

# Interim Report 2<sup>nd</sup> quarter 2015

## Nordea Bank Norge Group

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*Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 700 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.*

# Key financial figures<sup>1</sup>

## Income statements

	Q2	Q1	Change	Q2	Change	Jan-Jun	Jan-June	Change
NOKm	2015	2015	%	2014	%	2015	2014	%
Net interest income	2,292	2,385	-4	2,426	-6	4,677	4,869	-4
Net fee and commission income	650	687	-5	602	8	1,337	1,215	10
Net result from items at fair value	106	306	-65	156	-32	412	285	45
Equity method	33	35		-30		68	-48	
Other operating income	46	42		42		88	75	
<b>Total operating income</b>	<b>3,127</b>	<b>3,455</b>	<b>-9</b>	<b>3,196</b>	<b>-2</b>	<b>6,582</b>	<b>6,396</b>	<b>3</b>
Staff costs	-745	-775	-4	-971	-23	-1,520	-1,737	-12
Other expenses	-440	-452	-3	-504	-13	-892	-962	-7
Depreciation of tangible and intangible assets	-33	-32	3	-52	-37	-65	-89	-27
<b>Total operating expenses</b>	<b>-1,218</b>	<b>-1,259</b>	<b>-3</b>	<b>-1,527</b>	<b>-20</b>	<b>-2,477</b>	<b>-2,788</b>	<b>-11</b>
<b>Profit before loan losses</b>	<b>1,909</b>	<b>2,196</b>	<b>-13</b>	<b>1,669</b>	<b>14</b>	<b>4,105</b>	<b>3,608</b>	<b>14</b>
Net loan losses	-190	-262	-27	-265	-28	-452	-643	-30
<b>Operating profit</b>	<b>1,719</b>	<b>1,934</b>	<b>-11</b>	<b>1,404</b>	<b>22</b>	<b>3,653</b>	<b>2,965</b>	<b>23</b>
Income tax expense	-469	-457	3	-377	24	-926	-816	13
<b>Net profit for the period</b>	<b>1,250</b>	<b>1,477</b>	<b>-15</b>	<b>1,027</b>	<b>22</b>	<b>2,727</b>	<b>2,149</b>	<b>27</b>

## Business volumes, key items

	30 Jun	31 Mar	Change	30 Jun	Change
NOKbn	2015	2015	%	2014	%
Loans to the public	499.4	495.2	1	474.5	5
Deposits and borrowings from the public	230.2	233.2	-1	232.8	-1
of which savings deposits	89.4	89.4	0	87.1	3
Equity	54.3	46.5	17	42.6	27
Total assets	640.0	656.5	-3	614.0	4

## Ratios and key figures

	Q2	Q1	Q2	Jan-Jun	Jan-Jun
	2015	2015	2014	2015	2014
Basic/diluted Earnings per share (EPS), NOK	2.3	2.7	1.9	4.9	3.9
EPS, rolling 12 months up to period end, NOK	10.1	9.7	8.3	10.1	8.3
Equity per share <sup>2</sup> , NOK	106.3	84.4	77.4	81.8	77.4
Shares outstanding <sup>2</sup> , million	551	551	551	551	551
Return on equity, %	9.9	12.9	9.7	11.3	10.3
Return on assets <sup>2</sup> , %	0.8	0.9	0.7	0.9	0.7
Cost/income ratio, %	39	36	48	38	44
Loan loss ratio, basis points <sup>6</sup>	15	21	22	18	28
Common Equity Tier 1 capital ratio, excl. Basel I floor <sup>2,3,4</sup> %	24.9	21.3	18.8	24.9	18.8
Tier 1 capital ratio, excl. Basel I floor <sup>2,3,4</sup> %	27.1	23.4	21.1	27.1	21.1
Total capital ratio, excl. Basel I floor <sup>2,3,4</sup> %	29.2	25.5	22.7	29.2	22.7
Common Equity Tier 1 capital ratio, incl. Basel I floor <sup>2,3,5</sup> %	14.8	12.8	12.0	14.8	12.0
Tier 1 capital ratio, incl. Basel I floor <sup>2,3,5</sup> %	16.1	14.0	13.5	16.1	13.5
Total capital ratio, incl. Basel I floor <sup>2,3,5</sup> %	17.4	15.3	14.6	17.4	14.6
Tier 1 capital <sup>2,3</sup> , NOKm	55,758	49,132	44,924	55,758	44,924
Risk exposure amount incl. Basel I floor <sup>2</sup> , NOKbn	346	350	212	346	212
Number of employees (full-time equivalents) <sup>2</sup>	2,689	2,696	2,802	2,689	2,802

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

<sup>2</sup> End of period.

<sup>3</sup> Excluding profit for the first six months.

<sup>4</sup> Capital ratios as reported using the Basel III framework.

<sup>5</sup> Capital ratios as reported using the Basel II framework.

<sup>6</sup> Comparative figures have been restated to align with Nordea Group policy.

Throughout this report, "Nordea Bank Norge" and "NBN" refer to the parent company Nordea Bank Norge ASA, business identity code 911 044 110, with its subsidiaries. The registered office of the company is in Oslo. Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. The business operations of the Nordea Group have been organised in the following business areas, all of which operate across national boundaries: Retail Banking, Wholesale Banking and Wealth Management. In addition the Nordea Group has the following group functions: Group Human Resources, Group Identity & Communications, Other Group functions, Group Corporate Centre and Group Risk Management.

The consolidated interim report of Nordea Bank AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view. This statutory interim report covers the operations of the legal entity Nordea Bank Norge ASA with its subsidiaries.

# Nordea Bank Norge Group

## Group result and development

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

### Macroeconomy and financial markets

The Norwegian economy continued to hold up relatively well despite the sharp fall in oil prices witnessed at the end of last year. Q1 National accounts looked strong at first glance, but looking into the details revealed a weakening demand picture. Norges Bank's business survey for Q2, confirmed that growth is slowing. Household consumption figures indicated moderate growth in private consumption and have kept up better than expected. Unemployment indicators provided a mixed picture of the Norwegian labour market as the oil and energy related lay-offs have been offset by higher employment in other sectors. However, the general expectation is that the oil sector weakness will push general unemployment higher throughout the year, which likely will dampen growth in private consumption. The housing market showed signs of somewhat weaker growth after high activity in the beginning of the year. Norges Bank eased monetary policy by 25bps to 1.00% in June and opened up the possibility for an additional cut later on this year as a response to the weakening of the Norwegian economy. Norwegian equities rose 2% during the quarter while 10y yields increased by 37bps.

### Business development

Net profit in the first quarter amounted to 1,250m, up from 1,027m in the same period last year, and reached 2,727m for the first half year compared to 2,149m for the first half of last year.

Retail Banking develops and supports multi-channel offerings of advisory services with seamless customer experiences across the different channels. Retail Banking welcomed over 3,800 relationship customers during the quarter. The number of online meetings has more than doubled from January to June 2015. Growth in household lending volumes is maintained, while savings-related commissions show continued momentum.

In Wholesale banking, activity remained relatively high, driