120**	**-16,791**	**336**
Cash and cash equivalents at the beginning of year	**16,793**	**16,940**	**26,918**	**26,609**
Exchange rate difference	-27	-27	-27	-27
Cash and cash equivalents at the end of year	**10,207**	**16,793**	**10,100**	**26,918**
Change	**-6,559**	**-120**	**-16,791**	**336**

[1] Figures for 2012 are restated due to the implementation of amended IAS 19 Employee benefits, see Note 1 Accounting policies for further details.

[2] Figures for 2012 are restated due to changes in policy, see Note 1 Accounting policies for further details.

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Cash flow statements cont.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

	Group		Parent company	
NOKm	2013	2012	2013	2012
Depreciation	147	165	141	159
Impairments charges	37	38	37	38
Profit/-loss from the companies accounted for under the equity method	-139	-136	0	0
Loan losses	1,463	1,008	1,394	878
Unrealised gains/losses	-218	-302	-276	243
Capital gains/losses (net)	-75	-72	-6	-6
Change in accruals and provisions	61	152	96	-550
Other[1]	-194	-53	-129	-54
Total	**1,082**	**800**	**1,257**	**708**

[1] Figures for 2012 are restated due to the implementation of amended IAS 19 Employee benefits, see Note 1 Accounting policies for further details.

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans and receivables, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
NOKm	2013	2012	2013	2012
Interest payments received	19,759	19,711	15,499	16,248
Interest expenses paid	10,054	11,085	8,485	9,404

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Cash and balances with central banks	2,600	3,836	2,595	3,836
Loans to credit institutions, payable on demand	7,607	12,957	7,505	23,082
	10,207	**16,793**	**10,100**	**26,918**

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 any time.

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

Quarterly development[1]

NOKm	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	YTD 2013	YTD 2012
Net interest income	2,478	2,396	2,317	2,200	2,184	2,141	2,266	2,305	9,391	8,896
Net fee and commission income	653	596	641	550	646	596	596	574	2,440	2,412
Net result from items at fair value	63	91	187	171	174	121	74	87	512	456
Profit/–loss from the companies accounted for under the equity method	105	34	0	0	30	– 9	97	18	139	136
Other income	59	54	30	60	30	42	54	57	203	183
Total operating income	**3,358**	**3,171**	**3,175**	**2,981**	**3,064**	**2,891**	**3,087**	**3,041**	**12,685**	**12,083**
General administrative expenses										
Staff costs[2]	– 558	– 704	– 701	– 711	– 741	– 675	– 722	– 792	–2,674	–2,930
Other expenses	– 524	– 473	– 457	– 446	– 506	– 446	– 450	– 454	–1,900	–1,856
Depreciation, amortisation and impairment charges of tangible and intangible assets	– 38	– 37	– 37	– 39	– 73	– 41	– 47	– 42	– 151	– 203
Total operating expenses	**–1,120**	**–1,214**	**–1,195**	**–1,196**	**–1,320**	**–1,162**	**–1,219**	**–1,288**	**–4,725**	**–4,989**
Profit before loan losses	**2,238**	**1,957**	**1,980**	**1,785**	**1,744**	**1,729**	**1,868**	**1,753**	**7,960**	**7,094**
Net loan losses	– 323	– 439	– 268	– 371	– 403	– 106	– 273	– 176	–1,401	–958
Operating profit	**1,915**	**1,518**	**1,712**	**1,414**	**1,341**	**1,623**	**1,595**	**1,577**	**6,559**	**6,136**
Income tax expense[2]	– 555	– 428	– 483	– 392	– 355	– 469	– 419	– 453	–1,858	–1,696
Net profit for the period	**1,360**	**1,090**	**1,229**	**1,022**	**986**	**1,154**	**1,176**	**1,124**	**4,701**	**4,440**

[1] The quarterly figures are unaudited.

[2] Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

Nordea Bank Norge Group - Five year overview

Income statements

NOKm	2013	2012	2011	2010	2009
Net interest income	9,391	8,896	8,349	8,278	9,070
Net fee and commission income	2,440	2,412	2,265	2,173	2,009
Net result from items at fair value	512	456	343	888	513
Profit/-loss from companies accounted for under the equity method	139	136	194	103	-478
Other income	203	183	185	208	129
Total operating income	**12,685**	**12,083**	**11,336**	**11,650**	**11,243**
General administrative expenses:					
Staff costs[1]	-2,674	-2,930	-3,209	-2,807	-3,257
Other expenses	-1,900	-1,856	-1,954	-2,115	-1,939
Depreciation, amortisation and impairment charges of tangible and intangible assets	-151	-203	-160	-154	-128
Total operating expenses	**-4,725**	**-4,989**	**-5,323**	**-5,076**	**-5,324**
Profit before loan losses	**7,960**	**7,094**	**6,013**	**6,574**	**5,919**
Net loan losses	-1,401	-958	-1,432	-725	-2,004
Operating profit	**6,559**	**6,136**	**4,581**	**5,849**	**3,915**
Income tax expense[1]	-1,858	-1,696	-1,234	-1,549	-1,281
Net profit for the year	**4,701**	**4,440**	**3,347**	**4,300**	**2,634**

Balance sheets

NOKm	2013	2012	2011	2010	2009
Interest-bearing securities [4]	82,907	81,140	75,057	22,195	58,686
Loans to central banks and credit institutions	33,076	17,798	26,943	9,900	10,398
Loans to the public	462,772	455,990	464,403	439,213	422,300
Derivatives	5,190	1,466	5,803	324	1,738
Other assets[1]	14,175	17,285	17,107	25,651	40,906
Total assets[4]	**598,120**	**573,679**	**589,313**	**497,283**	**534,028**
Deposits by credit institutions	243,146	228,997	239,470	196,870	255,944
Deposits and borrowings from the public	218,862	218,952	223,195	234,062	217,165
Debt securities in issue	70,977	65,793	51,471	11,367	3,740
Derivatives	1,508	2,075	2,005	3,707	1,512
Subordinated liabilities	8,294	7,879	9,394	9,542	9,560
Other liabilities[1, 4]	14,558	14,074	33,366	12,172	19,362
Equity[1]	40,775	35,909	30,412	29,563	26,745
Total liabilities and equity[4]	**598,120**	**573,679**	**589,313**	**497,283**	**534,028**

Ratios and key figures

	2013	2012	2011	2010	2009
Earnings per share (EPS),[1] NOK	8.53	8.05	6.07	7.80	4.78
Equity per share[1,2], NOK	73.95	65.13	55.16	53.62	48.51
Shares outstanding[2], million	551	551	551	551	551
Return on equity,[1] %	12.3	14.5	11.6	15.6	10.1
Cost/income ratio,[1]%	37	42	47	44	47
Loan loss ratio, basis points	30	19	32	17	45
Core tier 1 capital ratio, excluding transition rules[2], %	17.8	14.6	10.1	9.4	8.9
Tier 1 capital ratio, excluding transition rules[2], %	20.0	16.7	12.0	10.0	9.5
Total capital ratio, excluding transition rules[2], %	21.3	17.6	13.4	12.8	12.2
Core tier 1 capital ratio[2], %	12.5	10.7	8.0	7.9	7.6
Tier 1 capital ratio[2], %	14.0	12.3	9.5	8.5	8.1
Total capital ratio[2], %	15.0	13.0	10.6	10.8	10.5
Core tier 1 capital[2], NOKm	40,019	33,774	26,302	24,529	23,836
Tier 1 capital[2], NOKm	44,978	38,589	31,239	26,223	25,509
Risk-weighted assets, incl transition rules[2], NOKbn	321	314	329	310	314
Number of employees (full-time equivalents)[2,3]	2,862	2,889	3,132	3,229	3,244

[1] Figures for 2012 are restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting Policies for further detail.

[2] End of period.

[3] The figure for 2009 has been restated to not include employees on leave of absence.

[4] Figures for 2012 are restated due to changes in policies, see Note 1 Accounting Policies for further details.

Notes to the financial statements

Note 1 - Accounting policies

1. Basis for presentation

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 Norwegian Accounting Act with supported regulations have also been applied.

The disclosures, required in the standards, recommendations and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the financial statements.

As a result of rounding adjustments, the figures in one or more columns or rows included in the financial statements may not add up to the total of that column or row.

On 5 February 2014 the Board of Directors approved the financial statements, subject to final approval at the Annual General Meeting on 24 March 2014.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report, except for the change to the basis for recognising actuarial gains/losses on defined benefit pension plans, the classification of dividends receivables on securities lending and the presentation of forward starting bonds. These changes are further described below.

The new standard IFRS 13 Fair Value Measurement was implemented 1 January 2013 but has not had any significant impact on the measurement of assets and liabilities in Nordea Bank Norge. IFRS 13 clarifies how to measure fair value but does not change the requirements regarding which items should be measured at fair value. In addition IFRS 13 requires additional disclosures about fair value measurements. The additional disclosures required by IFRS 13 are presented in Note 40 Assets and liabilities at fair value.

IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures have been amended as regards offsetting of financial assets and financial liabilities. Nordea implemented these changes in 2013 (IAS 32 early adopted). The amendments intend to clarify the criteria for offsetting and to add disclosures. Nordea's principles for offsetting are already in accordance with the clarified requirements and therefore there was no impact from the amendments in IAS 32. The additional disclosures required by IFRS 7 are presented in Note 41 Financial instruments set off on balance or subject to netting agreements.

In 2013 the IASB published a narrow scope amendment to IAS 39 Financial Instruments: Recognition and Measurement. Nordea implemented these changes in 2013 (early adopted). The amendment allows hedge accounting to be continued if a derivative designated as a hedging instrument is replaced with a new hedging instrument, where a clearing party replaces the original counterparty, as a consequence of laws or regulations. The amendment has not had any significant impact on the financial statements in Nordea Bank Norge.

IAS 19 Employee Benefits

The amended IAS 19 Employee Benefits was implemented 1 January 2013. The amended standard has had an impact on the financial statements mainly related to defined benefit pension plans. The amended IAS 19 states that actuarial gains/losses shall be recognised immediately in equity through other comprehensive income, which leads to higher volatility in equity compared to the earlier so called corridor approach. Consequently no actuarial gains/losses are recognised in the income statement, compared with the earlier rules where actuarial gains/losses outside the corridor were amortised through the income statement. The amended IAS 19 furthermore states that the expected return on plan assets shall be recognised using a return rate equal to the discount rate used when measuring the pension obligation. This has led to higher pension expenses in the income statement as Nordea previously expected a higher return than the discount rate. Any difference between the actual return and the expected return is a part of the actuarial gains/losses recognised immediately in equity through other comprehensive income without recycling to the income statement.

The comparative figures have been restated accordingly and are disclosed in the below tables.

Income statements	Group		Parent	
NOKm	New policy	Old policy	New policy	Old policy
Staff costs	2,930	2,982	2,784	2,837
Income tax expense	1,696	1,681	1,357	1,342
Other comprehensive income, net of tax	844	76	831	76

Balance sheets

Group	31 Dec 2012		1 Jan 2012	
	New	Old	New	Old
NOKm	policy	policy	policy	policy
Net retirement benefit obligations	1,673	1,204	2,676	1,087
Net deferred tax assets	336	206	714	269
Other comprehensive income, net of tax	844	76	0	0
Retained earnings	27,252	28,359	24,446	25,590

Parent	31 Dec 2012		1 Jan 2012	
	New	Old	New	Old
NOKm	policy	policy	policy	policy
Net retirement benefit obligations	1,639	1,166	2,622	1,048
Net deferred tax assets	669	536	969	528
Other comprehensive income, net of tax	831	76	0	0
Retained earnings	22,619	23,714	20,747	21,880

At transition 1 January 2013 the negative impact on equity was NOK 339m after deduction for income tax and the core tier 1 capital was reduced by NOK 469m, including the impact from changes in deferred tax assets.

The amended IAS 19 also requires additional disclosures which are presented in Note 33 Retirement benefit obligations, where also more information on the different defined benefit pension plans can be found.

Classification of dividend receivables on securities lending

The classification of dividend receivables on securities lending within Net fee and commission income has been changed to align with Nordea Group policy. Dividend receivables have been reclassified from Other commission expenses to Brokerage, securities issues and corporate finance. The comparable figures have been restated accordingly and are disclosed in the table below.

Income statements

Group	Group		Parent	
	New	Old	New	Old
NOKm	policy	policy	policy	policy
Fee and commission income	3,360	3,176	3,187	3,003
Fee and commission expense	–948	–764	–940	–756
Net fee and commission income	2,412	2,412	2,247	2,247

Forward starting bonds

Bonds acquired/issued under non-regular way purchase terms, i.e. so called forward starting bonds, were previously recognised on the balance sheet as Interest-bearing securities/Debt securities in issue three days before settlement with a corresponding settlement liability/receivable recognised in Other liabilities/Other assets. As from 1 January 2013 these bonds are recognised on the balance sheet on settlement date. The instruments continue to be recognised as derivatives between trade date and settlement date. The comparative figures on the balance sheet have been restated accordingly and are disclosed in the below table.

Balance sheets

Group	31 Dec 2012		1 Jan 2012	
	New	Old	New	Old
NOKm	policy	policy	policy	policy
Interest-bearing securities	81,140	89,326	53,726	75,057
Other liabilities	6,718	14,904	7,252	28,583

Parent	31 Dec 2012		1 Jan 2012	
	New	Old	New	Old
NOKm	policy	policy	policy	policy
Interest-bearing securities	102,350	110,536	74,505	95,836
Other liabilities	6,774	14,960	7,322	28,653

3. Changes in IFRS not yet applied by Nordea

IFRS 9 Financial Instruments (Phase 1)

In 2009 the IASB published a new standard on financial instruments containing requirements for financial assets. Requirements for financial liabilities were added to this standard in 2010. The standard is the first step in the replacement of IAS 39 Financial Instruments: Recognition and Measurement and this first phase covers the classification and measurement of financial assets and liabilities. The effective date has been postponed from the earlier communicated date 1 January 2015, without any new effective date communicated. Earlier application is permitted. The EU commission has not yet endorsed this standard and is not expected to do so until all phases of IFRS 9 have been finalised.

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

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission and as changes before the effective date are likely, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 9 Financial Instruments (Phase 3)

The IASB have during 2013 amended IFRS 9 Financial Instruments and added new requirements for general hedge accounting, so called one-to-one hedges (Phase 3).

The main change is that the standard aligns hedge accounting more closely with the risk management activities.

Nordea's assessment is that the new requirements will not have any significant impact on Nordea's financial statement, capital adequacy or large exposures.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other entities, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures
The IASB has published three new standards relating to consolidation, IFRS 10, IFRS 11 and IFRS 12, as well as amended IAS 27 and IAS 28. The effective date for these standards and amendments is as from 1 January 2013, but earlier application is permitted. The EU commission endorsed these standards and amendments during 2012. In contrast to IFRS, the EU commission requires the standards to be applied for financial statements starting on or after 1 January 2014. Nordea will apply these standards as from 1 January 2014.

Nordea's current assessment is that IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements will not have any significant impact on Nordea Bank Norge´s income statement or balance sheet at transition,, while IFRS 12 Disclosures of Interests in Other Entities is expected to add disclosures. It is not expected that the new standards and amendments will have a significant impact on the capital adequacy or large exposures.

Annual improvements to IFRS
The IASB has published minor amendments to IFRS by issuing Annual improvements to IFRS, 2010–2012 Cycle and Annual Improvements to IFRS, 2011–2013 Cycle. Most of the amendments are effective for annual periods beginning on or after 1 July 2014, but earlier application is permitted. The EU commission is expected to endorse the amendments during the third quarter 2014. Nordea's assessment is that the new requirements will not have any significant impact on Nordea Bank Norges's financial statements, capital adequacy or large exposures.

IFRIC 21 Levies
The IASB has published IFRIC 21 Levies. The effective date is as from 1 January 2014. The EU commission expects to endorse IFRIC 21 in the beginning of 2014. Nordea will apply IFRIC 21 as from 1 January 2014, if endorsed by the EU commission.

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 clarifies that if a levy is triggered by operating as a bank at the end of the reporting period, the liability for the levy is not recognised prior to that date. The assessment is that the new interpretation will not have any significant impact on Nordea's financial statements, capital adequacy or large exposures.

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. Actual outcome can later, to some extent, differ from the estimates and the assumptions made. In this section a description is made of:

- the sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year and
- the judgements made when applying accounting policies (apart from those involving estimations) that have the most significant effect on the amounts recognised in the financial statements.

Critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments
- the impairment testing of loans to the public/credit institutions
- the actuarial calculations of pension liabilities and plan assets related to employees
- the classification of leases
- the valuation of deferred tax assets, and
- claims in civil lawsuits.

Fair value measurement of certain financial instruments
Nordea's accounting policy for determining the fair value of financial instruments is described in section 11 Determination of fair value of financial instruments and Note 40 Assets and liabilities at fair value. Critical judgements that have a significant impact on the recognised amounts for financial instruments is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices. Those judgements relate to the following areas:

- the choice of valuation techniques
- the determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active)
- the construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk, and
- the judgement of which market parameters are observable.

When determining fair value of financial instruments that lack quoted prices or recently observed market prices there is also a high degree of estimation uncertainty. That estimation uncertainty is mainly a result of the judgement management exercises when:

- selecting an appropriate discount rate for the instrument and
- determining expected timing of future cash flows from the instruments.

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies. In order to ensure proper governance, Nordea has a Group Valuation Committee that on an on-going basis reviews critical judgements that are deemed to have a significant impact on fair value measurements.

Sensitivity analysis disclosures covering fair values of financial instruments with significant unobservable inputs can be found in Note 40 Assets and liabilities at fair value.

Impairment testing of loans to the public/credit institutions

Nordea's accounting policy for impairment testing of loans is described in section 13 Loans to the public/credit institutions.

Management is required to exercise critical judgements and estimates when calculating loan impairment allowances on both individually assessed and collectively assessed loans. For more information, see Note 13 Loans and impairment.

The most judgemental area is the calculation of collective impairment allowances. When testing a group of loans collectively for impairment, judgement has to be exercised when identifying the events and/or the observable data that indicate that losses have been incurred in the group of loans. Nordea monitors its portfolio through rating migrations and a loss event is an event resulting in a negative rating migration. Assessing the net present value of the cash flows generated by the customers in the group of loans also includes estimation uncertainty. This includes the use of historical data on probability of default and loss given default supplemented by acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

Actuarial calculations of pension liabilities and plan assets related to employees

Nordea's accounting policy for post-employment benefits is described in section 20 Employee benefits.

The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used.

The estimation of the discount rate is subject to uncertainty around whether corporate bond markets are deep enough and of high quality and also in connection to the extrapolation of yield curves to relevant maturities. In Norway the discount rate is determined with reference to covered bonds. Other parameters, like assumptions about salary increases and inflation, are based on the expected long-term development of these parameters and are also subject to estimation uncertainty. The fixing of these parameters at year-end is disclosed in Note 33 Retirement benefit obligations together with a description of the discount rate sensitivity.

Classification of leases

Nordea's accounting policies for leases are described in section 14 Leasing.

Critical judgement has to be exercised when classifying lease contracts. A lease is classified as a finance lease if it transfers substantially all the risks and rewards related to ownership. A lease is classified as an operation lease if it does not transfer substantially all the risks and rewards related to ownership.

The central district properties in Norway that Nordea has divested are leased back. The duration of the lease agreement was initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefit from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets´ economic life. As a result, Nordea has classified these leases as operation leases. This judgement is a critical judgement that has a significant impact on the carrying amounts in the financial statement

More information on lease contracts can be found in Note 23 Leasing.

Claims in civil lawsuits

Within the framework of the normal business operations, Nordea faces a number of 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 Nordea or its financial position. See also Note 32 Provisions and Note 36 Contingent liabilities.

5. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank Norge ASA, and those entities that the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the acquisition method. Under the acquisition method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the group undertaking's assets and assumes its liabilities and contingent liabilities. The Group's acquisition cost is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is established as the fair values of recognised identifiable assets, liabilities and contingent liabilities. The cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the net assets acquired. Costs directly attributable to the business combination are expensed.

As at the acquisition date Nordea recognises the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

For each business combination Nordea measures the non-controlling interests in the acquired business either at fair value or at their proportionate share of the acquired identifiable net assets.

When the aggregate of the consideration transferred in a business combination and the amount recognised for non-controlling interest exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is recognised immediately in the income statement.

Equity and net income attributable to non-controlling interests are separately disclosed on the balance sheet, income statement and statement of comprehensive income.

Intra-group transactions and balances between the consolidated group undertakings are eliminated. The Group undertakings are included in the consolidated accounts as from the date on which control is transferred to Nordea and are no longer consolidated as from the date on which control ceases.

In the consolidation process the reporting from the group undertakings is adjusted to ensure consistency with the IFRS principles applied by Nordea.

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control over those policies. Investments within Nordea's investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 Recognition of operating income and impairment.

Profits from companies accounted for under the equity method are reported post-taxes in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for Nordea.

Internal transactions, in the income statement, between Nordea and its associated undertakings are not eliminated. Nordea does not have any sales of assets to or from associated undertakings.

Currency translation of foreign entities
The consolidated financial statements are prepared in Norwegian Kroner (NOK), the presentation currency of the parent company Nordea Bank Norge ASA. The current method is used when translating the financial statements of foreign entities into NOK from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements and statements of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

Information on the most important exchange rates is disclosed in the separate section 25 Exchange rates.

6. Recognition of operating income and impairment

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation. The effective interest includes fees considered to be an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). The effective interest rate equals the rate that discounts the contractual future cash flows to the carrying amount of the financial asset or financial liability.

Interest income and expenses from financial instruments are, with the exceptions described below, classified as Net interest income.

Interest income and expense related to all balance sheet items held at fair value in Markets are classified as Net result from items at fair value in the income statement. Also the interest on the net funding of the operations in Markets is recognised on this line.

The interest component in FX swaps, and the interest paid and received in interest rate swaps plus changes in accrued interest, is classified as"Net result from items at fair value, apart from derivatives used for hedging, including economical hedges of Nordea's funding, where such components are classified as Net interest income.

Net fee and commission income

Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan as well as other fees received as payments for certain acts are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

Commission expenses are transaction based and recognised in the period when the services are received.

Income from issued financial guarantees and expenses from bought financial guarantees are amortised over the duration of the instruments and classified as Fee and commission income and Fee and commission expense respectively.

Net result from items at fair value

Realised and unrealised gains and losses, on financial instruments measured at fair value through profit or loss are recognised in the item Net result from items at fair value.

Realised and unrealised gains and losses derive from:

- shares/participations and other share-related instruments
- interest-bearing securities and other interest-related instruments
- other financial instruments, including credit derivatives as well as commodity instruments/derivatives
- foreign exchange gains/losses, and
- investment properties, which include realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from disposals as well as the running property yield stemming from the holding of investment properties.

Interest income and expense related to all balance sheet items in Markets, including the funding of these operations, are recognised in Net result from items at fair value. Also the ineffective portion of cash flow hedges as well as recycled gains and losses on financial instruments classified into the category Available for sale are recognised in Net result from items at fair value.

This item also includes realised gains and losses from financial instruments measured at amortised cost, such as interest compensation received and realised gains/losses on buy-backs of issued own debt.

Net result from items at fair value also includes losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale. Impairment losses from instruments within other categories are recognised in the items Net loan losses or Impairment of securities held as financial non-current assets (see also the sub-sections Net loan losses and Impairment of securities held as financial non-current assets below).

Dividends received are recognised in the income statement as Net result from items at fair value and classified as Shares/participations and other share-related instruments in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method

The profit from companies accounted for under the equity method is defined as the post-acquisition change in Nordea's share of net assets in the associated undertakings. Nordea's share of items accounted for in other comprehensive income in the associated undertakings is accounted for in other comprehensive income. Profits from companies accounted for under the equity method are, as stated in section 5 Principles of consolidation, reported in the income statement post-taxes. Consequently, the tax expense related to these profits is excluded from the income tax expense for Nordea.

Fair values are, at acquisition, allocated to the associated undertaking's identifiable assets, liabilities and contingent liabilities. Any difference between Nordea's share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated undertaking. Subsequently the investment in the associated undertaking increases/decreases with Nordea's share of the post-acquisition change in net assets in the associated undertaking and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in Nordea´s share of the net assets is generally based on monthly reporting from the associated undertaking. For some associated undertakings not individually significant the change in Nordea's share of the net assets is based on the external reporting of the associated undertakings and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated undertakings is, if applicable, adjusted to comply with Nordea's accounting policies.

Other operating income

Net gains from divestments of shares in group undertakings and associated undertakings and net gains on sale of tangible assets as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 12 Financial instruments), in the items Loans to credit institutions and Loans to the public in the balance sheet, are reported as Net loan losses, together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea's accounting policies for the calculation of impairment losses on loans can be found in section 13 Loans to the public/credit institutions.

Counterparty losses on instruments classified into the category Financial assets at fair value through profit or loss, including credit derivatives, as well as impairment on financial assets classified into the category Available for sale are reported under Net result from items at fair value.

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearings securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated undertakings are classified as Impairment of securities held as financial non-current assets in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 12 Financial instruments and section 13 Loans to the public/credit institutions.

Investments in associated undertakings are assessed for impairment annually. If observable indicators (loss events) indicate that an associated undertaking is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

7. Recognition and derecognition of financial instruments in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised (reclassified to the items Other assets or Other liabilities in the balance sheet between trade date and settlement date) from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. If Nordea's counterpart can sell or repledge the transferred assets, the assets are reclassified to the item Financial instruments pledged as collateral in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date. Financial liabilities under trade date accounting are generally reclassified to Other liabilities in the balance sheet on trade date.

For further information, see sections Securities borrowing and lending agreements and Repurchase and reverse repurchase agreements within section 12 Financial instruments, as well as Note 42 Transferred assets and obtained collaterals which are permitted to be sold or repledged.

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item Net result on items at fair value.

9. Hedge accounting

Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments.

There are three forms of hedge accounting:
- fair value hedge accounting
- cash flow hedge accounting, and
- hedges of net investments in foreign operations.

Fair value hedge accounting
Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item Net result on items at fair value. Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in the item Fair value changes of the hedged items in portfolio hedge of interest rate risk in the balance sheet.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. Any ineffectiveness is recognised in the income statement under the item Net result on items at fair value.

Hedged items
A hedged item in a fair value hedge can be a recognised single asset or liability, an unrecognised firm commitment, or a portion thereof. The hedged item can also be a group of assets, liabilities or firm commitments with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets and liabilities.

Hedging instruments
The hedging instruments used in Nordea are predominantly interest rate swaps and cross currency interest rate swaps, which are always held at fair value. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Cash flow hedge accounting
Cash flow hedge accounting can be used for the hedging of exposure to variations in future interest payments on instruments with variable interest rates and for the hedging of currency exposures. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recycled to the item Net result from items at fair value in the income statement.

Gains or losses on hedging instruments recognised in the cash flow hedge reserve in equity through other comprehensive income are recycled and recognised in the income statement in the same period as the cash flow, normally the interest income or interest expense from the hedged asset or liability.

Hedged items
A hedged item in a cash flow hedge can be highly probable floating interest rate cash flows from recognised assets or liabilities or from future assets or liabilities. Nordea uses cash flow hedges primarily when hedging currency risk in future payments of interest and principal in foreign currency.

Hedging instruments
The hedging instruments used in Nordea are cross currency interest rate swaps and interest rate swaps, which are always held at fair value. The currency component in cross currency interest rate swaps is designated as a cash flow hedge of currency risk and the interest component as a fair value hedge of interest rate risk.

Hedge effectiveness
The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

The hypothetical derivative method is used when measuring the effectiveness of cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows on the hedged transaction (the currency component).

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

In cash flow hedges, changes in the unrealised value of the hedging instrument will prospectively from the last time it was proven effective be accounted for in the income statement. The cumulative gain or loss on the hedging instrument that has been recognised in the cash flow hedge reserve in equity through other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the expected transaction no longer is expected to occur. If the expected transaction no longer is highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains in other comprehensive income until the transaction occurs or is no longer expected to occur.

10. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets/liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item Net result from items at fair value.

Fair value is defined as the price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. The absolute level for liquidity and volume required for a market to be labelled active vary with the instrument classes. For some classes low price volatility is seen, also for those instruments within the class where the frequency is high. For instruments in such a class the liquidity requirements are lower and correspondingly, the age limit for the prices used for establishing fair value is higher.

The labelling of markets to be active or non-active is assessed regularly. The trade frequency and volume are monitored daily.

Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities
- Shares (listed), and
- Derivatives (listed).

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. The adequacy of the valuation model is assessed by measuring its capability to hit market prices. This is done by comparison of calculated prices to relevant benchmark data, e.g. quoted prices from exchange, the counterparty´s valuations, price data from consensus services etc.

Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- interest-bearing securities (when quoted prices in an active market are not available)
- shares (when quoted prices in an active market are not available), and
- derivatives (OTC-derivatives).

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

Note 40 Assets and liabilities at fair value provides a breakdown of fair values of financial instruments measured on the basis of:

- quoted prices in active markets for the same instrument (level 1)
- valuation techniques using observable data (level 2), and
- valuation techniques using non-observable data (level 3).

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments, and incorporate the factors that market participants consider when setting a price.

New valuation models are subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

For further information, see Note 40 Assets and liabilities at fair value.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- the central bank is domiciled in a country where Nordea is operating under a banking licence and
- the balance is readily available at any time.

Cash and cash equivalents are financial instruments classified into the category Loans and receivables, see section 12 Financial instruments.

Loans and receivables to credit institutions payable on demand are also recognised as Cash and cash equivalents in the Cash flow statement.

12. Financial instruments

Classification of financial instruments

Each financial instrument has been classified into one of the following categories:

Financial assets:
- Financial assets at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (Fair Value Option)
- Loans and receivables
- Held to maturity
- Available for sale

Financial liabilities:
- Financial liabilities at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is measured in the balance sheet and how changes in its value are recognised. In Note 39 Classification of financial instruments the classification of the financial instruments in Nordea's balance sheet is presented into different categories.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. All changes in fair values are recognised directly in the income statement in the item Net result from items at fair value.

The category consists of two sub-categories; Held for trading and Designated at fair value through profit or loss (Fair value option).

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions.

Nordea also applies the Fair value option on certain financial assets and financial liabilities related to Markets. The classification stems from that Markets is managing and measuring all its financial assets and liabilities to fair value. Consequently, all financial assets and financial liabilities in Markets are classified into the categories Financial assets/ Financial liabilities at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 Loans to the public/credit institutions.

Held to maturity

Financial assets that Nordea has chosen to classify into the category Held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that Nordea has the positive intent and ability to hold to maturity. Financial assets classified into the category Held-to-maturity are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

If more than an insignificant amount of the Held to maturity portfolio is sold or transferred, the Held to maturity category is tainted, except for if the sale or transfer either occurs close to maturity, after substantially all of the original principal is already collected, or due to an isolated non-recurring event beyond the control of Nordea.

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as Impairment of securities held as financial non-current assets in the income statement. See section 13 Loans to the public/credit institutions for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category Held to maturity.

Available for sale
Financial instruments classified into the category Available for sale are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised in the fair value reserve in equity through other comprehensive income. Interest is recognised in the item Interest income and foreign exchange effects and impairment losses in the item Net result from items at fair value in the income statement.

When an instrument classified into the category Available for sale is disposed of, the fair value changes that previously have been accumulated in the fair value reserve (related to Available for sale investments) in other comprehensive income are removed from equity and recognised in the income statement in the item Net result from items at fair value.

Financial assets classified into the category Available for sale are assessed at least annually in order to determine any need for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised as Net result from items at fair value. The amount of the accumulated loss that is recycled from equity is the difference between the asset's acquisition cost and current fair value. For equity investments a prolonged and significant decline in the fair value, compared to the acquisition cost, is considered to be objective evidence of impairment. Objective evidence of impairment for a debt instrument is rather connected to a loss event, such as an issuer's financial difficulty.

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is recognised in the item Interest expense in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond, is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as stand-alone derivatives at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative meets the definition of a derivative instrument. Changes in fair values, of the embedded derivatives, are recognised in the income statement in the item Net result from items at fair value.

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not derecognised from or recognised on the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are reclassified to the balance sheet as Financial instruments pledged as collateral.

Securities in securities lending transactions are also disclosed in the item Assets pledged as security for own liabilities.

Cash collateral advanced (securities borrowing) to the counterparts is recognised on the balance sheet as Loans and receivables to credit institutions or as Loans and receivables to the public. Cash collateral received (securities lending) from the counterparts are recognised on the balance sheet as Deposits by credit institutions or as Deposits and borrowings from the public.

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are reclassified to the balance sheet line Financial instruments pledged as collateral.

Securities delivered under repurchase agreements are also disclosed in the item Assets pledged as security for own liabilities.

Cash received under repurchase agreements is recognised on the balance sheet as Deposits by credit institutions or as Deposits and borrowings from the public. Cash delivered under reverse repurchase agreements is recognised on the balance sheet as Loans to credit institutions or as Loans to the public.

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item Derivatives on the asset side. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item Derivatives on the liability side.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item Net result on items at fair value.

Offsetting of financial assets and liabilities
Nordea offsets financial assets and liabilities on the balance sheet if there is a legal right to offset, in the ordinary course of business and in case of bankruptcy, and if the intent is to settle the items net or realise the asset and settle the liability simultaneously. This is generally achieved through the central counterparty clearing houses that Nordea has agreements with.

Exchanged traded derivatives are generally accounted for as settled on a daily basis when cash is paid or received and the instrument is reset to market terms. Derivative assets and liabilities against central counterparty clearing houses are, as mentioned above, generally set off on the balance sheet, but net cash collateral received or paid is generally accounted for separately as cash collateral paid (asset) or received (liability), which is also the case for cash collateral paid or received in bilateral OTC derivative transactions.

13. Loans to the public/credit institutions

Financial instruments classified as Loans to the public/ credit institutions in the balance sheet and into the category Loans and receivables not measured at fair value are measured at amortised cost (see also the separate section 7 Recognition and derecognition in the balance sheet as well as Note 39 Classification of financial instruments).

Nordea monitors loans and receivables as described in the separate section on Risk, Liquidity and Capital management. Loans attached to individual customers or groups of customers are identified as impaired if the impairment tests indicate an objective evidence of impairment

Also interest-bearings securities classified into the categories Loans and receivables and Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment on these assets. Possible impairment losses on interest-bearing securities classified into the categories Loans and receivables and Held to maturity are recognised as Impairment of securities held as non-current financial assets in the income statement.

Impairment test of individually assessed loans
Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment (loss event) and whether these loss events represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital Management section in the Board of Directors report.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
Loans not impaired on an individual level are collectively tested for impairment.

These loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc.

Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups with similar risk characteristics where Nordea assesses that the customers' future cash flows are insufficient to serve the loans in full.

Impairment loss

If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

For significant loans that have been individually identified as impaired the measurement of the impairment loss is made on an individual basis.

For insignificant loans that have been individually identified as impaired and for loans not identified as impaired on an individual basis the measurement of the impairment loss is measured using portfolio based expectation of the future cash flows.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses are accounted for as changes in the allowance account and as Net loan losses in the income statement (see also section 6 Recognition of operating income and impairment).

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item Net loan losses in the income statement. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deems it unlikely that the claim will be recovered.

Discount rate

The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in an impairment that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Restructured loans

In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. In the event of a recovery the payment is reported as a recovery of realised loan losses.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised as Net loan losses. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Financial assets that are foreclosed are classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 12 Financial instruments) and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line Net result from items at fair value.

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group's presentation policies for the appropriate asset. Net loan losses in the income statement are, after the initial recognition of the asset taken over, consequently not affected by any subsequent remeasurement of the asset.

14. Leasing

Nordea as lessor

Finance leases

Nordea's leasing operations mainly comprise finance leases. A finance lease is reported as a receivable from the lessee in the balance sheet item Loans to the public at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases

Assets subject to operating leases on the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term and classified as Net interest income. The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as Depreciation, amortisation and impairment charges of tangible and intangible assets in the income statement.

Nordea as lessee

Finance leases

Finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value, or if lower, the present value of the minimum lease payments of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment testing of leased assets is performed following the same principles as for similar owned assets.

Operating leases

Operating leases are not recognised in Nordea's balance sheet. For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of Nordea's benefit. The original lease terms range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

The central district properties that Nordea has divested are leased back. The duration of the lease agreements were initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefits from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. These leases are thus classified as operating leases. The rental expense for these premises is recognised on the basis of the time-pattern of Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

15. Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea's control, which means that Nordea has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in Nordea mainly consist of goodwill, IT-development/computer software and customer related intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in Intangible assets. Goodwill on acquisitions of associates is not recognised as a separate asset, but included in Investments in associated undertakings. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated undertakings is not tested for impairment separately, but included in the total carrying amount of the associated undertaking. The policies covering impairment testing of associated undertakings is disclosed in section 6 Recognition of operating income and impairment.

IT-development/Computer software

Costs associated with maintaining computer software programs are expensed as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditures directly attributable to preparing the asset for use. Computer software also includes acquired software licenses not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of 3 to 10 years.

Other intangible assets

Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

Impairment

Goodwill and other intangible assets with indefinite useful lives are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to any indication of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

At each balance sheet date, all other intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of the net selling price and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates largely independent cash inflows in relation to other assets. For goodwill, the cash generating units are defined as the customer areas by country. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See note 21 Intangible assets for more information on the impairment testing.

16. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprises of its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Property and equipment is depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis. Below follows the current estimates:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10-20 years and the remaining leasing term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but can not exceed the carrying amount that would have been determined had no impairment loss been recognised.

17. Investment property

Investment properties are primarily properties held to earn rent and/or capital appreciation. Nordea applies the fair value model for subsequent measurement of investment properties. The best evidence of a fair value is normally given by quoted prices in an active market for similar property in the same location and condition. As these prices are rarely available discounted cash flow projection models based on reliable estimates of future cash flows are also used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as Net result from items at fair value.

18. Taxes

The item Income tax expense in the income statement comprises current and deferred income tax. The income tax expense is recognised in the income statement, except to the extent the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor for differences relating to investments in group undertakings and associated undertakings to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists and Nordea intends to either settle the tax asset and the tax liability net or to recover the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

19. Earnings per share

Earning per share is calculated as Net profit for the period divided by the weighted average outstanding number of ordinary shares. Dilution is not applicable.

20. Employee benefits

All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions. Termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Short-term benefits

Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to Nordea. Nordea has also issued share-based payment programmes, which are further described in section 23 Share-based payment.

More information can be found in Note 8 Staff costs.

Post-employment benefits

Pension plans

The companies within Nordea Bank Norge have various pension plans. The major plans are funded schemes covered by assets in a pension fund. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Unfunded pension plans are recognised as defined benefit obligations. All defined benefit pension plans are closed for new employees.

Nordea Bank Norge also has plans based on defined contribution arrangements that hold no pension liability.

Pension costs

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Actuarial calculations are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 33 Retirement benefit obligations).

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are recognised immediately in equity through other comprehensive income.

When the calculation results in a benefit, the recognised asset is limited to the present value of any future refunds from the plan, or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan and is included in the Retirement benefit obligation.

Discount rate in defined benefit pension plans

The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In Nordea Bank Norge the discount rate is determined with reference to covered bonds.

Termination benefits

As mentioned above termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy. Termination benefits do not arise if the employees have to continue performing services and the termination benefits can be considered to be normal compensation for those services.

Termination benefits are expensed when Nordea has an obligation to make the payment. An obligation arises when there is a formal plan committed to on the appropriate organisational level and when Nordea is without realistic possibility of withdrawal, which occurs when the plan has been communicated to the group affected or to their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as Salaries and remuneration and post-employment benefits as Pension costs in Note 8 Staff costs.

21. Equity

Non-controlling interests

Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Norge ASA.

For each business combination, Nordea measures the non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets.

Other reserves

Other reserves comprise income and expenses, net after tax effects, which are reported in equity through other comprehensive income in accordance with IFRS. These reserves include fair value reserves for cash flow hedges, financial assets classified into the category Available for sale, and accumulated remeasurements of defined benefit pension plans, as well as a reserve for translation differences.

Retained earnings
Retained earnings comprise accumulated undistributed profits including the earnings in associated undertakings, after the acquisition date for NBN Group.

22. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received in issued financial guarantee contracts and credit commitments are recognised as prepaid income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised on the balance sheet, at the higher of either the received fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item Net loan losses.

Premiums received for financial guarantees are, as stated in section 6 Recognition of operating income and impairment, amortised over the guarantee period and recognised as Fee and commission income in the income statement. Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item Contingent liabilities and irrevocable credit commitments in the item Commitments.

23. Share-based payment

Equity-settled programmes
Nordea Bank AB (publ) has annually issued Long Term Incentive Programmes (LTIP) from 2007 through 2012. Some key employees in Nordea Bank Norge participate in these programmes and are granted share-based equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea Bank AB (publ) at a significant discount compared to the share price at grant date. The value of such rights is expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. The fair value measured in this manner is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights/Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

Social security costs are also allocated over the vesting period, in accordance with Norwegian regulation. The provision for social security costs is reassessed on each reporting occasion to ensure that the provision is based on the rights' fair value at the reporting date.

For more information see Note 8 Staff costs and Nordea Bank AB (publ) Annual Report.

Cash-settled programmes
Nordea has to defer payment of variable salaries under Nordic FSA's regulations and general guidelines, as is also the case with the Executive Incentive Programme (EIP). The deferred amounts are to some extent indexed using Nordea's TSR (Total Shareholders' Return) and these programmes are cash-settled share-based programmes under IFRS. These programmes are fully vested when the payments of variable salaries are initially deferred and the fair value of the obligation is remeasured on a continuous basis. The remeasurements are, together with the related social charges, recognised in the income statement in the item Net result from items at fair value.

For further information on EIP and deferrals see Note 8 Staff costs and Nordea Bank AB (publ) Annual Report.

24. Related party transactions

Nordea Bank Norge defines related parties as:
- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

All transactions with related parties are made on an arm's length basis. For information concerning transactions with related parties see Note 44 Related-party transactions.

Shareholders with significant influence
Nordea Bank AB (publ.) owns 100% of the shares in Nordea Bank Norge ASA and has significant influence.

Group undertakings
For the definition of Group undertakings see section 5 Principles of consolidation. Further information on the undertakings included in the Nordea Group is found in Note 19 Investments in group undertakings.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. These transactions are eliminated in the consolidated accounts.

Associated undertakings
For the definition of Associated undertakings see section 5 Principles of consolidation.

Further information on the associated undertakings included in the Nordea Group is found in Note 20 Investments in associated undertakings

Key management personnel
Key management personnel include the Board of Directors, the Chief Executive Officer, Group Executive Management, the Control Committee and the Board of Representatives.

For information about compensation and pensions to key management personnel, see Note 8 Staff costs. Information concerning other transactions between Nordea and key management personnel is found in Nordea Bank AB (publ) Annual Report.

Other related parties

Other related parties comprise other companies in the Nordea Group, companies significantly influenced by key management personnel in Nordea Bank Norge, as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include Nordea Norge Pensjonskasse.

25. Exchange rates

EUR 1 = NOK	2013	2012
Income statement (average)	7.8091	7.4756
Balance sheet (at end of period)	8.3630	7.3483
USD 1 = NOK		
Income statement (average)	5.8802	5.8186
Balance sheet (at end of period)	6.0641	5.5694
SEK 1 = NOK		
Income statement (average)	0.9025	0.8590
Balance sheet (at end of period)	0.8989	0.8563
DKK 1 = NOK		
Income statement (average)	1.0471	1.0043
Balance sheet (at end of period)	1.1212	0.9849

Note 2:

Segment reporting[1]

			Wholesale Banking																	
	Retail Banking NO		CIB Total		Shipping, Offshore & Oil Services		Other Wholesale[3]		Group Corporate Centre		Other segments[4]		Total Operating segments		Recon-ciliation[2,3]		Total Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net interest income	6,217	5,345	977	952	1,018	1,059	144	135	3,426	2,972	1	-3	11,783	10,460	-2,392	-1,564	9,391	8,896
Net fee and commission income	1,993	1,985	688	663	247	309	256	265	39	45	-593	-594	2,630	2,673	-190	-261	2,440	2,412
Net result from items at fair value	654	636	414	554	107	173	397	268	33	83	0	0	1,605	1,714	-1,093	-1,258	512	456
Profit from companies accounted for under the equity method	2	3	0	0	0	0	0	0	0	0	0	0	2	3	137	133	139	136
Other income	154	103	-3	0	0	0	2	1	31	68	14	2	198	174	5	9	203	183
Total operating income, NOKm	**9,020**	**8,072**	**2,076**	**2,169**	**1,372**	**1,541**	**799**	**669**	**3,529**	**3,168**	**-578**	**-595**	**16,218**	**15,024**	**-3,533**	**-2,941**	**12,685**	**12,083**
Staff costs	-1,763	-1,740	-60	-50	-108	-114	-683	-710	-108	-136	-76	-71	-2,798	-2,821	124	-109	-2,674	-2,930
Other expenses	-2,312	-2,321	-553	-522	-143	-154	105	169	-164	-110	257	243	-2,810	-2,695	910	839	-1,900	-1,856
Depreciation, amortisation and impairment charges of tangible and intangible assets	-107	-104	0	0	0	0	-17	-35	-21	-47	-1	-2	-146	-188	-5	-15	-151	-203
Total operating expenses	**-4,182**	**-4,165**	**-613**	**-572**	**-251**	**-268**	**-595**	**-576**	**-293**	**-293**	**180**	**170**	**-5,754**	**-5,704**	**1,029**	**715**	**-4,725**	**-4,989**
Net loan losses	-232	-432	-894	-230	-270	-407	-1	0	-10	8	0	0	-1,407	-1,061	6	103	-1,401	-958
Operating profit, NOKm	**4,606**	**3,475**	**569**	**1,367**	**851**	**866**	**203**	**93**	**3,226**	**2,883**	**-398**	**-425**	**9,057**	**8,259**	**-2,498**	**-2,123**	**6,559**	**6,136**
Income tax expense[5]	-1,305	-960	-161	-378	-241	-239	-57	-26	-914	-797	113	117	-2,565	-2,283	707	587	-1,858	-1,696
Net profit for the year	**3,301**	**2,515**	**408**	**989**	**610**	**627**	**146**	**67**	**2,312**	**2,086**	**-285**	**-308**	**6,492**	**5,976**	**-1,791**	**-1,536**	**4,701**	**4,440**
Balance sheet, NOKmrd																		
Loans to the public, NOKbn	386	376	34	30	43	44	0	6	0	0	0	0	463	456	0	0	463	456
Deposits and borrowings from the public, NOKbn	163	163	40	41	16	15	0	0	0	0	0	0	219	219	0	0	219	219

Reconciliation between total operating segments and financial statements

	Total operating income, NOKm[3,4]		Operating profit, NOKm[3,4]		Loans to the public, NOKbn		Deposits and borrowings from the public, NOKbn	
	2013	2012	2013	2012	2013	2012	2013	2012
Total Operating segments	16,218	15,024	9,057	8,259	463	456	219	219
Reconciliation[2]	-1,847	-1,095	-1,617	-1,009	0	0	0	0
Eliminations	-168	-171	0	0	0	0	0	0
Differences in accounting policies	0	0	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets[3]	-1,518	-1,675	-881	-1,114	0	0	0	0
Total	**12,685**	**12,083**	**6,559**	**6,136**	**463**	**456**	**219**	**219**

[1] Segment reporting has been changed as a consequence of organisational changes throughout 2013. Comparative information has been restated accordingly.

[2] Consists of Group Risk Management, Sundry and Other Group Functions , made up of Group Internal Audit, Group Human Resources, Group Identity and Communications, Sundry units incl Eksportfinans, eliminations and allocations related to Markets as per footnote 3 below.

[3] In the segment reporting the results from Markets' and Savings and Assets Management operations are allocated to the operating segments as if they were the counterparts in the customer transactions. In the financial statements the results are recognised where the legal agreements with the customers have been established.

[4] Other segments consists of Wealth Management . In the reporting results, net interest income, net commission income and other income/expenses are presented after allocations from other operating segments for services received or rendered from Wealth as if they were the counterparts in the transactions. In the financial statements the results are recognised where the legal agreements with the customer are established. This practice is also used within Transaction Products which is reported within Other Wholesale.

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

Note 2:
Segment reporting cont.

Measurement of operating segments' performance
The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In Nordea the CODM has been defined as Group Executive Management (GEM).

Compared with the 2012 Annual Report there have been no changes in the measurement of segment profit or loss.

Changes in basis of segmentation
Nordea's organisation is developed around the three main business areas Retail Banking, Wholesale Banking and Wealth Management. The separate divisions within these main business areas have been identified as operating segments. Also Group Corporate Centre has been identified as an operating segment.

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

Reportable Operating segments
Retail Banking conducts a full service banking operation. It is Nordea's largest customer area and serves household customers and corporate customers in theNordic market. Customers within Retail Banking are offered a complete range of banking products and services including account products, transaction products, market products and insurance products. Wholesale banking provides banking and other financial solutions to large nordic and international corporate, institutional and public companies. Corporate & Insitutional Banking is a customer oriented division serving the largest globally operating corporates. The division Shipping Offshore & Oil Services is responsible for Nordea's customers within the shipping, offshore and oil services industries. Nordea provides tailormade solutions and syndicated loan transactions within this area. The segment Wealth Management is responsible for delivering savings, products and services in private banking, institutional asset management and to large corporate pension customers. The segment Group Corporate Center is responsible for strategy, the finance function and obtaining funding for the Group.

Total operating income split on product groups

NOKm	2013	2012
Banking products	11,077	10,632
Capital Markets products	1,119	980
Savings Products & Asset Management	143	154
Life & Pensions	72	67
Other	274	250
Total	**12,685**	**12,083**

Banking products consists of three product responsible divisions. Account products is responsible for developing and delivering account based products such as lending, deposits and cards and Netbank services. Transaction products provides and develops cash management, trade and project finance services. Nordea Finance is responsible for asset based financing through leasing, hire purchase and factoring as well as offering sales to finance partners such as dealers, vendors and retailers. Capital Markets products includes financial instruments, or arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks, bonds, and existing arrangements. Asset Management includes Investment funds, Discretionary Management, Portfolio Advice and Pension Accounts. Investment Funds is a bundled product where the fund company invest in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advice is a service provided to support the customers' investment decision. Nordea Life & Pensions provides life insurance and pension products and services. NBN is an agent for Nordea Life & Pensions in Norway.

Note 3:
Net interest income

	Group		Parent company	
NOKm	2013	2012	2013	2012
Interest income				
Loans to credit institutions	270	540	1,014	1,357
Loans to the public	17,040	17,270	12,014	12,842
Interest-bearing securities	765	939	1,248	1,488
Other interest income	1,300	1,323	839	886
Interest income	**19,375**	**20,072**	**15,115**	**16,573**
Interest expense				
Deposits by credit institutions	-1,589	-2,129	-1,598	-2,136
Deposits and borrowings from the public	-4,023	-4,213	-4,023	-4,213
Debt securities in issue	-1,814	-1,757	-78	-74
Subordinated liabilities	-429	-473	-429	-473
Other interest expenses[1]	-2,129	-2,604	-2,249	-2,543
Interest expense	**-9,984**	**-11,176**	**-8,377**	**-9,439**
Net interest income	**9,391**	**8,896**	**6,738**	**7,134**

[1] Includes net interest income from derivatives, measured at fair value and related to Nordea's funding. This can have both a positive and negative impact on other interest expense, for further information see Note 1 Accounting policies.

Interest income from financial instruments not measured at fair value through profit and loss amounts to NOK 18,773m (NOK 19,387m) for the group and NOK 14,029m (NOK 15,338m) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to NOK 8,178m (NOK 9,013m) for the group and NOK 6,451m (NOK 7,338m) for the parent company.

Interest on impaired loans amounted to an insignificant portion of interest income.

Net interest income

	Group		Parent company	
NOKm	2013	2012	2013	2012
Interest income	19,375	19,611	15,115	16,573
Leasing income[1]	0	461	0	0
Interest expenses	-9,984	-11,176	-8,377	-9,439
Total	**9,391**	**8,896**	**6,738**	**7,134**

[1] Of which contingent leasing income amounts to NOK 0m (NOK 0m).

Note 4:
Net fee and commission income

	Group		Parent company	
NOKm	2013	2012	2013	2012
Asset management commissions	56	78	56	78
Life insurance	72	68	72	68
Brokerage, securities issues and corporate finance[1]	568	642	568	642
Custody and issuer services	202	203	202	203
Deposits	93	79	86	76
Total savings and investments	991	1,070	984	1,067
Payments	374	373	373	373
Cards	831	815	826	811
Total payment and cards	1,205	1,188	1,199	1,184
Lending	1,031	928	862	759
Guarantees and documentary payments	85	75	85	75
Total lending related to commissions	1,116	1,003	947	834
Other commission income	90	99	90	102
Fee and commission income	**3,402**	**3,360**	**3,220**	**3,187**
Savings and investments[1]	-315	-310	-313	-307
Payments	-268	-254	-268	-254
Cards	-344	-335	-343	-334
Lending	-2	-2	0	0
Other commission expenses	-33	-47	-27	-45
Fee and commission expense	**-962**	**-948**	**-951**	**-940**
Net fee and commission income	**2,440**	**2,412**	**2,269**	**2,247**

[1]Restated.The classification of dividend receivables on securities lending within "Net fee and commision income" has been changed. See Note 1 Accounting policies for further details.

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amount to NOK 1,125m (1,007) for the Group and NOK 948m (834) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to NOK 696m (604) for the Group and NOK 696m (604) for the parent company. The corresponding amount for fee expenses is NOK 0m (0) for the Group.

Note 5:
Net result from items at fair value

	Group		Parent	
NOKm	2013	2012	2013	2012
Shares/participations and other share-related instruments	40	6	35	4
Interest-bearing securities and other interest-related instruments	234	302	219	264
Foreign exchange gains/losses	222	141	213	192
Investment properties	16	7	15	0
Total	**512**	**456**	**482**	**460**

Net result from categories of financial instruments

	Group		Parent	
NOKm	2013	2012	2013	2012
Available for sale assets, realised	-10	-6	-10	-6
Financial instruments designated at fair value through profit or loss	20	23	15	20
Financial instruments held for trading	242	200	254	204
Financial instruments under fair value hedge accounting	2	-1	5	-7
- of which net result on hedging instruments	43	335	143	-242
- of which net result on hedged items	-41	-336	-138	235
Financial assets measured at amortised cost	1	58	0	58
Foreign exchange gains/losses excl currency hedges	251	175	213	191
Other	6	7	5	0
Total	**512**	**456**	**482**	**460**

Note 6:
Dividends and group contribution

	Parent company	
NOKm	2013	2012
Investments in group undertakings	14	312
Investments in associated undertakings	0	0
Total	**14**	**312**

Note 7:
Other operating income

	Group		Parent company	
NOKm	2013	2012	2013	2012
Income from real estate	7	49	8	10
Disposals of tangible and intangible assets	78	73	9	6
Other	118	61	253	240
Total	**203**	**183**	**270**	**256**

Note 8:
Staff costs

	Group		Parent company	
NOKm	2013	2012	2013	2012
Salaries and remunerations	2,197	2,144	2,083	2,034
Pension costs (specification below)[1]	-10	240	-12	233
Social security contributions[1]	319	348	302	327
Allocation to profit-sharing[2]	37	64	34	60
Other staff costs	131	134	125	130
Total[2]	**2,674**	**2,930**	**2,532**	**2,784**

[1] Figures for 2012 have been restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting policies for further detail.

[2] Allocation to profit-sharing foundation in 2013 consists of a new allocation of NOK 41m (38m for the parent company) and release related to prior years of NOK 4m (4m for the parent company). In 2012 new allocation amounted to 58m (54m for the parent) and allocation for prior year amounted to 6m (6m for the parent).

Pension costs (excluding social charges)	Group		Parent company	
NOKm	2013	2012	2013	2012
Defined Benefit plans (Note 33)	139	273	132	265
Defined Contribution plans (Note 33)	-149	-33	-144	-32
Total[1,2]	**-10**	**240**	**-12**	**233**

[1] Amounting to -6m (-8m for the parent) including social charges in 2013 and 272m (262m for the parent) in 2012.

[2] Figures for 2012 have been restated due to the implementation of the amended IAS 19 Employee benefits, see Note 1 Accounting policies for further detail.

Number of employees/full time positions				
Number of employees as at 31.12	3,133	3,176	2,940	2,982
Full-time equivalents as at 31.12.	2,862	2,889	2,684	2,716
- of which men	1,521	1,544	1,431	1,449
- of which women	1,341	1,345	1,253	1,267
Average full time equivalents	2,870	2,967	2,697	2,794
- of which men	1,522	1,576	1,432	1,486
- of which women	1,348	1,391	1,265	1,308

Gender distribution Board of Directors				
Percent at year-end				
- Men	71	71	60	60
- Women	29	29	40	40

Additional disclosure on remuneration under Nordic FSAs' regulation and general guidelines

The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Directors' Report in NB AB's annual report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) one week before the Annual General Meeting on 20 March 2014.

Remuneration to the CEO and senior executives

Statement to the annual general meeting 2014 about salaries and other remuneration to senior executives

Pursuant to Section 6-16a of the Norwegian Public Limited Liability Companies Act the Board of Directors of Nordea Bank Norge ASA will issue the following statement to the company's Annual General Meeting 2013:

Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ) and a part of the Nordea Group, and follows the relevant guidelines for determination of salary and remuneration to the CEO and other senior executives set out by Nordea, with minor adjustments due to local requirements. Nordea's guidelines for determination of salary and incentives are described in the annual report for Nordea Bank AB (publ) and on the company's homepage under Corporate Governance.

According to the regulation from 2010 relating to remuneration schemes in holding companies within financial groups, banks, etc. every company should have a separate remuneration board who is to help in promoting and giving incentives to ensure good management and control over the company's risk, counter for high risk taking as well as help to avoid conflicts of interest. Accordingly the remuneration board should have sufficient knowledge and experience with risk analysis to be able to assess whether the company's remuneration policy is appropriate. The financial supervisory authority has given all Norwegian Nordea companies, including Nordea Bank Norway ASA, permission to use the Nordea Bank AB (publ) Remuneration Committee (BRC) as a common remuneration board, effectively up to the date of the ordinary general meeting of 2015. (BRCs members are independent of the company and its management, and currently consist of Marie Ehrling, Peter F. Braunwalder and Björn Wahlroos.)

Compensation to the CEO
The CEO is employed by Nordea Bank AB (publ) and works through the company's Norwegian branch. The CEO receives her salary and other remuneration from Nordea Bank AB (publ). Nordea Bank Norge ASA compensates Nordea Bank AB (publ) for the services rendered by the CEO.

Note 8:
Staff costs cont.

This compensation is proposed by the Board of Directors and determined by the Board of Representatives. For 2013 the compensation was fixed at NOK 1,500,000, the same level as in 2007, 2008, 2009, 2010, 2011 and 2012.

The CEO did not receive any bonuses or non-monetary benefits from Nordea Bank Norge ASA for 2013, and did not receive any remuneration in form of shares, options, etc. in Nordea Bank Norge ASA in 2013, as mentioned in Section 6-16 a, no. 3, however see also comments under non-monetary benefits below.

Senior executives – salary and bonus/variable salary part
For senior executives in general, Nordea's aim is to maintain salaries and other benefits at a competitive level in order to ensure satisfactory recruitment to such positions. Market adjustment, therefore, is a key element in the stipulation.

The fixed salary of senior executives are adjusted annually, subject to individual assessments and within the upper average limit determined by the Group Executive Management. This limit is based on the general growth in salaries and costs in the relevant area. Both the general development and more industry-specific figures are considered, for example the general wage settlements in the finance sector.

In 2012, an individual incentive scheme also applied to senior executives, comprising a variable salary part, VSP. This scheme was contingent upon the management's decision, and also to predetermined criteria and limited to a percentage of the regular, fixed salary.

The variable salary part, VSP, was as a general rule maximum 25% of the regular fixed salary. This was paid in addition to the regular, fixed salary and subject to achievement of Nordea Group, unit and personal targets. The targets were set annually in co-operation with superior manager.

Thus, senior executives in Nordea Bank Norge ASA could receive a maximum of 25% of their regular, fixed salary as an addition/a bonus within this scheme. In addition, special schemes that may exceed this level, could also apply to a very limited number of senior executives within specific professional fields.

A few senior executives have a severance pay agreement provided if the employer terminates their assignment. The employees covered by this scheme will receive their regular, fixed salary for a number of months depending on their seniority in their management position, limited to 24 months including their 6 months' period of notice, with the deduction of any income from other employers or assignments.

Senior executives – Incentive Programme - EIP
The Board's main objective with the programme is to strengthen Nordea's capability to retain and recruit the best talent for key leadership positions. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's results, profitability and value growth, to increased efforts by aligning their interests and perspectives with those of the shareholders.

The executive officers have up to 2012 been offered a short term variable salary part ("VSP") and a Long Term Incentive Programme ("LTIP"). In order to reduce the complexity of having both VSP and LTIP the executive officers will be offered an Executive Incentive Programme (EIP 2013) to reward performance meeting predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The outcome from EIP 2013 shall be paid over a five year period in cash and be subject to forfeiture clauses, Total Shareholder Return indexation and retention based on the Swedish Financial Supervisory Authority's regulations on remuneration systems, taking account of domestic rules and practices where relevant. EIP 2013 has a one year performance period and the outcome shall not exceed the fixed salary.

The EIP programme covers 43 senior executives in 2013.

More information on the incentive programmes can be found at Nordea.com, as well as in the Annual Report of Nordea Bank AB (publ) for previous years.

Senior executives – non-monetary benefits
Based on the principle of market adjustment of salaries and other benefits, non-monetary benefits like free car/car scheme, telephone and computer, loans on employee terms, insurance schemes, etc. are given in accordance with the management's guidelines and normal practice in general.

Senior executives – pension schemes
In 2010 it was decided to close the existing defined benefit pension plan with effect from January 1, 2011, as well as reducing the level of current performance from 70% to 66% at retirement. Based on this, all the employees have decided upon the choice whether to participate in the new defined contribution plan or to remain in the existing defined benefit plan. All employees hired after January 1, 2011 are enrolled in a defined contribution plan.

These changes also comprise senior executives, including normal contribution period. However, some have individual agreements in relation to the level of contribution and a mutual right to resign and/or demand resignation at the age of 60.

Effects on the company in 2013
The above principles and guidelines have been in practice over time, and are complied with in 2013, with the exception of minor adjustments for the key management and the annual assessment of the group and personal goals. We have no reason to point at any specific effects for the company or the shareholders.

Guidelines for 2014
The principles and guidelines described above will also apply to 2014. However, necessary adjustments will be done in line with amendments of relevant laws and regulations concerning incentive programmes in financial institutions.

Note 8:
Staff costs cont.

Explanation of details regarding individually specified remuneration as specified in the next two tables

Fixed salary and fees – relates to received regular salary for the financial year and includes any fee agreed by the Board of Representatives.

Variable salary – includes profit sharing, variable salary and incentive programs. For futher description see Statement to the annual general meeting above. All employees receive profit sharing according to common Nordea strategy.

Benefits – includes non-monetary benefits like free car/car scheme, telephone and computer, loans on employee terms, insurance schemes, etc.

Pensions and pension obligation – pensions include changes in the individual's accrued rights under the defined benefit plan (DBP) and any premiums paid to the defined contribution plan during the year. The amount related to the DBP plan equals the annual change in the present value of the pension obligations (PBO), best reflecting the change in pension right for the year. Pension obligation equals the total pension obligations at the end of the year. These obligations are to a high degree covered by plan assets.

Loans and interest – Total loan engagement as of 31 December 2013. Senior executives are given loans on the same terms as regular employees. The employee interest rate for loans is 100 basis points lower than the best corresponding interest rate for external customers, with a cap on the loan amount with employee terms of 3 times salary grade 55 plus NOK 100,000. Loans to family members of senior executives are granted on normal market terms, as well as loans to senior executives not employed by Nordea. Interest includes interest income on the loans for Nordea Bank Norge during 2013. The Chairman of the Board of NBN ASA does not have loans in NBN.

Shares and options – None of the senior executives has shares, option rights or hold part of any option programme within NBN. However, some senior executives in NBN are part of the NB AB share option programme, referred to above as Long Term Incentive Programme, LTIP. Total costs for NBN related to the LTIP program amounted to 21m (20m for the parent) in 2013 and 15m (14m for the parent) in 2012, including social security, of which 0m (0m) relates to the individuals below.

Salaries and remuneration – per individual, figures in NOK thousand, 2013

Name and position	Fixed salary and fees	Variable salary	Benefits	Pensions	**Total remune-ration**	Pension obligation	Loans	Interest
Gunn Wærsted, CEO [1]							4,099	128
Ari Kaperi, Chairman of the Board [1]								
Fredrik Rystedt (1.1.-28.1.2013) [1]								
Torsten Hagen Jørgensen (28.1.-31.12.2013) [1]								
Karin S. Thorburn	194				194			
Mary Helene Moe	194				194		3	
Steinar Nickelsen, employees' representative (1.1.-11.3.2013)	157		4	6	167	1,164	1,622	42
Hans Christian Riise, employees' representative (11.3.-31.12.2013)	706		14	44	764	891	894	18
Total CEO and Board of Directors of NBN ASA[1]	**1,251**	**0**	**18**	**50**	**1,319**	**2,055**	**6,618**	**188**
Ari Kaperi, Chairman of the Board [1]								
Karin S. Thorburn	36				36			
Total Board Audit Committee of NBN ASA [1]	**36**	**0**	**0**	**0**	**36**	**0**	**0**	**0**
Inger Johanne Lund, Chairman	174				174			
Christian Hambro [2]	135				135			
Janicke L. Rasmussen	105				105			
Odd Svang-Rasmussen [2]	135				135			
Total Control Committee of NBN ASA	**549**	**0**	**0**	**0**	**549**	**0**	**0**	**0**
Total Board of Representatives of NBN ASA [3, 4]	**1,422**	**63**	**37**	**634**	**2,156**	**45,370**	**9,516**	**278**
Total remuneration and loans to Senior Executives	**3,258**	**63**	**55**	**684**	**4,060**	**47,425**	**16,134**	**466**

Note 8:
Staff costs cont.

Salaries and remuneration – per individual, figures in NOK thousand, 2012

Name and position	Fixed salary and fees	Variable salary	Benefits	Pensions	**Total remune-ration**	Pension obligation	Loans	Interest
Gunn Wærsted, CEO [1]							5,176	189
Ari Kaperi, Chairman of the Board [1]								
Fredrik Rystedt [1]								
Karin S. Thorburn	185				185			
Mary Helene Moe	185				185		5	
Steinar Nickelsen, employees' representative	741	10	20	48	819	767	4,162	39
Hans Christian Riise, deputy employees' representative [4]	24				24			
Total CEO and Board of Directors of NBN ASA[1]	**1,135**	**10**	**20**	**48**	**1,213**	**767**	**9,343**	**228**
Ari Kaperi, Chairman of the Board [1]								
Karin S. Thorburn	34				34			
Total Board Audit Committee of NBN ASA [1]	**34**	**0**	**0**	**0**	**34**	**0**	**0**	**0**
Inger Johanne Lund, Chairman	174				174			
Christian Hambro [2]	135				135			
Janicke L. Rasmussen	105				105			
Odd Svang-Rasmussen [2]	135				135			
Total Control Committee of NBN ASA	**549**	**0**	**0**	**0**	**549**	**0**	**0**	**0**
Total Board of Representatives of NBN ASA [3, 4]	**4,143**	**388**	**85**	**514**	**5,130**	**8,281**	**21,852**	**426**
Total remuneration and loans to Senior Executives	**5,861**	**398**	**105**	**562**	**6,926**	**9,048**	**31,195**	**654**

Comments

[1] Nordea Bank Norge does not operate with a separate local General Executive Management team (GEM). This is based on the Nordea operating model where all business areas and main group functions are managed on a Nordic level through GEM in Nordea Bank AB (publ) (NB AB). GEM is represented in the NBN Board of Directors through the Nordea Group CFO, Torsten Hagen Jørgensen (Fredrik Rystedt in 2012), and Ari Kaperi (Nordea Group CRO). The CEO is employed by the NB AB branch in Norway and a member of GEM. This ensures that Nordea is managed according to Nordea Group strategy. The CEO and the Members of the Board employed in Nordea companies do not receive any individual fee for the services provided to NBN. However, NBN paid compensation of NOK 4m to NB AB (3m in 2012). In addition, as a compensation to NB AB branch in Norway for the work relating to the position as CEO of Nordea Bank Norge ASA, the Board of Representatives has approved an amount of NOK 1.5m for 2013 (same level as in 2012).

NBN does not have expenses to pensions and other remunerations to the CEO and has no obligation towards CEO or Chairman of the Board to pay individual compensation when the assignment comes to an end or by changes in the assignment.

[2] Member of Control Committees in both NBN and Nordea Finans Norge AS (NFN). NOK 30,000 of total fees shown in the table is remunerated from NFN for membership in the NFN Control Committee .

[3] Total fee paid in 2013 to all members of the Board of Representatives in NBN was NOK 270,795 (NOK 174,400 in 2012), of which NOK 199,995 (NOK 127,100 in 2012) was paid to external members not employed by Nordea. All attending members received NOK 3,600 (NOK 3,600 in 2012) for each of the four meetings during the year (two in 2012). Loans to external members amounted to NOK 1,921,701 at year end (NOK 9,908,283 in 2012), and the fees were paid according to attendance with up to NOK 14,000 to the following external members in 2013: Inger Johanne Lund, Øyvind A. Brøymer, John Giverholt, Christian Hambro, Jens L. Hofgaard, Nina Iversen, Petter Faye-Lund, Hege Marie Norheim, Peter Groth, Baard Syrrist, Sissel Stenberg, Stein Wessel-Aas and Anders Utne. Fees in 2012 paid according to attendance with up to NOK 7,200 to the external members: Inger Johanne Lund, Øyvind A. Brøymer, Christian Hambro, Jens L. Hofgaard, Nina Iversen, Petter Faye-Lund, Eli Skrøvset, Hege Marie Norheim, Anders Utne, Peter Groth, Ragnar Kårhus and Sissel Stenberg. The fee to the chairman Bjarne Aamodt was NOK 65,900 (NOK 65,900 in 2012) and to the deputy chairman Cato A. Holmsen NOK 18,500 (NOK 18,500 in 2012). For Nordea employed members, the following members received up to NOK 14,400 in 2013: Marianne Schøitz, Hedda Grundt, Arve Sæther, Harald Rune Ulstein and Kjell Arne Ystenes. For Nordea employed members, the following members received up to NOK 7,200 in 2012: Hedda Henriette Grundt, Marianne Schøitz, Arve Sæther, Harald Rune Ulstein, Lars Vambheim, Oddvar Hauge and Erik A. Gunnestad. The other figures above shows the remunerations these individuals and the deputy chairman received in relation to their regular employment with Nordea.

In addition to the loan amount shown in the table, NBN has customer relationships with related companies, where members of the Board of Representatives have significant influence. See Note 44 Related-party transactions for further information.

[4] For deputy employees' representatives only fees agreed by the Board of Representatives have been included.

Note 8:
Staff costs cont.

Loans to employees
Loans to the Group's employees (including retired employees) totalled NOK 6.9bn as of 31 December 2013 (NOK 6.8bn 31 December 2012). The interest income totalled NOK 24.6m on these loans in 2013 (NOK 42.2m in 2012). The effect is included in Net interest income.

Cash-settled share-based payment transactions
"Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. The below table only includes deferred amounts indexed with Nordea TSR. Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year in the table below relates to variable compensation earned the previous year.

In addition Nordea has during 2013 introduced the Executive Incentive Programme 2013 (EIP 2013) which aims to strengthen Nordea's capability to retain and recruit the best talents. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth. EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The EIP shall not exceed the fixed salary. EIP shall be paid in the form of cash and be subject to TSR-indexation, deferral, forfeiture clauses and retention as per relevant remuneration regulations. The main part of EIP 2013 is paid no earlier than autumn 2017. Participation in the programme is offered to managers and key employees, except GEM who are instead offered a GEM EIP (further information about the GEM EIP can be found in the Remuneration section in the Board of Director's Report in NB AB's annual report), within the Nordea Group. EIP 2013 is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2013 is decided during spring 2014, and a reservation of NOK 34m incl. social costs (32m for the parent) has been made in 2013. 80% of the allocated amount will be subject to TSR-indexation.

Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage (www.nordea.com).

	Group		Parent company	
NOKm	2013	2012	2013	2012
Opening balance	37,833	21,615	37,639	21,615
Deferred/earned during the year	16,898	14,813	16,742	14,653
TSR indexation during the year	16,573	6,444	16,475	6,410
Payments during the year[1]	-12,797	-4,718	-12,730	-4,718
Translation differences	-1,053	-321	-1,037	-321
Deferred TSR-linked compensation 31. des	**57,454**	**37,833**	**57,089**	**37,639**

[1] There have been no adjustments due to forfeitures in 2013 or 2012.

Note 9:
Other expenses

	Group		Parent company	
NOKm	2013	2012	2013	2012
Information technology	648	587	615	571
Marketing and representation	143	148	134	137
Postage, transportation, telephone and office expenses	186	208	175	197
Rents, premises and real estate	406	420	402	414
Other [1]	517	493	475	460
Total	**1,900**	**1,856**	**1,801**	**1,779**

[1] Including fees and remuneration to auditors distributed as follows.

Auditors' fees

During the year the group has expensed fees of NOK 6.2m including VAT to its external auditors (NOK 4.0m for the parent). For group NOK 5.0 (4.0 for parent) were connected to audit work, while NOK 1.2m (0.0m for parent) were for other services.

Note 10:
Depreciation, amortisation and impairment charges of tangible and intangible assets

	Group		Parent company	
NOKm	2013	2012	2013	2012
Depreciation/amortisation				
Property and equipment (Note 22)				
Equipment	42	42	41	42
Buildings	43	36	42	36
Intangible assets (Note 21)				
Other intangible assets	62	86	59	81
Total	**147**	**164**	**142**	**159**
Impairment charges / Reversed impairment charges				
Intangible assets				
Other intangible assets	4	39	4	38
Total	**4**	**39**	**4**	**38**
Total	**151**	**203**	**146**	**197**

Note 11:
Net loan losses

	Group		Parent	
NOKm	2013	2012	2013	2012
Divided by class				
Loans to central banks and credit institutions	2	0	2	0
– of which recoveries	2	0	2	0
Loans to the public	-1,363	-950	-1,302	-825
– of which provisions	-1,423	-1,112	-1,322	-925
– of which write-offs	-1,047	-884	-1,002	-819
– of which allowances to cover write-offs	674	691	645	644
– of which reversals	374	305	325	230
– of which recoveries	59	50	52	45
Off-balance sheet items[1]	-40	-8	-40	-8
– of which provisions	-41	-26	-41	-26
– of which reversals	1	18	1	18
Total	**-1,401**	**-958**	**-1,340**	**-833**
Specification				
Changes of allowance accounts in the balance sheet	-1,090	-815	-1,037	-703
– of which Loans, individually assessed[2]	-782	-692	-754	-546
– of which Loans, collectively assessed[2]	-268	-115	-243	-149
– of which Off-balance sheet items, individually assessed[1]	-40	-8	-40	-8
Changes directly recognised in the income statement	-313	-143	-303	-130
– of which realised loan losses, individually assessed	-374	-193	-357	-175
– of which realised recoveries, individually assessed	61	50	54	45
Total	**-1,401**	**-958**	**-1,340**	**-833**

[1] Included in Note 32 Provisions.

[2] Included in Note 13 Loans and impairment.

Key ratios	Group		Parent	
	2013	2012	2013	2012
Loan loss ratio, basis points[1]	30	19	35	20
– of which individual	24	17	29	16
– of which collective	6	2	6	4

[1] Net loan losses (annualised) divided by opening balance of total loans.

Note 12:

Taxes[1]

Income tax expense

	Group		Parent company	
NOKm	2013	2012	2013	2012
Current tax	-618	-1,648	-24	-1,379
Deferred tax	-1,240	-48	-1,156	22
Total	**-1,858**	**-1,696**	**-1,180**	**-1,357**

	Group		Parent company	
Current and deferred tax recognised in Other comprehensive income	2013	2012	2013	2012
Deferred tax on remeasurements of pension obligation DBP[1]	-335	-299	-329	-294
Deferred tax relating to available-for-sale investments	-35	-30	-35	-30
Deferred tax relating to cash flow hedges	-1	0	-13	0
Total	**-371**	**-329**	**-377**	**-324**

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Norway as follows:

	Group		Parent company	
NOKm	2013	2012	2013	2012
Profit before tax	6,559	6,136	3,954	4,816
Tax calculated at a tax rate of 28%	-1,837	-1,718	-1,107	-1,348
Effect of different tax rates in other countries	-2	-2	-2	-2
Income/loss from associated undertakings	35	34	0	0
Tax-exempt income	10	11	10	10
Non-deductible expenses	-17	-22	-16	-17
Change of tax rate[2]	37	0	22	0
Adjustments relating to prior years	-84	1	-87	0
Not creditable foreign taxes	0	0	0	0
Tax charge	**-1,858**	**-1,696**	**-1,180**	**-1,357**
Average effective tax rate	28.3 %	27.6 %	29.8 %	28.2 %

[2] Due to change in corporate tax rate in Norway from 28% to 27%

Deferred tax

	Group		Parent company	
NOKm	2013	2012	2013	2012
Deferred tax expense (–)/income (+)				
Deferred tax due to temporary differences	-1,240	-48	-1,156	22
Income tax expense, net	**-1,240**	**-48**	**-1,156**	**22**

	Group			
	Deferred tax assets		Deferred tax liabilities	
NOKm	2013	2012	2013	2012
Deferred tax related to:				
Tax losses carry-forward	183	0	0	0
Financial instruments and derivatives	0	0	1,484	210
Property, equipment and intangible assets	15	0	0	2
Retirement benefit assets/obligations	296	523	0	0
Liabilities/provisions/other	28	25	0	0
Netting between deferred tax assets and liabilities	-522	-212	-522	-212
Total	**0**	**336**	**962**	**0**

[1] Figures for 2012 are restated due to IAS 19 Employee benefits , see Note 1 Accounting policies for further details.

Note 12:
Taxes[1] cont.

	Parent company			
	Deferred tax assets		Deferred tax liabilities	
NOKm	2013	2012	2013	2012
Deferred tax related to:				
Tax losses carry-forward	183	0	0	0
Financial instruments and derivatives	0	131	1,074	0
Property, equipment and intangible assets	15	0	0	1
Retirement benefit assets/obligations	296	525	0	0
Liabilities/provisions/other	25	14	0	0
Netting between deferred tax assets and liabilities	-519	-1	-519	-1
Total	**0**	**669**	**555**	**0**

	Group		Parent company	
Movements in deferred tax assets/liabilities, net are as follows:	2013	2,012	2,013	2,012
Amounts at beginning of year (net)	336	713	669	969
Deferred tax relating to items recognised in Other comprehensive income	-42	-329	-53	-322
Adjustments related to earlier years	-16	0	-15	0
Deferred tax in the income statement	-1,240	-48	-1,156	22
Amount at end of year (net)	**-962**	**336**	**-555**	**669**

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax income taxes related to the same fiscal authority.

[1] Figures for 2012 are restated due to IAS 19 Employee benefits , see Note 1 Accounting policies for further details.

Note 13:
Loans and impairment

Group

NOKm	Central banks and credit institutions 31 Dec 2013	31 Dec 2012	The public[1] 31 Dec 2013	31 Dec 2012	Total 31 Dec 2013	31 Dec 2012
Loans, not impaired	33,076	17,798	461,711	453,326	494,787	471,124
Impaired loans	0	0	3,525	4,746	3,525	4,746
– Performing	0	0	1,227	1,308	1,227	1,308
– Non-performing	0	0	2,298	3,438	2,298	3,438
Loans before allowances	**33,076**	**17,798**	**465,236**	**458,072**	**498,312**	**475,870**
Allowances for individually assessed impaired loans	0	0	–1,791	–1,677	–1,791	–1,677
– Performing	0	0	–435	–411	–435	–411
– Non-performing	0	0	–1,356	–1,266	–1,356	–1,266
Allowances for collectively assessed impaired loans	0	0	–673	–405	–673	–405
Allowances	**0**	**0**	**–2,464**	**–2,082**	**–2,464**	**–2,082**
Loans, carrying amount	**33,076**	**17,798**	**462,772**	**455,990**	**495,848**	**473,788**

Parent company

NOKm	Central banks and credit institutions 31 Dec 2013	31 Dec 2012	The public 31 Dec 2013	31 Dec 2012	Total 31 Dec 2013	31 Dec 2012
Loans, not impaired	70,555	55,519	325,395	321,808	395,950	377,327
Impaired loans	0	0	2,943	4,035	2,943	4,035
– Performing	0	0	1,116	1,217	1,116	1,217
– Non-performing	0	0	1,827	2,818	1,827	2,818
Loans before allowances	**70,555**	**55,519**	**328,338**	**325,843**	**398,893**	**381,362**
Allowances for individually assessed impaired loans	0	0	–1,531	–1,419	–1,531	–1,419
– Performing	0	0	–393	–370	–393	–370
– Non-performing	0	0	–1,138	–1,049	–1,138	–1,049
Allowances for collectively assessed impaired loans	0	0	–613	–370	–613	–370
Allowances	**0**	**0**	**–2,144**	**–1,789**	**–2,144**	**–1,789**
Loans, carrying amount	**70,555**	**55,519**	**326,194**	**324,054**	**396,749**	**379,573**

[1] Finance leases, where Nordea Bank Norge Group is a lessor, are included in Loans to the public, see Note 23 Leasing.

Note 13:
Loans and impairment cont.

Reconciliation of allowance accounts for impaired loans[1]

Group

	Central banks and credit institutions			The public			Total		
NOKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**0**	**0**	**0**	**-1,677**	**-405**	**-2,082**	**-1,677**	**-405**	**-2,082**
Provisions	0	0	0	-1,114	-309	-1,423	-1,114	-309	-1,423
Reversals	0	0	0	333	41	374	333	41	374
Changes through the income statement	**0**	**0**	**0**	**-781**	**-268**	**-1,049**	**-781**	**-268**	**-1,049**
Allowances used to cover write-offs	0	0	0	674	0	674	674	0	674
Currency translation differences	0	0	0	-5	0	-5	-5	0	-5
Closing balance at 31 Dec 2013	**0**	**0**	**0**	**-1,789**	**-673**	**-2,462**	**-1,789**	**-673**	**-2,462**
Opening balance at 1 Jan 2012	**0**	**0**	**0**	**-1,709**	**-290**	**-1,999**	**-1,709**	**-290**	**-1,999**
Provisions	0	0	0	-928	-184	-1,111	-928	-184	-1,112
Reversals	0	0	0	236	69	305	236	69	305
Changes through the income statement	**0**	**0**	**0**	**-692**	**-115**	**-807**	**-692**	**-115**	**-807**
Allowances used to cover write-offs	0	0	0	691	0	691	691	0	691
Currency translation differences	0	0	0	33	0	33	33	0	33
Closing balance at 31 Dec 2012	**0**	**0**	**0**	**-1,677**	**-405**	**-2,082**	**-1,677**	**-405**	**-2,082**

Parent company

	Central banks and credit institutions			The public			Total		
NOKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**0**	**0**	**0**	**-1,419**	**-370**	**-1,789**	**-1,419**	**-370**	**-1,789**
Provisions	0	0	0	-1,042	-280	-1,322	-1,042	-280	-1,322
Reversals	0	0	0	288	37	325	288	37	325
Changes through the income statement	**0**	**0**	**0**	**-754**	**-243**	**-997**	**-754**	**-243**	**-997**
Allowances used to cover write-offs	0	0	0	645	0	645	645	0	645
Currency translation differences	0	0	0	-5	0	-5	-5	0	-5
Closing balance at 31 Dec 2013	**0**	**0**	**0**	**-1,533**	**-613**	**-2,146**	**-1,533**	**-613**	**-2,146**
Opening balance at 1 Jan 2012	**0**	**0**	**0**	**-1,549**	**-221**	**-1,770**	**-1,549**	**-221**	**-1,770**
Provisions	0	0	0	-741	-184	-925	-741	-184	-925
Reversals	0	0	0	195	35	230	195	35	230
Changes through the income statement	**0**	**0**	**0**	**-546**	**-149**	**-695**	**-546**	**-149**	**-695**
Allowances used to cover write-offs	0	0	0	644	0	644	644	0	644
Currency translation differences	0	0	0	32	0	32	32	0	32
Closing balance at 31 Dec 2012	**0**	**0**	**0**	**-1,419**	**-370**	**-1,789**	**-1,419**	**-370**	**-1,789**

[1] See Note 11 Net loan losses.

Note 13:
Loans and impairment cont.

Allowances and provisions

Group

NOKm	Central banks and credit institutions 31 Dec 2013	31 Dec 2012	The public 31 Dec 2013	31 Dec 2012	Total 31 Dec 2013	31 Dec 2012
Allowances for items in the balance sheet	0	0	–2,462	–2,082	–2,462	–2,082
Provisions for off balance sheet items	0	0	–47	–17	–47	–17
Total allowances and provisions	**0**	**0**	**–2,509**	**–2,099**	**–2,509**	**–2,099**
Parent company						
Allowances for items in the balance sheet	0	0	–2,146	–1,789	–2,146	–1,789
Provisions for off balance sheet items	0	0	–47	–17	–47	–17
Total allowances and provisions	**0**	**0**	**–2,193**	**–1,806**	**–2,193**	**–1,806**

Key ratios

	Total Group 31 Dec 2013	Group 31 Dec 2012	Parent 31 Dec 2013	Parent 31 Dec 2012
Impairment rate, gross[1], basis points	71	100	74	106
Impairment rate, net[2], basis points	35	64	35	69
Total allowance rate[3], basis points	49	44	54	47
Allowances in relation to impaired loans[4], %	51	35	52	35
Total allowances in relation to impaired loans[5], %	70	44	73	44
Non-performing loans, not impaired, NOKm	616	1,674	355	1,420

[1] Individually assessed impaired loans before allowances divided by total loans before allowances.

[2] Individually assessed impaired loans after allowances divided by total loans before allowances.

[3] Total allowances divided by total loans before allowances.

[4] Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

[5] Total allowances divided by total impaired loans before allowances.

Note 14:
Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
State and sovereigns	28,120	29,372	28,120	29,372
Municipalities and other public bodies	7,038	10,420	7,038	10,420
Mortgage institutions	5,845	10,168	27,005	31,378
Other credit institutions	40,956	30,867	40,956	30,867
Corporates	948	313	948	313
Total	**82,907**	**81,140**	**104,067**	**102,350**

Note 15:
Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Interest-bearing securities	766	1,876	766	1,876
Shares	258	41	258	41
Total	**1,024**	**1,917**	**1,024**	**1,917**

For information on transferred assets, see Note 42 Transferred assets and obtained collaterals.

Note 16:
Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Shares	830	534	830	534
Shares taken over for protection of claims	0	0	0	0
Total	**830**	**534**	**830**	**534**
- of which Financial instruments pledged as collateral (Note 15)	-258	-41	-258	-41
Total	**572**	**493**	**572**	**493**

Note 16:
Shares cont.

Specification of shares	Group			Parent company		
	Book value	Market value	Voting power	Book value	Market value	Voting power
31 Dec 2013	NOKm	NOKm	of holding %	NOKm	NOKm	of holding %
Current assets						
AGR Group	2	2	0.46	2	2	0.46
Aker	11	11	0.07	11	11	0.07
Aker Solutions	113	113	0.38	113	113	0.38
Algeta	2	2	0.02	2	2	0.02
Bakkafrost	5	5	0.10	5	5	0.10
Bulgaria Eiendom Invest AS Ord	5	5	11.83	5	5	11.83
Deep Sea Supply	18	18	1.26	18	18	1.26
Det norske oljeselskap	5	5	0.06	5	5	0.06
DNB	16	16	0.01	16	16	0.01
DNO International	11	11	0.04	11	11	0.04
Eiendomsverdi AS	32	32	18.00	32	32	18.00
Electromagnetic Geoservic	8	8	0.50	8	8	0.50
Euro-Clear Clearance System Ltd.	56	56	0.82	56	56	0.82
Fred. Olsen Energy	2	2	0.01	2	2	0.01
Gjensidige Forsikring	5	5	0.01	5	5	0.01
Grieg Seafood	162	162	5.92	162	162	5.92
Hurtigruten	3	3	0.19	3	3	0.19
Marine Harvest	43	43	0.14	43	43	0.14
Nio	4	4	1.56	4	4	1.56
Nordic Semiconductor	11	11	0.24	11	11	0.24
Norsk Hydro	14	14	0.02	14	14	0.02
Norsk Tillitsmann AS	23	23	10.41	23	23	10.41
Opera Software	2	2	0.02	2	2	0.02
Orkla	7	7	0.01	7	7	0.01
Petroleum Geo-Services	3	3	0.02	3	3	0.02
Prosafe	2	2	0.02	2	2	0.02
Royal Caribbean Cruises	48	48	0.08	48	48	0.08
S.D. Standard Drilling	4	4	1.07	4	4	1.07
SalMar	28	28	0.34	28	28	0.34
Schibsted	6	6	0.01	6	6	0.01
Seadrill	8	8	0.01	8	8	0.01
Sevan Marine	5	5	0.38	5	5	0.38
Siem Offshore	51	51	1.37	51	51	1.37
SpareBank 1 Nord-Norge	14	14	0.40	14	14	0.40
Spectrum	5	5	0.33	5	5	0.33
Statoil	27	27	0.01	27	27	0.01
Subsea 7	6	6	0.02	6	6	0.02
Telenor	25	25	0.01	25	25	0.01
TGS-NOPEC Geophysical Com	3	3	0.02	3	3	0.02
Yara International	9	9	0.01	9	9	0.01
Other shares	5	5		5	5	
Total	809	809		809	809	
Of which pledged as collateral (see Note 15)	-258	-258		-258	-258	
Total	**551**	**551**		**551**	**551**	

		Group			Parent company		
	Norwegian Registration	Book value	Market value	Voting power	Book value	Market value	Voting power
31 Dec 2013	Number	NOKm	NOKm	of holding %	NOKm	NOKm	of holding %
Non-current assets							
Borea Oppurtunity II AS	989 652 036	9	9	1.78	9	9	1.78
Møre og Romsdal Såkornfond AS	991 173 110	1	1	5.43	1	1	5.43
Nordito Property AS	995 400 073	1	1	10.80	1	1	10.80
P-Hus Vekst AS	979 338 333	1	1	5.26	1	1	5.26
ProVenture Seed AS	989 765 248	3	3	2.98	3	3	2.98
SWIFT		1	1	-	1	1	-
Saltens Bilruter A/S	915 637 620	2	2	2.43	2	2	2.43
Trondheim Sprektrum AS	814 588 432	1	1	1.94	1	1	1.94
Other non-current shares		2	2		2	2	
Total		**21**	**21**		**21**	**21**	

Note 17:
Derivatives and Hedge accounting

31 Dec 2013, NOKm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	201	135	134,708	201	135	134,708
FRAs	11	8	15,000	11	8	15,000
Other	2	2	0	2	2	0
Total	**214**	**145**	**149,708**	**214**	**145**	**149,708**
Equity derivatives						
Equity swaps	0	14	14	0	14	14
Futures and forwards	0	30	428	0	30	428
Options	2	8	279	2	8	279
Total	**2**	**52**	**721**	**2**	**52**	**721**
Foreign exchange derivatives						
Currency and interest rate swaps	2,367	271	171,249	2,367	271	171,249
Total	**2,367**	**271**	**171,249**	**2,367**	**271**	**171,249**
Total derivatives held for trading	**2,583**	**468**	**321,678**	**2,583**	**468**	**321,678**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	1,176	1,039	99,508	1,578	2,128	155,595
Total	**1,176**	**1,039**	**99,508**	**1,578**	**2,128**	**155,595**
Foreign exchange derivatives						
Currency and interest rate swaps	1,431	0	16,759	1,431	1,431	34,951
Total	**1,431**	**0**	**16,759**	**1,431**	**1,431**	**34,951**
Total derivatives used for hedge accounting[1]	**2,607**	**1,039**	**116,267**	**3,009**	**3,559**	**190,546**
Total derivatives	**5,190**	**1,508**	**437,945**	**5,592**	**4,027**	**512,224**
[1] of which cash flow hedges	1,431	0	16,759	1,431	1,431	34,951
of which fair value hedges	1,176	1,039	116,267	1,578	2,128	190,547

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

Group

NOKm	<1 year	1-3 years	3-5 years	5-10 years	over 10 years
Cash outflows (liabilities)	12,128	6,064	1,470	7,400	500
Net cash flows	12,128	6,064	1,470	7,400	500

Note 17:
Derivatives and Hedge accounting cont.

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2012, NOKm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	135	301	163,424	137	364	190,024
FRAs	57	74	27,000	57	74	27,000
Other	2	2	87	2	2	87
Total	**194**	**377**	**190,511**	**196**	**440**	**217,111**
Equity derivatives						
Equity swaps	1	1	62	1	1	62
Futures and forwards	5	1	72	5	1	72
Options	1	1	262	1	1	262
Total	**7**	**3**	**396**	**7**	**3**	**396**
Foreign exchange derivatives						
Currency forwards	48	348	122,645	48	348	122,645
Total	**48**	**348**	**122,645**	**48**	**348**	**122,645**
Total derivatives held for trading	**249**	**728**	**313,552**	**251**	**791**	**340,152**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	1,203	1,284	91,836	1,462	2,161	141,201
Total	**1,203**	**1,284**	**91,836**	**1,462**	**2,161**	**141,201**
Foreign exchange derivatives						
Currency and interest rate swaps	14	63	18,430	77	77	25,114
Total	**14**	**63**	**18,430**	**77**	**77**	**25,114**
Total derivatives used for hedge accounting[1]	**1,217**	**1,347**	**110,266**	**1,539**	**2,238**	**166,315**
Total derivatives	**1,466**	**2,075**	**423,818**	**1,790**	**3,029**	**506,467**
[1] of which fair value hedges	1,217	1,347	110,266	1,539	2,238	166,315

Note 18:

Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Carrying amount at beginning of year	764	658	411	232
Changes during the year				
Revaluation of hedged items	–328	106	–63	179
Carrying amount at end of year	**436**	**764**	**348**	**411**

Liabilities	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Carrying amount at beginning of year	1,123	618	2	0
Changes during the year				
Revaluation of hedged items	–376	505	–60	2
Carrying amount at end of year	**747**	**1 123**	**–58**	**2**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset, or respectively, a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

Note 19:

Investments in group undertakings

Parent company	31 Dec	31 Dec
NOKm	2013	2012
Acquisition value at beginning of year	4,646	2,845
Acquisitions during the year[1]	396	1,801
Acquisition value at end of year	**5,042**	**4,646**

[1] Purchase of Nordea Utvikling AS and increased share capital in 2013 in Nordea Finans AS and Nordea Utvikling AS.

Of which, listed shares	0	0

Specification

The specification shows the parent company's group undertakings. The full specification and statutory information are available on request from Nordea Investor Relations.

Parent company

		Book value NOKm				
		31 Dec	31 Dec	Voting power of		Registration
31 Dec 2013	Number of shares	2013	2012	holding %	Domicile	number
Nordea Eiendomskreditt AS	15,336,269	4,233	4,233	100.0	Oslo	971 227 222
Nordea Finans Norge AS	63,000	593	293	100.0	Oslo	924 507 500
Nordea Essendropsgate Eiendomsforvaltning AS	7,500	1	1	100.0	Oslo	986 610 472
Nordea Utvikling AS	300	96	0	100.0	Oslo	999 222 862
First Card AS[1]	200	0	0	100.0	Oslo	963 215 371
Privatmegleren AS	12,000,000	108	108	100.0	Oslo	986 386 661
M-Invest AS	1,000	0	0	100.0	Oslo	988 823 511
Kildens 8 Næringseiendom AS	1,000	11	11	100.0	Oslo	997 515 692
Total		**5,042**	**4,646**			

[1] Dormant company

Note 20:

Investments in associated undertakings

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Acquisition value at beginning of year	1,413	1,277	417	417
Share in earnings [1]	140	136	0	0
Dividend received	0	0	0	0
Acquisition value at end of year	**1,553**	**1,413**	**417**	**417**

[1] Nordea has chosen to use our own valuation model based on observable information in the market to estimate the credit spread effects related to the valuation of Eksportfinans' own debt. The model supports our position given in the press release of 22.Nov. 2011, and provides for an adjustment to increase Nordea's share of Eksportfinans' reported net result in 2013 by NOK 1,268m.

NBN's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

	31 Dec	31 Dec
NOKm	2013	2012
Total assets	23,554	38,878
Total liabilities	20,773	34,187
Operating income	221	2,084
Operating profit	175	197

Nordeas' share of contingent liabilities in associated undertakings amounts to NOK 0m (17).

			Book value NOKm		Voting power of holding %	
	Registration		31 Dec	31 Dec	31 Dec	31 Dec
31 Dec 2013	number	Domicile	2013	2012	2013	2012
Eksportfinans ASA	816 521 432	Oslo	1,542	1,403	23.21	23.21
NF Fleet AS	988 906 808	Oslo	11	10	20.00	20.00
Relacom	556 746 3103	Stockhom	0	0	0	47.91
Total			**1,553**	**1,413**		

The statutory information is available on request from Nordea Investor Relations.

Note 21:
Intangible assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Goodwill[1]	41	41	0	0
Internally developed software	151	157	151	157
Other intangible assets	183	213	167	201
Total	**375**	**411**	**318**	**358**

Goodwill[1]				
Acquisition value at beginning of year	48	48	0	0
Acquisitions during the year	0	0	0	0
Acquisition value at end of year	**48**	**48**	**0**	**0**
Accumulated impairment charges at beginning of year	-7	-7	0	0
Impairment charges during the year[2]	0	0	0	0
Accumulated impairment charges at end of year	**-7**	**-7**	**0**	**0**
Total	**41**	**41**	**0**	**0**

Internally developed software				
Acquisition value at beginning of year	209	298	209	298
Acquisitions during the year	18	61	18	61
Reclassifications	-24	-150	-24	-150
Acquisition value at end of year	**203**	**209**	**203**	**209**
Accumulated impairment charges at beginning of year	-52	-18	-52	-18
Impairment charges during the year	0	-34	0	-34
Accumulated impairment charges at end of year	**-52**	**-52**	**-52**	**-52**
Total	**151**	**157**	**151**	**157**

Other intangible assets				
Acquisition value at beginning of year	549	390	516	362
Acquisitions during the year	12	9	4	4
Sales/disposals during the year	0	0	0	0
Reclassifications	24	150	24	150
Acquisition value at end of year	**585**	**549**	**544**	**516**
Accumulated amortisation at beginning of year	-336	-250	-315	-234
Amortisation according to plan for the year	-62	-86	-58	-81
Accumulated amortisation on sales/disposals during the year	0	0	0	0
Reclassifications	0	0	0	0
Accumulated amortisation at end of year	**-398**	**-336**	**-373**	**-315**
Accumulated impairment charges at beginning of year	0	0	0	0
Impairment charges during the year	-4	0	-4	0
Accumulated impairment charges at end of year	**-4**	**0**	**-4**	**0**
Total	**183**	**213**	**167**	**201**

[1] Excluding goodwill in associated undertakings.

[2] Impairment charges of goodwill. Goodwill is in connection with the acquisition of Privatmegleren AS (100% ownership). The assessment of goodwill for 2013 has been performed in accordance with International Financial Reporting Standards (IFRS), and no correction has been necessary.

Note 22:
Property and equipment

	Group		Parent company	
NOKm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Property and equipment	361	298	361	297
Of which buildings for own use	228	147	228	147
Total	**361**	**298**	**361**	**297**

	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Equipment				
Acquisition value at beginning of year	647	671	645	667
Acquisitions during the year	26	33	26	33
Sales/disposals during the year	-15	-57	-15	-55
Reclassifications	0	0	0	0
Acquisition value at end of year	**658**	**647**	**656**	**645**
Accumulated depreciation at beginning of year	-492	-503	-491	-501
Accumulated depreciation on sales/disposals during the year	13	53	13	52
Depreciations according to plan for the year	-42	-42	-41	-42
Accumulated depreciation at end of year	**-521**	**-492**	**-519**	**-491**
Accumulated impairment charges at beginning of year	-4	-4	-4	-4
Impairment charges during the year	0	0	0	0
Accumulated impairment charges at end of year	**-4**	**-4**	**-4**	**-4**
Total	**133**	**151**	**133**	**150**

	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Land and buildings				
Acquisition value at beginning of year	279	238	277	236
Acquisitions during the year	130	47	130	47
Sales/disposals during the year	-8	-6	-8	-6
Acquisition value at end of year	**401**	**279**	**399**	**277**
Accumulated depreciation at beginning of year	-132	-100	-130	-98
Accumulated depreciation on sales/disposals during the year	4	4	4	4
Depreciation according to plan for the year	-43	-36	-42	-36
Reclassifications	-2	0	-3	0
Accumulated depreciation at end of year	**-173**	**-132**	**-171**	**-130**
Total	**228**	**147**	**228**	**147**

Note 23:
Leasing

Nordea as a lessor

Finance leases

Nordea owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in Loans to the public (see Note 13 Loans and impairment) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

	Group	
NOKm	31 Dec 2013	31 Dec 2012
Gross investments	12 460	10 880
Less unearned finance income	–144	–144
Net investments in finance leases	**12 316**	**10 736**
Less unguaranteed residual values accruing to the benefit of the lessor	0	0
Present value of future minimum lease payments receivable	**12 316**	**10 736**
Accumulated allowance for uncollectible minimum lease payments receivable	0	0

As of 31 December 2013 the gross investment and the net investment by remaining maturity was distributed as follows:

	Group		Group	
NOKm	31 Dec 2013 Gross investment	31 Dec 2013 Net investment	31 Dec 2012 Gross investment	31 Dec 2012 Net investment
2013	NA	NA	3 730	3 681
2014	3 955	3 910	2 860	2 823
2015	3 398	3 359	2 359	2 328
2016	2 916	2 883	992	979
2017	1 211	1 196	543	535
2018	540	533	NA	NA
Later years	440	435	396	390
Total	**12 460**	**12 316**	**10 880**	**10 736**
Less unearned future finance income on finance leases	–144	0	–144	0
Investment in finance leases	**12 316**	**12 316**	**10 736**	**10 736**

NA (not applicable)

Nordea as a lessee

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

	Group	
Leasing expenses during the year, NOKm	31 Dec 2013	31 Dec 2012
Leasing expenses during the year	230	246
Of which		
– minimum lease payments	245	244
– contingent rents	–15	2
Leasing income during the year regarding sublease payments	0	0

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

NOKm	Group 31 Dec 2013	Parent company 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2012
2013	NA	NA	168	221
2014	160	188	127	181
2015	147	182	117	173
2016	73	134	58	115
2017	56	119	41	100
2018	46	110	NA	NA
Later years	107	908	128	2 095
Total	**589**	**1 641**	**639**	**2 885**

NA (not applicable)

Note 24:
Investment property

Movement in the balance sheet	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Carrying amount at beginning of year	132	0	28	0
Acquisitions during the year	96	132	2	28
Sales/disposals during the year	–20	0	–20	0
Net result from fair value adjustments	–5	0	0	0
Carrying amount at end of year	**203**	**132**	**10**	**28**

Approximately 54% of the investment properties are valued using internal models based on a rate of return calculation. For the remaining 46% of the investment properties, appraisals were obtained from independent external valuers. All the properties are located in Norway. The main part relates to land as well as a combined office and service property with a yield requirement of 7%.

Amounts recognised in the income statement

Net income from investment properties amounts to 16m (15m for the parent) of which 5m (0m for the parent) relates to net rental income and is included in Net result from items at fair value.

Note 25:
Other assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Claims on securities settlement proceeds	3,469	4,145	3,469	4,145
Other	939	546	904	512
Total	**4,408**	**4,691**	**4,373**	**4,657**

Note 26:
Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Accrued interest income	1,890	2,242	1,687	2,073
Other accrued income	28	7	29	7
Prepaid expenses	725	702	28	63
Total	**2,643**	**2,951**	**1,744**	**2,143**

Note 27:
Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Central banks	19,049	21,497	19,049	21,497
Other banks	222,984	206,218	222,975	206,218
Other credit institutions	1,113	1,282	1,119	1,287
Total	**243,146**	**228,997**	**243,143**	**229,002**

Note 28:
Deposits and borrowings from the public

NOKm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Deposits from the public	218,862	218,752	218,875	218,772
Borrowings from the public	0	200	0	200
Total	**218,862**	**218,952**	**218,875**	**218,972**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee, but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included.

Note 29:
Debt securities in issue

NOKm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Bond loans	70,977	65,793	3,147	2,000
Total	**70,977**	**65,793**	**3,147**	**2,000**

Note 30:
Other liabilities

NOKm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Liabilities on securities settlement proceeds	2,693	3,341	2,693	3,341
Sold, not held, securities	1,523	2,287	1,523	2,287
Accounts payable	454	87	445	72
Other	3,856	1,003	3,850	1,074
Total[1]	**8,526**	**6,718**	**8,511**	**6,774**

[1] Figures for 2012 are restated due to changes in accounting policies, see Note 1 Accounting policies for further details.

Note 31:
Accrued expenses and prepaid income

NOKm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Accrued interest	902	972	464	573
Other accrued expenses	871	858	806	805
Prepaid income	699	682	1	10
Total	**2,472**	**2,512**	**1,271**	**1,388**

Note 32:
Provisions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Reserve for restructuring costs	67	72	66	69
Individually assessed, guarantees and other commitments	47	16	47	17
Other	7	229	6	219
Total	**121**	**317**	**119**	**305**

Group	Restructuring	Off-balance sheet	Other	Total
At beginning of year	72	16	229	317
New provisions made	3	41	6	50
Provisions utilised	-28	0	-9	-37
Reversals	0	-10	-219	-229
Reclassifications	20	0	0	20
At end of year	**67**	**47**	**7**	**121**

Parent company	Restructuring	Off-balance sheet	Other	Total
At beginning of year	69	17	219	305
New provisions made	3	41	6	50
Provisions utilised	-27	0	0	-27
Reversals	0	-10	-219	-229
Reclassifications	20	0	0	20
At end of year	**65**	**48**	**6**	**119**

Provisions for restructuring costs amounts to NOK 67m and covers termination benefits (NOK 39m) and other provisions mainly related to redundant premises (NOK 28m). The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability. As a part of this Nordea plans to reduce the number of employees, partly through close down of branches. The majority of the provision is expected to be used during 2014. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed.

Loan loss provisions for individually assessed, guarantees and other commitments amounted to NOK 47m (16m in 2012).

Other provisions refers to Provisions for Legal disputes NOK 7m(6m)

Note 33:
Retirement benefit obligations[1]

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Defined benefit plans, net	1,129	1,673	1,098	1,639
Total	**1,129**	**1,673**	**1,098**	**1,639**

Nordea Bank Norge sponsors both defined contribution plans (DCP) and defined benefit plans (DBP).

Nordea Bank Norge is obliged to have an occupational pension scheme under the Mandatory Occupational Pension Plan Act. NBN's pension schemes meet the demands required by this act. The major defined benefit pension plans are covered through Nordea Norge Pensjonskasse (pension fund), which is managed by Gabler AS, and are final salary and service based pension plans providing pension benefits on top of the statutory systems. NBN's also has pension commitments that are not covered by the pension fund. These relate to early retirement pensions and supplementary pensions. The defined benefit plans (DBP) are closed to new employees as from 2011 and pensions for new employees are instead based on defined contribution plan (DCP) arrangements. The DCP arrangements are administered by Nordea Liv. NBN is also a member of Fellesordningen for AFP (Avtalefestet Pensjon) established with effect from 2011. DCPs are not reflected on the balance sheet, unless when earned pensions rights have not been paid for.

Defined benefit plans may impact Nordea Bank Norge via changes in the net present value of obligations and/or changes in the market value of plan assets. Changes in the obligation are most importantly driven by changes in assumptions on discount rates (interest rates and credit spreads), salary increases, turnover and mortality as well as relevant experience adjustments where the actual outcome differs from the assumption. Assets are invested in diversified portfolios as further disclosed below, with bond exposures mitigating the interest rate risk in the obligations and a fair amount of real assets (inflation protected) to reduce the long term inflationary risk in liabilities.

No significant plan amendments, curtailments and settlements have been made during the year.

IAS 19 pension calculations and assumptions

Calculations are performed by actuaries and are based on different actuarial assumptions.

Assumptions[1]	2013	2012
Discount rate[2]	4.0%	4.0%
Salary increase	3.0%	3.0%
Inflation	2.0%	2.0%
Increase in income base amount	4.0%	4.0%
Expected return on assets before taxes	4.0%	4.0%
Expected adjustments of current pensions	2.5%	2.5%

1 The assumptions disclosed for 2013 have an impact on the liability calculation by year-end 2013, while the assumptions disclosed for 2012 are used for calculating the pension expense in 2013.

2 More information on the discount rate can be found in Note 1 Accounting policies, section 20 Employee benefits. The sensitivities to changes in the discount rate can be found below.

Sensitivities – Impact on Pension Benefit Obligation (PBO) %	2013
Discount rate – Increase 50bps	–6.7%
Discount rate – Decrease 50bps	7.6%
Salary increase – Increase 50bps	2.4%
Salary increase – Decrease 50bps	–2.1%
Inflation – Increase 50bps	5.9%
Inflation – Decrease 50bps	–5.4%

The sensitivity analyses are prepared by changing one actuarial assumption while keeping the other assumptions unchanged. This is a simplified approach since the actuarial assumptions usually are correlated. However, it enables the reader to isolate one effect from another. The method used for calculating the impact on the obligation is the same as when calculating the obligation accounted for in the financial statements. Compared with the 2012 Annual Report there have been no changes in the methods used when preparing the sensitivity analyses.

NBN has implemented the GAP07/I73 demographic models developed by Gabler (external actuaries). These models address all variables needed for actuarial evaluations of pensions, including mortalities, and has been tested against updated mortality statistics in 2013. We consider the GAP07/I73 demographic models to be the most appropriate models for NBNs population. An increase of 10% in would decrease PBO with 4.4% and a 10% decrease would increase the PBO with 3.5%.

Net retirement benefit liabilities/assets

	Group		Parent company	
NOKm	2013	2012	2013	2012
Obligations	6,155	6,266	6,033	6,155
Plan assets	5,026	4,593	4,935	4,516
Net liability(–)/asset(+)	**–1,129**	**–1,673**	**–1,098**	**–1,639**

Note 33:

Retirement benefit obligations[1] cont.

Changes in the obligation

	Group		Parent company	
NOKm	2013	2012	2013	2012
Opening balance	6,266	7,293	6,155	7,163
Current service cost	117	153	111	145
Interest cost	234	200	230	197
Pensions paid	–278	–295	–275	–294
Past service cost[1]	–23	63	–23	63
Settlements	–12	–119	–12	–119
Remeasurement from changes in financial assumptions	0	–837	0	–815
Remeasurement from experience adjustments	–87	–66	–89	–63
Change in provision for social security contribution[2]	–62	–126	–64	–122
Closing balance	**6,155**	**6,266**	**6,033**	**6,155**

[1]Provision for early retirement pensions and supplementary pensions related to restructuring.

[2]Calculated on recognised amounts in the balance sheet.

The average duration of the PBO is 14 years based on discounted cash flows. The fact that all DBPs are closed for new entrants leads to a lower duration.

Changes in the fair value of plan assets

	Group		Parent company	
NOKm	2013	2012	2013	2012
Opening balance	4,593	4,617	4,516	4,543
Interest income (calculated using the discount rate)	186	140	183	138
Pensions paid	–142	–151	–141	–151
Settlements	–10	–116	–10	–116
Contributions by employer	335	70	329	62
Remeasurement (actual return less interest income)	64	33	58	40
Closing balance	**5,026**	**4,593**	**4,935**	**4,516**

Asset composition

The combined return on assets in 2013 was 5.4% (3.7%) for the group and 5.3% (3.9%) for the parent mainly driven by the return on equity investments. At the end of the year the equity exposure in the foundation represented 27% (22%) of total assets.

Asset composition in funded schemes (%)	2013	2012
Bonds	52%	61%
– of which sovereign	41%	61%
– of which covered bonds	11%	0%
– of which corporate bonds	0%	0%
– of which issued by Nordea companies	11%	0%
– of which with quoted market price in active market	52%	61%
Equity	26%	22%
– of which domestic	7%	6%
– of which european	8%	7%
– of which US	7%	6%
– of which emerging	4%	3%
Real estate	14%	15%
– of which occupied by Nordea	0%	0%
Cash and cash equivalents	8%	2%

Note 33:

Retirement benefit obligations[1] cont.

NBN expects to contribute NOK 340m before social security contributions to its defined benefit plans in 2014 (NOK 333m for the parent company).

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the income statement (as staff costs) for the year is NOK162m (NOK 309m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans (see specification in Note 8 Staff Costs).

Recognised in the income statement

	Group		Parent company	
NOKm	2013	2012	2013	2012
Current service cost	117	153	111	145
Net interest	48	60	47	59
Past service cost and settlements	-3	-3	-3	-3
Recognised past service cost [1]	-23	63	-23	63
Social security contribution	23	36	24	34
Pension cost on defined benefit plans	**162**	**309**	**156**	**298**

[1] Provision for early retirement pensions and supplementary pensions related to restructuring.

Recognised in other comprehensive income

	Group		Parent company	
NOKm	2013	2012	2013	2012
Remeasurement from changes in financial assumptions	0	-837	0	-815
Remeasurement from experience adjustments	-87	-66	-89	-63
Remeasurement of plan assets (actual return less interest income)	-64	-33	-58	-40
Social security contribution	-21	-131	-21	-130
Pension cost on defined benefit plans	**-172**	**-1,067**	**-169**	**-1,049**

Multiemployer plans

In 2010 the Norwegian Parliament decided to change the AFP (Avtalefestet Pensjon) plan in Norway as from 2011. The change gave rise to a new multiemployer defined benefit plan that cannot be calculated as such, as information on Nordea's share of the liabilities and pension costs in the plan is not available from Fellesordningen (the administrator). Consequently the new AFP plan has to be accounted for as a defined contribution plan in accordance with IAS 19. Information on the funded status in the plan is not available.

The new AFP plan gives the entitled employees a lifelong addition to regular pensions from the age of 62. Further, the new scheme allows the employees to continue working while receiving AFP without this affecting the pension rights. The plan is founded on the basis of a three party cooperation between employer organisations, employee organisations and the Norwegian government. The government covers one third of the pension expense to the AFP plan while the member companies collectively cover the remaining two thirds of the pension expense. The premium the member firms are paying to the plan is determined to be sufficient to cover on-going pension expenses as well as provide a basis for building up a pension fund. The purpose of the pension fund is to ensure sufficient ability to cover expected future pension obligations.

The premium rate for 2013 is 2% of the employees' wages between 1 and 7.1 times the average base amount according to the Norwegian National Insurance Act. The premium is calculated based on the wage- and average base amounts from the previous year, excluding employees under the age of 13 or over the age of 61. Total premiums paid by NBN in 2013 amounts to NOK 16m. Payments to the plan during 2013 covered 2,958 employees.

The employees that meet the requirements for AFP are guaranteed AFP payments regardless of the solvency of their employers. As a result the, employer members have joint responsibility for two thirds of the payable pensions to the employees that at any given time meet the requirements for AFP. Any deficit or surplus on windup of the plan or entities' withdrawal from the plan will not have any impact on Nordea in the coming year.

The employees covered by the new AFP plan had already rendered services to Nordea qualifying for pension up until the closing of the old AFP plan. In 2010 Nordea therefore recognised a provision for defined contributions payable to the new AFP plan related to pension rights already earned. Due to changes in the underlying circumstances the allowance has been reversed in its entirety with effect for the income statement for 2013. The reversal of the allowance during 2013 amounts to NOK 158m for the group and NOK 152m for the parent company.

[1] Figures for 2012 are restated due to the revised IAS 19 Employee benefits , see Note 1 Accounting policies for further details.

Note 34:
Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Dated subordinated debenture loans	2,122	1,950	2,122	1,950
Undated subordinated debenture loans	1,213	1,114	1,213	1,114
Hybrid capital loans	4,959	4,815	4,959	4,815
Total	**8,294**	**7,879**	**8,294**	**7,879**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans. Within each respective category, the loans entitle lenders to equal payment rights. Redemption of loans before maturity have to be approved by the FSA.

The interest expense on subordinated loans were NOK 429m (473) in 2013 (2012).

Subordinated loan capital denominated in foreign currencies forms a part of the Bank's foreign exchange position and therefore, there is no direct foreign exchange risk related to subordinated loans, due to the inherent economic hedge of holding assets on the balance sheet denominated in the same currency.

The terms for all subordinated loans as at 31 December 2013 are specified below.

Issued by	Year of issue / maturity	Nominal value	Book value NOKm	Interest rate (coupon)
Nordea Bank Norge ASA	1986 – Undated[1]	USD 200	1,213	Libor 6 month + 18.75 basis points
Nordea Bank Norge ASA	2008 – Undated[2]	USD 290	1,759	Libor 3 month + 450 basis points
Nordea Bank Norge ASA	2010 – 2020[3]	USD 350	2,122	Libor 3 month + 140 basis points
Nordea Bank Norge ASA	2011 – 2016[3]	NOK 3.200	3,200	Nibor 3 month + 758 basis points
			8,294	

[1] Can be called on each interest payment date.

[2] Call date 10 years from issuance date. Spread increase by 100 basis points if not called.

[3] Call date 5 years from issuance date and every interest payment date there after.

Note 35:
Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Assets pledged for own liabilities				
Securities etc[1]	53,447	44,856	68,737	62,683
Loans to the public (Covered bonds)	107,742	106,657	0	0
Other pledged assets	40	0	40	0
Total	**161,229**	**151,513**	**68,777**	**62,683**
The above pledges pertain to the following liabilities				
Deposits by credit institutions	44,481	39,477	44,482	39,477
Deposits and borrowings from the public	23,179	21,285	23,179	21,285
Derivatives	52	3	52	3
Debt securities in issue	67,830	63,793	0	0
Total	**135,542**	**124,558**	**67,713**	**60,765**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note 42 Transferred assets and obtained collaterals.

Assets pledged for own liabilities contains securities pledged as security in repurchase agreement and in securities lending. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Assets pledged related to clearing contains securities pledged for securities trading and clearing in NOS. Securities are also pledged for short-term loans with the Central Bank of Norway. Assets pledged related to loans to the public are mortgage loans that have been registered as collateral for issued covered bonds. In the event of the company´s insolvency, the holders of these bonds have priority to the assets registered as collateral. These transactions are long-term with maturity 2-5 years. (See Note 46 Covered bonds for more information about covered bonds).

Note 36:
Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Guarantees				
Loan guarantees	1,776	1,788	5,810	5,605
Other guarantees	1	12	1	12
Other contingent liabilities	0	1	0	1
Total	**1,777**	**1,801**	**5,811**	**5,618**
Of which counter-guaranteed by:				
Other banks	0	0	0	0
Other credit institutions	0	0	0	0

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the banks customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. As part of the rationalisation process within Nordea all documentary credits are from 2006 recorded in a common system with Nordea Bank Finland as counterpart. NBN therefore no longer has commitments regarding documentary credits. This will also apply to new guarantees, while guarantees already entered into with NBN as counterpart mainly will run until maturity. Guarantees are considered as off-balance sheet items, unless there is a need for a provision to cover a probable loss.

Legal proceedings

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 is considered likely to have any significant adverse effect on the Group or its financial position.

Note 37:
Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Future payment obligations[1]	165	46	323	201
Credit commitments excluding derivatives[2]	112,911	102,481	123,312	110,824
Commitments excluding derivatives	**113,076**	**102,527**	**123,635**	**111,025**

[1] This note has been restated to align with group presentation.

[2] Including unutilised portion of approved overdraft facilities of NOK 26,031m (27,269).

For further information see Note 17 Derivatives and Hedge accounting and about reverse repos, see Note 42 Transferred assets and obtained collaterals

Note 38:

Capital adequacy[1]

Capital adequacy is a measure of the financial strength of a bank, usually expressed as a ratio of capital to assets. There is now a worldwide capital adequacy standard (Basel II) drawn up by the Basel Committee on Banking Supervision. Within the EU, the capital adequacy requirements are outlined in the CRD.

The CRD contains a detailed set of minimum requirements to assure the conceptual soundness and integrity of the internal assessment. Over the years, amendments have been made to the first version of the CRD regulation. CRD II was implemented at the end of 2010 and strengthened the large exposure regime, increased the quality of the capital base and added stricter securitisation regulation. CRD III, which has been valid since 31 December 2011 includes capital requirements for re-securitisation, disclosure of securitisation positions, capital requirements for trading book positions and remuneration policies (from 1 January 2011). The transition rule, stipulating that the capital is not allowed to be below 80% of the capital requirement calculated under Basel I regulation, has been extended to apply at least until December 2017.

The regulatory capital requirements are calculated using the following formula:

Minimum capital requirements = Capital base/RWA
where
Minimum capital requirements ≥ 8%, in addition to minimum capital requirement of 8%, NBN is required to hold capital related to capital buffers see New Regulations in Board of Directors report.

The Basel II framework is built on three Pillars:

- Pillar I – requirements for the calculation of RWA and capital requirements
- Pillar II – rules for the Supervisory Review Process (SRP), including the ICAAP(Internal Capital Adequacy Assessment Process)
- Pillar III – rules for the disclosure on risk and capital management, including capital adequacy

NBN performs an ICAAP with the purpose to review the management, mitigation and measurement of material risks within the business environment in order to assess the adequacy of capitalisation and to determine an internal capital requirement reflecting the risks of the institution.

The ICAAP is a continuous process which increases awareness of capital requirements and exposure to material risks throughout the organisation, both in the business area and legal entity dimensions. Stress tests are important drivers of risk awareness, looking at capital and risk from a firm-wide perspective on a regular basis and on an ad-hoc basis for specific areas or segments. The process includes a regular dialogue with supervisory authorities, rating agencies and other external stakeholders with respect to capital management, measurement and mitigation techniques used.

NBN's capital levels continue to be adequate to support the risks taken, both from an internal perspective as well as from the perspective of supervisors. Heading into 2014, Nordea will continue to closely follow the development of the new capital requirement regime as well as maintain its open dialogue with various supervisory authorities.

Bridge between IFRS equity and core tier 1 capital	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Balance sheet equity	40,775	36,248	34,230	31,603
Adjustment AFS	-92	-77	-92	-77
Subtotal	**40,683**	**36,171**	**34,138**	**31,526**
Dividend	0	0	0	0
Goodwill	0	0	0	0
Intangible assets	-376	-1,143	-318	-358
Deferred taxes	0	-206	0	-536
Cash Flow hedges	-3	0	-36	0
Shortfall deduction (50%)	-282	-1,048	-230	-965
Deduction for investments in credit institutions (50%)	0	-1	0	-1
Other	-2	0	0	0
Core tier 1 capital	**40,019**	**33,774**	**33,555**	**29,666**

[1] The figures in the Capital adequacy is not restated compared to the IFRS-figures for previous years.

Note 38:

Capital adequacy cont.

Items included in the capital base [1]	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Tier 1 capital				
Paid-up capital	4,411	4,411	4,411	4,411
Share premium	3,402	3,402	3,402	3,402
Eligible capital	**7,813**	**7,813**	**7,813**	**7,813**
Reserves	28,163	23,955	23,516	20,293
Minority interests	0	0	0	0
Income from current year	4,701	4,403	2,774	3,419
Eligible reserves	**32,864**	**28,358**	**26,290**	**23,712**
Core tier 1 capital (before deductions)	**40,677**	**36,172**	**34,102**	**31,526**
Subordinated capital loans	**4,959**	**4,815**	**4,959**	**4,815**
Proposed/actual dividend	0	0	0	0
Deferred tax assets	0	-206	0	-536
Intangible assets	-376	-1,143	-318	-358
Deductions for investments in credit institutions	0	-1	0	-1
Other items	-2	0	0	0
IRB provisions shortfall (-)	-282	-1,048	-230	-965
Deductions	**-660**	**-2,398**	**-547**	**-1,860**
Tier 1 capital (net after deductions)	**44,978**	**38,589**	**38,513**	**34,481**
- of which hybrid capital	4,959	4,815	4,959	4,815
- of which core tier 1 capital (net of deductions)	**40,019**	**33,774**	**33,555**	**29,666**
Tier 2 capital				
Undated sudordinated loans	1,213	1,114	1,213	1,114
Dated sudordinated loans	2,163	2,039	2,122	1,950
Other additional own funds	0	77	0	77
Tier 2 capital (before deductions)	**3,376**	**3,230**	**3,335**	**3,140**
Deductions for investments in credit institutions	0	-1	0	-1
IRB provisions excess (+)/shortfall (-)	-282	-1,048	-230	-965
Deductions	**-282**	**-1,049**	**-230**	**-966**
Tier 2 capital (net after deductions)	**3,094**	**2,181**	**3,106**	**2,174**
Capital base	**48,072**	**40,771**	**41,619**	**36,656**

[1] Figures are not restated prior years for changes in IFRS.

Core tier 1 capital and tier 1 capital

Core tier 1 capital is defined as eligible capital including eligible reserves, net of regulatory required deductions made directly to the tier 1 capital. The capital recognised as core tier 1 capital holds the ultimate characteristics for loss absorbance defined from a going concern perspective and represents the most subordinated claim in the event of liquidation. The tier 1 capital is defined as core tier 1 capital and capital of the same or close to the character of eligible capital and eligible reserves. Tier 1 capital can include a limited component of undated subordinated capital loans.

Eligible capital and eligible reserves

Paid up capital is the share capital contributed by shareholders, including the share premium paid. Eligible reserves consist primarily of retained earnings, other reserves, minority interest and income from current year. Retained earnings are earnings from previous years reported via the income statement. Other reserves are related to revaluation and translation reserves referred to acquisitions and associated companies under the equity method. The equity interests of minority shareholdings in companies that are fully consolidated in the financial group are also included. Positive income from current year is included as eligible reserves after verification by the external auditors, however negative income must be deducted.

Tier 1 instruments subject to limits

The inclusion of undated subordinated loans in tier 1 capital is restricted and repurchase can normally not take place until five years after original issuance of the instrument. Undated subordinated loans may be repaid only upon decision from Board of Directors in Nordea Bank Norge and with the permission of the Norwegian FSA. Further, there are restrictions related to step-up conditions, order of priority, interest payments under constraint conditions. Currently, the inclusion of undated subordinated capital as a component of tier 1 capital is limited by regulation to 50% net of relevant deductions. For the tier 1 loans, conditions specify appropriation in order to avoid being obliged to enter into liquidation. To the extent that may be required to avoid liquidation, the principal amounts of the Tier 1 loans (together with accrued interest) would be written down and converting such amount into a conditional capital contribution.

Tier 2 capital

Tier 2 capital must be subordinated to depositors and general creditors of the bank. It cannot be secured or covered by a guarantee of the issuer or related entity or include any other arrangement that legally or economically enhances the seniority of the claim vis-à-vis depositors and other bank creditors.

Note 38:

Capital adequacy cont.

Tier 2 subordinated loans
Tier 2 capital consists mainly of subordinated debt. Tier 2 capital includes two different types of subordinated loan capital; undated loans and dated loans. According to the regulation, tier 2 capital may not exceed tier 1 capital and dated tier 2 loans must not exceed 50% of tier 1 capital. The limits are set net of deductions.

The basic principle for subordinated debt in the capital base is the order of priority in case of a default or bankruptcy situation. Under such conditions, the holder of the subordinated loan would be repaid after other creditors, but before shareholders. The share of outstanding loan amount possible to include in the tier 2 capital related to dated loans is reduced if the remaining maturity is less than five years.

Other tier 2 capital
Other additional funds consists of adjustment to valuation differences in available for sale equities transferred to core additional own funds. Unrealised gains from equity holdings classified as available for sale securities can according to regulation only be included in tier 2 capital. NBN has no significant holdings in this category.

Capital requirements and RWA	**Group**				**Parent**			
	31 Dec 2013		31 Dec 2012		31 Dec 2013		31 Dec 2012	
NOKm	Capital requirement[1]	Basel II RWA	Capital requirement[1]	Basel II RWA	Capital requirement[1]	Basel II RWA	Capital requirement[1]	Basel II RWA
Credit risk	**16,170**	**202,128**	**16,664**	**208,297**	**16,439**	**205,492**	**16,643**	**208,038**
IRB	14,827	185,342	15,177	189,716	13,515	168,941	13,742	171,774
– of which institution	308	3,851	442	5,523	308	3,851	442	5,522
– of which corporate	12,484	156,051	12,413	155,166	11,996	149,948	11,924	149,051
– of which retail	1,862	23,276	2,201	27,520	1,123	14,032	1,316	16,449
– of which retail SME	124	1,545	127	1,589	124	1,545	127	1,589
– of which retail real estate	1,214	15,177	1,473	18,417	561	7,014	667	8,334
– of which retail other	524	6,553	601	7,514	438	5,472	522	6,527
– of which other	173	2,164	121	1,507	89	1,110	60	751
Standardised	1,343	16,786	1,487	18,581	2,924	36,551	2,901	36,264
– of which sovereign	14	172	30	372	11	140	27	339
– of which retail	573	7,159	498	6,226	0	0	0	0
– of which other	756	9,455	959	11,983	2,913	36,411	2,874	35,926
Market risk	**179**	**2,237**	**172**	**2,153**	**143**	**1,793**	**143**	**1,788**
– of which trading book, Internal Approach	94	1,180	59	735	94	1,180	59	735
– of which trading book, Standardised Approach	85	1,057	113	1,418	49	613	84	1,052
Operational risk	**1,677**	**20,957**	**1,690**	**21,125**	**1,452**	**18,151**	**1,533**	**19,157**
Standardised	1,677	20,957	1,690	**21,125**	1,452	18,151	1,533	19,157
Sub total	**18,026**	**225,322**	**18,526**	**231,575**	**18,035**	**225,435**	**18,319**	**228,983**
Adjustment for transition rules								
Additional capital requirement according to transition rules	**7,683**	**96,043**	6,625	82,815	3,887	48,589	3,234	40,428
Total	**25,709**	**321,366**	**25,151**	**314,390**	**21,922**	**274,024**	**21,553**	**269,411**

[1] 8% minimum capital requirement

Note 38:
Capital adequacy cont.

Capital ratio excl. transition rules	Group		Parent	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Core tier 1 capital ratio[1], %	17.8	14.6	14.9	13.0
Tier 1 capital ratio[1], %	20.0	16.7	17.1	15.1
Capital base ratio[1], %	21.3	17.6	18.5	16.0

[1]Including profit for the period.

Capital ratio incl. transition rules	Group		Parent	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Core tier 1 capital ratio[1], %	12.5	10.7	12.2	11.0
Tier 1 capital ratio[1], %	14.0	12.3	14.1	12.8
Capital base ratio[1], %	15.0	13.0	15.2	13.6

[1]Including profit for the period.

Analysis of capital requirements	Group		Parent company	
Exposure class	Average risk weight (%)	Capital requirement[1]	Average risk weight (%)	Capital requirement[1]
Corporate IRB	56	12,484	55	11,996
Institutions IRB	8	308	8	308
Retail IRB	10	1,862	13	1,123
Sovereign	0	14	0	11
Other	32	1,502	22	3,002
Total credit risk	**30**	**16,170**	**32**	**16,439**

[1]8% minimum capital requirement.

Capital requirements for market risk, 31 December 2013

	Trading book, IA		Trading book, SA		Total	
NOKm	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk[1]	443	35	990	79	1,433	115
Equity risk	226	18	67	5	293	23
Foreign exchange risk	8	1	0	0	8	1
Commodity risk	0	0	0	0	0	0
Diversification effect	-167	-13	0	0	-167	-13
Stressed Value-at-Risk	669	54	0	0	669	54
Total	**1,180**	**94**	**1,057**	**85**	**2,237**	**179**

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

The Nordea Group may transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by the local regulator and are of importance in governing the capital position of the Group. The guarantee schemes introduced within the EU in 2008 limit the transferability of capital under certain circumstances, which serves to impact cross-border financial groups. No such restrictions were however directly affecting Nordea as per end of 2013.

More Capital Adequacy information for NBN can be found in the Capital management section page 15 and in the Pillar III report.

Note 38:
Capital adequacy cont.

Specification over group undertakings consolidated/deducted from the Nordea Bank Norge Group, 31 December 2013

Group undertakings included in the Nordea Bank Norge Group	Number of shares	Carrying amount NOKm	Voting power of holding	Domicile	Consolidation method
Nordea Eiendomskreditt AS	15,336,269	4,233	100%	Oslo	purchase method
Nordea Finans Norge AS	63,000	593	100%	Oslo	purchase method
Privatmegleren AS	12,000,000	108	100%	Oslo	purchase method
Kildens 8 Næringseiendom AS	1,000	11	100%	Oslo	purchase method
Nordea Utvikling AS	300	96	100%	Oslo	purchase method
Other		1	100%	Oslo	purchase method
Total included in the capital base		**5,042**			

Note 39:

Classification of financial instruments

Group

NOKm, 31 Dec 2013	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	2,600							2,600
Loans to central banks and credit institutions[1]	31,089		1,766	221				33,076
Loans to the public[1]	462,769			3				462,772
Interest-bearing securities[1]		6,320	44,584	1		32,002		82,907
Financial instruments pledged as collateral			1,024					1,024
Shares[2]			551			21		572
Derivatives			2,584		2,606			5,190
Fair value changes of the hedged items in portfolio hedge of interest rate risk	436							436
Investments in associated undertakings							1,553	1,553
Intangible assets							375	375
Property and equipment							361	361
Investment property							203	203
Other assets	3,632						776	4,408
Prepaid expenses and accrued income	2,425		190				28	2,643
Total	**502,951**	**6,320**	**50,699**	**225**	**2,606**	**32,023**	**3,296**	**598,120**

[1] In the parent company Nordea Bank Norge ASA Loans to credit institutions, Loans to the public and Interest bearing securities are NOK 70,555m, NOK 326,194m, NOK 104,67m respectively at year-end. The change from NBN group figures relates mainly to the wholly owned subsidiaries Nordea Eiendomskreditt AS (NE) and Nordea Finans Norge AS (NFN). NE's and NFN's loans in NBN ASA are classified as Loans to credit institutions in the parent company, while the loans are eliminated in the group figures. This increases Loans to the public in the above disclosed NBN group figures. There are insignificant changes between NBN ASA and NBN Group on the other lines and therefore no separate disclosure is made for the parent company.

[2] Shares classified as available for sale are booked to cost with the exception of the shares where a market price is available.

Group

NOKm, 31 Dec 2013	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	808	713		241,625		243,146
Deposits and borrowings from the public				218,862		218,862
Debt securities in issue				70,977		70,977
Derivatives	469		1,039			1,508
Fair value changes of the hedged items in portfolio hedge of interest rate risk				747		747
Current tax liabilities					601	601
Other liabilities	1,523			3,101	3,902	8,526
Accrued expenses and prepaid income	246			1,355	871	2,472
Deferred tax liabilities					962	962
Provisions					121	121
Retirement benefit obligations					1,129	1,129
Subordinated liabilities				8,294		8,294
Total	**3,046**	**713**	**1,039**	**544,961**	**7,586**	**557,345**

Note 39:
Classification of financial instruments cont.

Group

NOKm, 31 Dec 2012	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3,836							3,836
Loans to central banks and credit institutions[1]	14,396		2,015	1,387				17,798
Loans to the public[1]	454,628		285	1,077				455,990
Interest-bearing securities[1,3]		6,912	42,625			31,603		81,140
Financial instruments pledged as collateral			1,917					1,917
Shares[2]			423			70		493
Derivatives			249		1,217			1,466
Fair value changes of the hedged items in portfolio hedge of interest rate risk	764							764
Investments in associated undertakings							1,413	1,413
Intangible assets							411	411
Property and equipment							298	298
Investment property							132	132
Deferred tax assets[4]							336	336
Current tax assets							43	43
Other assets	4,686						5	4,691
Prepaid expenses and accrued income	2,747			197			7	2,951
Total	**481,057**	**6,912**	**47,514**	**2,661**	**1,217**	**31,673**	**2,645**	**573,679**

[1] In the parent company Nordea Bank Norge ASA Loans to credit institutions, Loans to the public and Interest bearing securities are NOK 55,519m, NOK 324,054m, NOK 110,536m respectively at year-end. The change from NBN group figures relates mainly to the wholly owned subsidiaries Nordea Eiendomskreditt AS (NE) and Nordea Finans Norge AS (NFN). NE's and NFN's loans in NBN ASA are classified as Loans to credit institutions in the parent company, while the loans are eliminated in the group figures. This increases Loans to the public in the above disclosed NBN group figures. There are insignificant changes between NBN ASA and NBN Group on the other lines and therefore no separate disclosure is made for the parent company.

[2] Shares classified as available for sale are booked to cost with the exception of the shares where a market price is available.

[3] Restated due to change in policies, see Note 1 Accounting policies for futher detalis.

[4] Restated due to IAS 19 Employee benefit, see Note 1 Accounting policies for futher detalis.

Group

NOKm, 31 Dec 2012	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	194	452		228,351		228,997
Deposits and borrowings from the public	200	287		218,465		218,952
Debt securities in issue				65,793		65,793
Derivatives	728		1,347			2,075
Fair value changes of the hedged items in portfolio hedge of interest rate risk				1,123		1,123
Current tax liabilities					1,731	1,731
Other liabilities[2]	2,287			4,310	121	6,718
Accrued expenses and prepaid income		246		1,408	858	2,512
Provisions					317	317
Retirement benefit obligations[1]					1,673	1,673
Subordinated liabilities				7,879		7,879
Total	**3,409**	**985**	**1,347**	**527,329**	**4,700**	**537,770**

[1] Restated due to IAS 19 Employee benefit, see Note 1 Accounting policies for futher detalis.

[2] Restated due to change in policies, see Note 1 Accounting policies for futher detalis.

Note 40:
Assets and liabilities at fair value

Fair value of financial assets and liabilities

	31 Dec 2013		31 Dec 2012	
NOKm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	2,600	2,600	3,836	3,836
Loans	496,284	496,284	473,788	473,788
Interest-bearing securities	82,907	82,949	81,140	81,196
Financial instruments pledged as collateral	1,024	1,024	1,917	1,917
Shares	571	571	493	493
Derivatives	5,190	5,190	1,466	1,466
Other assets	3,632	3,632	4,691	4,691
Prepaid expenses and accrued income	2,615	2,615	2,951	2,951
Total financial assets	**594,823**	**594,865**	**570,282**	**570,338**
Financial liabilities				
Deposits and debt instruments	542,026	538,372	521,621	519,163
Derivatives	1,508	1,508	2,075	2,075
Other liabilities	4,624	4,624	6,718	6,718
Accrued expenses and prepaid income	1,601	1,601	2,512	2,512
Total financial liabilities	**549,759**	**546,105**	**532,926**	**530,468**

For information about valuation of items measured at fair value on the balance sheet, see Note 1 Accounting policies and the section Determination of fair values for items measured at fair value on the balance sheet below. For information about valuation of items not measured at fair value on the balance sheet, see the section Financial assets and liabilities not held at fair value on the balance sheet.

For sensativity analysis related to market risk, see Board of Directors report under Market risk.

Assets and liabilities at fair value on the balance sheet

Categorisation into the fair value hierarchy

31 Dec 2013, NOKm	Quoted prices in active markets for the same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central bank and credit institutions		1,987		1,987
Loans to the public		4		4
Interest-bearing securities[2]	36,339	41,014		77,353
Shares[3]	697		133	830
Derivatives	1	5,188		5,189
Investment properties			203	203
Other assets				0
Prepaid expenses and accrued income		189		189
Total	37,037	48,382	336	85,755
Liabilities at fair value on the balance sheet[1]				
Deposits and borrowings from the public		1,520		1,520
Derivatives	8	1,500		1,508
Other liabilities		1,523		1,523
Accrued expenses and prepaid income		246		246
Total	8	4,789	–	4,797

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

[2] Of which NOK 766m relates to the balance sheet item Financial instruments pledged as collateral.

[3] Of which NOK 258m relates to the balance sheet item Financial instruments pledged as collateral.

Note 40:
Assets and liabilities at fair value cont.

31 Dec 2012, NOKm	Quoted prices in active markets for the same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central bank and credit institutions		3,402		3,402
Loans to the public		1,362		1,362
Interest-bearing securities[2]	30,072	54,218		84,290
Shares[3]	410		124	534
Derivatives		1,466		1,466
Investment properties			132	132
Other assets				0
Prepaid expenses and accrued income		197		197
Total	30,482	60,645	256	91,383
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions		646		646
Deposits and borrowings from the public		487		487
Derivatives	1	2,074		2,075
Other liabilities		2,287		2,287
Accrued expenses and prepaid income		246		246
Total	1	5,740	–	5,741

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

[2] Of which NOK 1,876m relates to the balance sheet item Financial instruments pledged as collateral.

[3] Of which NOK 41m 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

Fair value measurements of assets and liabilites carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the observability and significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where direct tradable price quotes exist.

Level 2 in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. The fair values are estimated using valuation techniques or valuation models based on market prices or rates prevailing at the balance sheet date and any unobservable inputs have had an insignificant impact on the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/lent and other instruments where active markets supply the input to the valuation techniques or models.

Level 3 in the fair value hierarchy consists of those types of assets and liabilities which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for investment properties, investments in unlisted securities, private equity funds and hedge funds. This is generally also the case for more complex OTC derivatives, including OTC derivatives where less active markets supply input to the valuation techniques or models, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid interest bearing securities. Complex valuation models are generally characterised by the use of unobservable and model specific parameters.

All valuation models, both complex and simple models, make use of market parameters. These parameters comprise interest rates, volatilities, correlations etc. Some of these parameters are observable while others are not. For non-exotic currencies the interest rates are all observable, and the volatilities and the correlations of the interest rates and FX rates are observable up to a certain maturity. Volatilities and correlations are also observable for the most liquid equity instruments in the short end. For less liquid equity instruments, and for commodities, the option market is fairly illiquid, and hence the volatilities and correlations are unobservable. For each instrument the sensitivity towards unobservable parameters is measured. If the impact from unobservable parameters on the valuation is significant the instrument is categorised as Level 3 in the fair value hierarchy.

For interest-bearing securities the categorisation into the three levels are based on the internal pricing methodology. These instruments can either be directly quoted in active markets (Level 1) or measured using a methodology giving a quote based on observable inputs (Level 2). Level 3 bonds are characterised by illiquidity.

Note 40:
Assets and liabilities at fair value cont.

Fair value of financial assets and liabilities are generally calculated as the theoretical net present value of the individual instruments, based on independently sourced market parameters as described above, and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for uncertainties associated with model assumptions comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available.
- Sensitivity calculations where unobservable parameters are changed to other reasonable values.

Financial assets and liabilites with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed to that particular risk or paid to transfer the net liability exposed to that particular risk.

Transfers between Level 1 and 2

During the period, Nordea Bank Norge transferred interest-bearing securities (including such financial instruments pledged as collateral) of NOK 1,049 from Level 1 to Level 2 and NOK 177m from Level 2 to Level 1 of the fair value hierarchy. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have been actively traded during the year and reliable qouted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Movements in Level 3

		Fair value gains/losses recognised in the income statement during the year							
31 Dec 2013, NOKm	1 Jan 2013	Realised	Unrealised	Purchases/ Issues	Sales	Transfers into Level 3	Transfers out of Level 3	Translation differences	31 Dec 2013
Shares	124		3	1	-2			7	133

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBN Group had no transfers from level 1 and level 2 to level 3 of the fair value hierarchy. Fair value gains and losses in the income statement during the year are included in Net result from items at fair value, see Note 5 Net result from items at fair value. For movements in level 3 for investment properties see Note 24 Investment property.

		Fair value gains/losses recognised in the income statement during the year							
31 Dec 2012, NOKm	1 Jan 2012	Realised	Unrealised	Purchases/ Issues	Sales	Transfers into Level 3	Transfers out of Level 3	Translation differences	31 Dec 2012
Shares	139			3	-18				124

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBN Group had no transfers from level 1 and level 2 to level 3 of the fair value hierarchy. Fair value gains and losses in the income statement during the year are included in Net result from items at fair value, see Note 5 Net result from items at fair value. For movements in level 3 for investment properties see Note 24 Investment property.

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

31 Dec 2013, NOKm	Fair value[1]	Valuation techniques
Unlisted Shares	133	Discounted cash flow/net asset value
Total	**133**	

[1] Effects of reasonably possible alternative assumptions are NOK 0m.

Note 40:

Assets and liabilities at fair value cont.

Financial assets and liabilities not held at fair value on the balance sheet

31 Dec 2013, NOKm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	2,600	2,600	1
Loans	494,293	494,293	3
Interest bearing-securities	6,320	6,363	2
Other assets	3,632	3,632	3
Prepaid expenses and accrued income	2,615	2,615	3
Total	**509,460**	**509,503**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	540,505	536,852	3
Other liabilities	3,101	3,101	3
Accrued expenses and prepaid income	1,601	1,601	3
Total	**545,207**	**541,554**	

Cash and balances with central banks

The fair value equals the carrying amount. The fair value is based on quoted prices in active markets for relevant currencies and therefore the fair value measurement is categorised into Level 1 in the fair value hierarchy.

Loans

The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rates in the portfolios. No adjustment has been made for changes in fair value of credit risk. The average probability of default (PD) for loans to credit institutions and to corporates has been relatively unchanged. However the average PDs for retail customers has decreased which is an indication of that the fair value for loans to retail customers is higher than the calculated fair value. The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Interest bearing-securities

Interest-bearing securities not held at fair value are categorised in Level 2. The measurement principles follow those for similar instruments that are held at fair value on the balance sheet.

Other assets and prepaid expenses and accrued income

The balance sheet items "Other assets" and "Prepaid expenses and accrued income" consist of short receivables, mainly accrued interest receivables. The fair value is therefore considered to equal the carrying amount and is caterorised into Level 3 in the fair value hierarchy.

Deposits and debt instruments

The fair value of "Deposits by credit institutions", "Deposits and borrowings from the public", "Debt securities in issue" and "Subordinated liabilities" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. The fair value is categorised into Level 2 in the fair value hierarchy. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rate in the portfolios. The fair value changes in the credit risk is calculated as the difference between the credit spread in the nominal interest rate compared with the current spread that is observed in the market. This calculation is performed on an aggregated level for all long term issuance recognised in the balance sheet items "Debt securities in issue" and "Subordinated liabilities". As the contractual maturity is short for "Deposits by credit institutions" and "Deposits and borrowing from the public" the changes in Nordea´s own credit risk related to these items is assumed not to be significant. This is also the case for short term issuances recognised in the balance sheet items "Debt securities in issue" and "Subordinated liabilities".

Other liabilities and accrued expenses and prepaid income

The balance sheet items "Other liabilties" and "Accrued expenses and prepaid income" consist of short-term liabilities, mainly liabilities on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is caterorised into Level 3 in the fair value hierarchy.

Note 41:
Financial instruments set off on balance or subject to netting agreements

31 Dec 2013, NOKm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet [2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	5,157	-38	5,119	-1,026	0	-1,285	2,808
Reverse repurchase agreements	1,766	0	1,766	0	-1,766	0	0
Securities borrowing agreements	358	0	358	0	-358	0	0
Total	**7,281**	**-38**	**7,243**	**-1,026**	**-2,124**	**-1,285**	**2,808**

31 Dec 2013, NOKm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet [2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	1,241	-38	1,203	-1,026	0	-155	22
Repurchase agreements	808	0	808	0	-808	0	0
Securities lending agreements	702	0	702	0	-702	0	0
Total	**2,751**	**-38**	**2,713**	**-1,026**	**-1,510**	**-155**	**22**

[1] All amounts are measured at fair value.

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

31 Dec 2012, NOKm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet [2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	1,413	0	1,413	-1,000	0	-234	179
Reverse repurchase agreements	2,300	0	2,300	0	-2,300	0	0
Securities borrowing agreements	2,437	0	2,437	0	-2,437	0	0
Total	**6,150**	**0**	**6,150**	**-1,000**	**-4,737**	**-234**	**179**

31 Dec 2012, NOKm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet [2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	1,673	0	1,673	-1,000	0	-455	218
Repurchase agreements	393	0	393	0	-393	0	0
Securities lending agreements	468	0	468	0	-468	0	0
Total	**2,534**	**0**	**2,534**	**-1,000**	**-861**	**-455**	**218**

[1] All amounts are measured at fair value.

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

Enforcable master netting arrangements and similar agreements

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

Note 42:

Transferred assets and obtained collaterals

Transferred assets that are not derecognised in their entirety and associated liabilities

All assets transferred continue to be recognised on the balance sheet if Nordea Bank Norge is still exposed to changes in the fair value of the assets. This is the case for repurchase agreements and securities lending transactions.

Repurchase agreements are a form of collateralised borrowing where Nordea sells securities with an agreemement to repurchase them at a later date at a fixed price. The cash received is recognised as a deposit (liability). Securities delivered under repurchase agreements are not derecognised from the balance sheet.

Securities lending transactions are transactions where Nordea Bank Norge lends securities it holds to a counterpart and receives a fee.

As both repurchase agreements and securities lending transactions results in the securities are returned to Nordea, all risks and rewards of the instruments transferred is retained by Nordea, although they are not available for Nordea during the period during which they are transferred. The counterpart in the transactions holds the securities as collateral, but has no recourse to other assets in Nordea.

The securities still reported in the balance sheet and the corresponding liabilities are measured at fair value

	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Repurchase agreements				
Interest-bearing securities	766	1,876	16,055	19,703
Securities lending agreements				
Shares	258	41	258	41
Total	**1,024**	**1,917**	**16,313**	**19,744**

Liabilities associated with the assets

	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Repurchase agreements				
Deposits by credit institutions	808	194	16,097	18,021
Deposits and borrowings from the public	0	200	0	200
Securities lending agreements				
Deposits by credit institutions	702	336	702	336
Total	**1,510**	**730**	**16,799**	**18,557**
Net	**–486**	**1,187**	**–486**	**1,187**

Obtained collaterals which are permitted to be sold or repledged

Nordea obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	1,766	2,300	1,766	2,300
– of which repledged or sold	0	0	0	0
Securities borrowing agreements				
Received collaterals which can be repledged or sold	2,607	3,311	2,607	3,311
– of which repledged or sold	2,607	3,227	2,607	3,227
Total	**4,373**	**5,611**	**4,373**	**5,611**

Note 43:

Maturity analysis for assets and liabilities

This note is only presented on Group level since the Parent company's figures are only slightly different.

Contractual undiscounted cash flows

31 Dec 2013, NOKm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing financial assets	15,698	68,962	44,092	287,118	322,059	737,929
Non interest-bearing financial assets	0	0	0	0	12,445	12,445
Non-financial assets	0	0	0	0	3,296	3,296
Total assets	**15,698**	**68,962**	**44,092**	**287,118**	**337,800**	**753,670**
Interest-bearing financial liabilities	216,874	100,015	48,692	155,989	34,648	556,218
Non interest-bearing financial liabilities	0	0	0	0	8,480	8,480
Non-financial liabilities and equity	0	0	0	0	48,361	48,361
Total liabilities and equity	**216,874**	**100,015**	**48,692**	**155,989**	**91,489**	**613,059**
Derivatives, cash inflow	0	163,248	30,085	18,356	2,277	213,966
Derivatives, cash outflow	0	161,400	30,352	19,479	2,476	213,707
Net exposure	**0**	**1,848**	**-267**	**-1,123**	**-199**	**259**
Exposure	**-201,176**	**-29,205**	**-4,867**	**130,006**	**246,112**	**140,870**
Cumulative exposure	**-201,176**	**-230,381**	**-235,248**	**-105,242**	**140,870**	

The table is based on contractual maturities for on balance sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to NOK 113 076m (102 527), which could be drawn on at any time. Nordea has also issued guarantees of NOK 1 777m (1 801) which may lead to future cash outflows if certain events occur.

For more information on liquidity risk, see Board of Directors report under Liquidity risk.

Contractual undiscounted cash flows

31 Dec 2012, NOKm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing financial assets[1]	11,639	67,759	77,611	249,301	286,122	692,432
Non interest-bearing financial assets	0	0	0	0	10,266	10,266
Non-financial assets	0	0	0	0	2,645	2,645
Total assets	**11,639**	**67,759**	**77,611**	**249,301**	**299,033**	**705,343**
Interest-bearing financial liabilities	220,860	84,512	9,546	191,393	28,264	534,575
Non interest-bearing financial liabilities[1]	0	0	0	0	13,374	13,374
Non-financial liabilities and equity	0	0	0	0	38,554	38,554
Total liabilities and equity	**220,860**	**84,512**	**9,546**	**191,393**	**80,192**	**586,503**
Derivatives, cash inflow	0	141,815	14,817	43,778	2,709	203,119
Derivatives, cash outflow	0	142,499	15,016	44,628	2,908	205,051
Net exposure	**0**	**-684**	**-199**	**-850**	**-199**	**-1,932**
Exposure	**-209,221**	**-17,437**	**67,866**	**57,058**	**218,642**	**116,908**
Cumulative exposure	**-209,221**	**-226,658**	**-158,792**	**-101,734**	**116,908**	

The table is based on contractual maturities for on balance sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to NOK 102 527m (107 592), which could be drawn on at any time. Nordea has also issued guarantees of NOK 1 801m (1 702) which may lead to future cash outflows if certain events occur.

[1] Restated, see note 1 Accounting policies for further details.

Note 44:
Related-party transactions

Group	Associated undertakings		Other related parties[1]	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012
Assets				
Loans	1	0	18,956	13,784
Derivatives	0	0	3,263	583
Other assets	0	0	66	107
Total assets	**1**	**0**	**22,285**	**14,474**
Liabilities				
Deposits	526	240	208,581	198,635
Derivatives	0	0	502	664
Subordinated liabilities	0	0	7,081	6,765
Other liabilities	0	0	1,285	854
Total liabilities	**526**	**240**	**217,449**	**206,918**

	Associated undertakings		Other related parties[1]	
NOKm	2013	2012	2013	2012
Net interest income	-6	-3	-1,888	-2,403
Net fee and commission income	13	0	460	484
Net result from items at fair value	0	0	2,236	185
Other operating income	0	0	38	32
Total operating expenses	0	0	-572	-379
Profit before loan losses	**7**	**-3**	**274**	**-2,081**

[1]Companies significantly influenced by key management personnel in NBN as well as companies significantly influenced by close family members to these key management personnel are considered to be related parties to NBN. Transactions with related companies are made in NBN and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing. They did not involve more than normal risk-taking. The transactions are therefore not included in the table. NBN has a customer relationship with a related company, Skjeberg Investment AS, where Nina Iversen, a member of the Board of Representatives, has significant influence. NBN also has customer relationships with the subsidiaries of Skjeberg Investment AS, Glomma Papp AS and Glomma Papp AB. Total deposit from Glomma Papp AS and Skjeberg Investment AS at year end 2013 amounted to NOK 30.4m and interest paid to Skjeberg Investment AS and Glomma Papp AS totaled NOK 1.0m during 2013. NBN also has customer relationships with the related companies Ringkøb Eiendom AS and Ringkøb Invest AS, where Peter Groth, a member of the Board of Representatives, has significant influence. Loans to Ringkøb Eiendom AS amounted to NOK 12.5m at year end 2013 and interest income totals NOK 0.5m in 2013. Interest paid to Ringkøb Eiendom AS and Ringkøb Invest AS totals NOK 0.3m during the year. NBN also has customer relationships with the related company Oceanlink Management AS, where Eli Skrøvset, a former member of the Board of Representatives, has significant influence. Deposits from Oceanlink Management AS amounted to NOK 4.5m at year end 2013. Further NBN has a customer relationship with Ferd AS, where John Giverholt, a member of the Board of Representatives, is Chief Executive Officer. Deposits from Ferd AS amounted to NOK 948m at year end 2013 and interest paid to Ferd AS totals NOK 15.9m during the year. Loans to Ferd AS at year end 2013 amounted to NOK 573m and interest income during 2013 from Ferd AS amounted to NOK 7.5m.

During the third quarter 2013 Nordea Bank Norge ASA sold its shares in the teleinstallation company Relacom (Relacom Management AB) to Nordea Bank AB (publ). The purchase price for the shares was equal to their fair value. Relacom was an associated company accounted for under the equity method, and a related party to Nordea.

In order to meet new capital requirements the capital of the subsidiary Nordea Finans Norge AS was increased with NOK 300m during the third quarter of 2013.

Nordea Bank Norge ASA holds a 23.21% share in Eksportfinans ASA. Eksportfinans is an associated company accounted for under the equity method, and a related party to Nordea. In order to provide the company with sufficient liquidity buffers Eksportfinans' three major owner banks extended a committed credit line of USD 4 billion. The limit for the credit line was reduced to USD 2 billion 2010. The facility had a 12 month maturity with the possibility of extension. The facility has been extended each year since 2009 with latest extension in 2013. Nordea Bank Norge ASA has a 32.55% share in the agreement equal to USD 651m. Eksportfinans has not yet utilized this credit facility.

Nordea Liv administers NBN's DCP pension plan, see Note 33 Retirement benefit obligations. NBN paid a total of NOK 25m (23) in premiums to Nordea Liv in 2013.

Note 44:
Related-party transactions cont.

Parent company	Group undertakings		Associated undertakings		Nordea Norge Pension Foundation	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012	2013	2012
Assets						
Loans	37,681	37,861	0	0	0	0
Interest-bearing securities	21,160	21,210	0	0	0	0
Derivatives	402	324	0	0	0	0
Other assets	13	11	0	0	0	0
Prepaid expenses and accrued income	20	22	0	0	0	0
Total assets	**59,276**	**59,428**	**0**	**0**	**0**	**0**
Liabilities						
Deposits	30	26	240	240	32	32
Derivatives	2,520	1,235	0	0	0	0
Total liabilities	**2,550**	**1,261**	**240**	**240**	**32**	**32**
Off balance						
Contingent liabilities	4,034	3,817	1	1	0	0

Parent company	Group undertakings		Associated undertakings		Nordea Norge Pension Foundation	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2013	2012	2013	2012	2013	2012
Net interest income	592	1,470	-3	-3	-2	-2
Net fee and commission income	0	3	0	0	0	0
Net result from items at fair value	100	-575	0	0	0	0
Other operating income	173	179	0	0	0	0
Total operating expenses	-41	-45	0	0	0	0
Profit before loan losses	**824**	**1,032**	**-3**	**-3**	**-2**	**-2**

Compensations to Key Management personnel

Compensations and loans to key management personnel are specified in Note 8 Staff costs.

Note 45:
Credit risk disclosures

Credit risk management and credit risk analysis is described in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar III) 2013, which is available on www.nordea.com. Much of the information in this note is collected from the Pillar III report in order to fulfil the disclosure requirement regarding credit risk in the Annual report.

The Pillar III report contains the disclosures required by the Capital Requirements Directive (CRD), which is based on the Basel II framework. The pillar III disclosure is aligned to how Nordea manages credit risk and is believed to be the best way to explain the credit risk exposures in Nordea Bank Norge. Credit risk exposures occur in different forms and are divided into the following types:

Exposure types, NOKm	31 Dec 2013	31 Dec 2012
On-balance sheet items	589,687	588,596
Off-balance sheet items	73,112	64,826
Securities financing	417	184
Derivatives	6,867	5,445
Exposure At Default (EAD)	**670,082**	**659,051**

Tables presented in this Note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Link between credit risk exposure and the balance sheet
This section discloses the link between the loan portfolio as defined by accounting standards and exposure as defined in CRD III. The main differences are outlined in this section to illustrate the link between the different reporting methods.
Original exposure is the exposure before taking into account substitution effects stemming from credit risk mitigation, credit conversion factors (CCFs) for off-balance sheet exposure and allowances within the standardised approach. In this note, however, exposure is defined as exposure at default (EAD) for IRB exposure and exposure value for standardised exposure, unless otherwise stated. In accordance with the CRD, credit risk exposure presented in this report is divided between exposure classes where each exposure class is divided into exposure types as follows:

- On-balance sheet items
- Off-balance sheet items (e.g. guarantees and unutilised amounts of credit facilities)
- Securities financing (e.g. reversed repurchase agreements and securities lending)
- Derivatives

Items presented in the Annual Report are divided as follows (in accordance with the accounting standards):

- On-balance sheet items (e.g. loans to central banks and credit institutions, loans to the public, reversed repurchase agreements, positive fair value for derivatives and interest-bearing securities)
- Off-balance sheet items (e.g. guarantees and unutilised lines of credit)

The table below shows the link between the CRD credit risk exposure and items presented in the Annual Report.

On-balance sheet items
The following items have been excluded from the balance sheet, when calculating on-balance exposure in accordance with the CRD:

- Market risk related items in the trading book, such as certain interest-bearing securities and pledged instruments.
- Repos, derivatives and securities lending. These transactions are either included in the calculation of market risk in the trading book or reported as separate exposure types (derivatives or securities financing).
- Other, mainly allowances, intangible assets and deferred tax assets.

Off-balance sheet items
The following off-balance sheet items specified in the Annual Report are excluded when off-balance exposure is calculated in accordance with the CRD:

- "Assets pledged as security for own liabilities" and "Other assets pledged" (apart from leasing). These transactions are reported as securities financing (i.e. a separate exposure type)
- Derivatives

Derivatives and securities financing
Derivatives can be both on-balance sheet (i.e. positive fair value) and off-balance (i.e. nominal amounts) in accordance with accounting standards. However, in the CRD, the derivatives and securities financing are reported as separate exposure types. Also, repurchase agreements and securities lending/borrowing transactions are in the balance sheet calculated based on nominal value. In the CRD calculations these exposure types are determined net of the collateral value.

Note 45:

Credit risk disclosures cont.

On-balance sheet items

31 Dec 2013, NOKm	Original exposure	Items related to market risk	Repos, deriva-tives, securities lending	Other	Balance sheet
Cash and balances with central banks	2,600	0	0	0	2,600
Loans to credit institutions and central banks	31,187	0	1,987	-98	33,076
Loans to the public	471,228	0	3	-8,460	462,772
Interest-bearing securities and pledged instruments	81,156	2,775	0	0	83,931
Derivatives[1]	0	0	5,190	0	5,190
Intangible assets	0	0	0	375	375
Other assets and prepaid expenses	4,168	4,456	0	1,553	10,177
Total assets	**590,339**	**7,231**	**7,180**	**-6,630**	**598,120**
Exposure at default [2]	**589,687**				

[1] Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives is included in the credit risk.

[2] The on-balance exposures have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

On-balance sheet items

31 Dec 2012, NOKm	Original exposure	Items related to market risk	Repos, deriva-tives, securities lending	Other	restated[3]	Balance sheet
Cash and balances with central banks	3,836	0	0	0		3,836
Loans to credit institutions and central banks	15,785	0	2,015	-2		17,798
Loans to the public	476,828	0	285	-21,123		455,990
Interest-bearing securities and pledged instruments	88,670	2,573	0	0	-8,186	83,057
Derivatives[1]	0	0	1,466	0		1,466
Intangible assets	0	0	0	411		411
Other assets and prepaid expenses	4,041	5,331	0	1,619	130	11,121
Total assets	**589,160**	**7,904**	**3,766**	**-19,095**	**-8,056**	**573,679**
Exposure at default [2]	**588,596**					

[1] Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives is included in the credit risk.

[2] The on-balance exposures have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

[3] The change in presentation of forward starting bonds and IAS 19 has impacted the balance sheet (see Note 1 Accounting Policies), but has not impacted the capital adequacy calculations.

Note 45:

Credit risk disclosures cont.

Off-balance sheet items

31 Dec 2013, NOKm	Credit risk in Basel II calculation	Included in derivatives and securities financing	Off-balance sheet
Assets pledged as security for own liabilities	0	161,229	161,229
Contingent liabilities	1,777	-	1,777
Commitments	112,912	438,110	551,021
Total	**114,689**	**599,339**	**714,028**

31 Dec 2013, NOKm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities & Checking accounts	88,266	0	88,265	70%	61,846
Loan commitments	24,646	0	24,646	39%	9,535
Guarantees	1,777	0	1,777	96%	1,704
Other	0	64	64	25%	26
Total	**114,689**	**64**	**114,753**		**73,112**

31 Dec 2012, NOKm	Credit risk in Basel II calculation	Included in derivatives and securities financing	Off-balance sheet
Assets pledged as security for own liabilities	-	151,513	151,513
Contingent liabilities	1,801	-	1,801
Commitments	102,481	423,866	526,346
Total	**104,281**	**575,379**	**679,660**

31 Dec 2012, NOKm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	78,927	0	78,927	68%	53,922
Loan commitments	23,554	0	23,554	38%	9,016
Guarantees	1,801	0	1,801	95%	1,712
Other	0	703	703	25%	177
Total	**104,281**	**703**	**104,985**		**64,826**

As of year-end 2013, 84% of the total credit risk exposure was calculated using the IRB approach. The main part of the exposure is within the IRB corporate and IRB retail portfolios. During 2013, total exposures increased primarily due to higher exposures in the corporate and retail portfolios.

Exposure classes split by exposure type

31 Dec 2013, NOKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	50,391	1,132	0	0	51,523
Institutions	81,346	2,255	376	6,867	90,843
Corporate	221,326	59,683	41	0	281,050
Retail	230,132	10,042	0	0	240,175
Other	6,492	0	0	0	6,492
Total exposure	**589,687**	**73,112**	**417**	**6,867**	**670,082**

Note 45:
Credit risk disclosures cont.

Exposure classes split by exposure type

31 Dec 2012, NOKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	36,783	1,264	0	497	38,543
Institutions	94,724	2,232	36	4,934	101,926
Corporate	222,277	51,392	148	9	273,826
Retail	225,898	9,935	0	6	235,839
Other	8,914	3	0	0	8,917
Total exposure	**588,596**	**64,826**	**184**	**5,445**	**659,051**

The guarantees used as credit risk mitigation are to a large extent issued by central and regional governments in the Nordic countries. Banks and insurance companies are also important guarantors of credit risk. Only eligible providers of guarantees and credit derivatives can be recognised in the standardised and IRB approach for credit risk. All central governments, regional governments and institutions are eligible as well as some multinational development banks and international organisations. Guarantees issued by corporate entities can only be taken into account if their rating corresponds to A– (S&P's rating scale) or better.

Central governments and municipalities guarantee approximately 40% of the total guaranteed exposure. Exposure guaranteed by these guarantors has an average risk weight of 0%. 33% of total guaranteed exposure is guaranteed by institutions. The remainder is guaranteed by IRB corporate guarantors, all with a rating of 5 or higher.

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2013, NOKm	Original exposure	EAD	-of which secured by guarantees and credit derivatives	-of which secured by collateral
Government, local authorities and central banks	52,026	51,523	297	4
Institutions	93,764	90,843	3,949	1,806
Corporate	301,531	281,050	3,020	151,079
Retail	257,986	240,175	9	196,738
Other	7,068	6,492	0	92
Total exposure	**712,375**	**670,082**	**7,274**	**349,719**

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2012, NOKm	Original exposure	EAD	-of which secured by guarantees and credit derivatives	-of which secured by collateral
Government, local authorities and central banks	42,508	38,543	60	4
Institutions	101,818	101,926	0	231
Corporate	292,560	273,826	2,799	122,831
Retail	253,478	235,839	3	195,491
Other	9,411	8,917	0	2
Total exposure	**699,775**	**659,051**	**2,862**	**318,559**

The table below presents the distribution of collateral used in the capital adequacy calculation process. The table shows real estate to constitute a major share of eligible collateral items in relative terms.

Collateral distribution

	31 Dec 2013	31 Dec 2012
Financial Collateral	14%	11%
Receivables	3%	3%
Residential Real Estate	59%	66%
Commercial Real Estate	23%	20%
Other Physical Collateral	1%	1%

Note 45:
Credit risk disclosures cont.

Restructured loans and receivables current year [1)]

NOKm	31 Dec 2013	31 Dec 2012
Loans before restructuring, carrying amount	569	169
Loans after restructuring, carrying amount	0	0

[1] Loans classified as impaired that subsequently have improved and are not classified as impaired at the reporting date.

Assets taken over for protection of claims[1]

NOKm	31 Dec 2013	31 Dec 2012
Current assets, carrying amount:		
Land and buildings	10	28
Shares and other participations	0	0
Other assets	6	4
Total	**16**	**32**

[1] In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Acts, wherever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are at the latest, disposed when full recovery is reached.

The table below shows loans past due 6 days or more that are not considered impaired split by corporate and household customers. Past due loans to corporate customers that are not considered impaired were at end of 2013 NOKm 1,384 down from NOKm 1,933m one year ago, while past due loans for household customers decreased to NOKm 5,074m (NOK 5,780m).

Past due loans, excl. impaired loans

	31 Dec 2013		31 Dec 2012	
NOKm	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	1,014	4,111	1,589	5,037
31–60 days	294	689	296	527
61–90 days	49	173	40	141
>90 days	26	101	9	74
Total	**1,384**	**5,074**	**1,933**	**5,780**
Past due not impaired loans divided by loans to the public after allowances, %	1%	2%	1%	3%

The distribution of loans to corporate by size of loans, seen in the table below, shows a high degree of diversification where approximately 68% (66%) of the corporate volume represents loans up to NOK 450m per customer.

Loans to corporate customers, by size of loan

	31 Dec 2013		31 Dec 2012	
Size in NOKm	Loans NOKbn	%	Loans NOKbn	%
1–90	78,647	33%	76,460	32%
90–450	83,309	35%	79,639	34%
450–900	39,275	16%	44,153	19%
900–2250	32,133	13%	35,210	15%
2250–4500	5,219	2%	0	0%
4500–	0	0%	0	0%
Total	**238,583**	**100%**	**235,462**	**100%**

Interest-bearing securities

	31 Dec 2013			31 Dec 2012		
NOKm	At fair value	At amortised cost	Total	At fair value[1]	At amortised cost	Total
State and sovereigns	27,790	330	28,120	29,072	300	29,372
Municipalities and other public bodies	7,017	21	7,038	10,352	68	10,420
Mortgage institutions	0	5,845	5,845	4,337	5,831	10,168
Other credit institutions	40,832	124	40,956	30,154	713	30,867
Corporates	948	0	948	313	0	313
Total	**76,587**	**6,320**	**82,907**	**74,228**	**6,912**	**81,140**

[1]figure for 2012 are restated for forward starting bonds, see Note 1 Accounting Policies for further details.

Note 46:
Covered bonds

Historical background

Five years ago, in Q4 2008, the Norwegian authorities decided to present an offer to the banks intended to achieve better conditions for funding as a help during the financial crisis. The facility included issuance of treasury bills or other 3 years' government bonds regarded as more liquid in the financial market compared to other securities. This was further extended to 5 years' government bonds in May 2009 for new transactions. As collateral for the government bonds issued by Norges Bank, the banks may provide covered bonds. Nordea Bank Norge ASA (NBN ASA) is not defined as a credit institution and, therefore, cannot itself issue these types of securities. However, NBN ASA's fully owned subsidiary Nordea Eiendomskreditt AS (NE) is a credit institution and can issue covered bonds in accordance with the regulations. Therefore, in December 2008 NBN ASA sold off parts of its loan portfolio to NE consisting of well secured housing/household loans. The compensation from NE partly consisted of covered bonds and a trade credit in the form of a deposit from NBN ASA. In addition, NBN ASA issued a subordinated loan to NE in order to cover any credit losses in the portfolio and for liquidity purposes.

Further, in May 2009 NBN ASA and NE entered into the same type of transaction as described above, at same conditions. The amount of loans sold in May 2009 was NOK 61bn. It was also decided that if necessary, NBN ASA would supply NE with more capital by increasing the subordinated loan if the credit losses exceed the principal and interest on the subordinated loan. A swap agreement was made to eliminate interest rate risk in NE as a consequence of this transaction. Furthermore, NBN ASA will act as an agent for NE and manage the portfolio, which means that the customer will have the same contact person and customer relationship with Nordea as before.

Based on an overall evaluation, the book value of the transferred loans was determined to be the best estimate of their fair value, both for the transfer done in December 2008 and May 2009. This was in principal explained by the fact that the loans in the portfolio had a floating market rate and that the credit risk would still remain in NBN ASA after the transfer. All client relationship continue to stay in NBN ASA as agent for NE. The transfer did not create any added value in this respect.

In 2008 and 2009, the actual transactions were reported as a net amount in both NBN ASA and NE, in accordance with IAS 32 and IAS 39 with respect to netting and derecognition. During 2010, this was changed, as the swap agreement to eliminate interest risk in NE, had been terminated. The risk of the portfolio was in 2010 transfered to NE, and this is reflected in each company's balance sheet as of end 2010 and 2011. During December 2010, NOK 15bn of covered bonds from the first transfer in 2008 matured, while NOK 15bn of the covered bonds was rated and NOK 9.3bn was at year-end 2010 sold in the open market.

In 2011 a US Covered Bonds Program was initiated, to expand the opportunities using Covered bonds as a funding vehicle. In April 2011, an amount of USD 2bn was issued from NE to the US market, at favourable market prices. In September 2011 a further increase of USD 1bn was done towards the same market. In addition, NE has bought back from NBN ASA a total of NOK 30bn in bonds. These bonds in addition to the US bonds, have been rated and a total 64.9bn has been sold in the open market at end 2012. During 2013, NE has performed further issuance of bonds and the total sold in the open market end 2013 amounts to NOK 68.0bn.

Main figures relating to Covered Bonds, in NOKm:	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012	Dec 2013
Net mortgage portfolio, moved from NBN ASA to NE	-24,402	-82,038	-80,786	-88,582	-113,805	-116,542
Covered bonds issued in NE, sold to NBN ASA, not rated	15,000	65,000	65,000	65,000	65,000	65,000
Covered bonds matured	0	0	-15,000	-15,000	-15,000	-15,000
Covered bonds, bought back from NBN ASA	0	0	0	-30,000	-30,000	-30,000
Covered bonds, rated and sold in the open market			9,325	49,379	64,866	67,966

At year-end 2013, NOK 15.3bn of covered bonds of NOK 20bn owned by NBN had been used in transactions with Norges Bank. The corresponding figures at end of 2012 and 2011 was NOK 17.8bn. The figures for 2010 was 17.8bn of NOK 50bn, and NOK 32.4bn of NOK 65bn in 2009.

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To the Board of Representatives and Annual Shareholders' Meeting of Nordea Bank Norge ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Nordea Bank Norge ASA, which comprise the financial statements of the parent company Nordea Bank Norge ASA and the consolidated financial statements of Nordea Bank Norge ASA and its subsidiaries. The parent company's and the consolidated financial statements comprise the statement of financial position as at 31 December 2013, the income statement and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Nordea Bank Norge ASA and of Nordea Bank Norge ASA and its subsidiaries as at 31 December 2013, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and Report on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the report on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 5 February 2014
KPMG AS

Lars Inge Pettersen
State authorized public accountant

[Translation has been made for information purposes only]

Statement by the Chief Executive Officer and the Board of Directors

The Chief Executive Officer and the Board of Directors have today considered and approved the Board of Director's report and the consolidated annual report of Nordea Bank Norge ASA (the group) as at 31 December 2013 including consolidated comparative figures as at 31 December 2012 (the annual report).

The annual report has been prepared in accordance with IFRS as adopted by the EU and additional Norwegian disclosure requirements for annual financial reports of banks and financial institutions with listed securities within the European Economic Area. According to our best knowledge, the annual report has been prepared in accordance with the applicable accounting standards and gives a true and fair view of the group's and the parent company's assets, liabilities, financial position and net profit as at 31 December 2013 and as at 31 December 2012 and of the results of the group's operations and cash flows for the year 2013 and the year 2012.

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

Nordea Bank Norge ASA
Oslo, 5 February 2014

Ari Kaperi
Chairman

Torsten Hagen Jørgensen
Deputy chairman

Mary H. Moe

Karin S. Thorburn

Hans Chr. Riise
Employee representative

Gunn Wærsted
Chief Executive Officer

Report by the Control Committee 2013

To the Supervisory Board and the Annual Shareholders' Meeting of Nordea Bank Norge ASA

During 2013 the Control Committee has inspected the Bank's activities in accordance with the Commercial Banks Act § 13 and the instructions issued by the Supervisory Board on 4 August 1992.

The Control Committee has examined the accounts for 2013 and is of the view that they are in accordance with prevailing accounting regulations and International Financial Reporting Standards adopted by the European Union. The Control Committee considers the Board of Directors' evaluation of the Bank's financial position adequate and recommends that the income statement and balance sheet are adopted as presented.

With reference to other aspects of the accounts for 2013 the Control Committee refers to the auditor's report of 5 February 2014 and supports the views expressed therein concerning the submitted annual accounts.

Oslo, 10 February 2014

Inger Johanne Lund (Chairman)	Christian Hambro (Deputy Chairman)	Janicke L. Rasmussen (Member)	Odd Svang-Rasmussen (Deputy Member)

Board of Directors

The Board of Directors in Nordea Bank Norge ASA comprises the Chief Risk Officer of the Nordea Group, Ari Kaperi, as chairman, and four members. In addition there are two deputy members.

The Chief Executive Officer in Nordea Bank Norge ASA is Gunn Wærsted.

Board of Directors 31 December 2013

Ari Kaperi
Born 1960. Chief Risk Officer of Nordea. Chairman of the Board since 2010. Member since 2010.

Torsten Hagen Jørgensen
Born 1965. Chief Financial Officer of Nordea. Member since 2013.

Mary Helene Moe
Born 1946. Retiree/former Assistant Director General – Business Development, City of Oslo. Member since 2008.

Karin S. Thorburn
Born 1964. Professor of finance, The Norwegian School of Economics, Bergen. Member since 2010.

Hans Christian Krogh Riise
Born 1961. Employee representative. Member since 2013.

Deputy members

Hedda Henriette Grundt
Deputy employee representative.

Arve Sæther
Deputy employee representative.

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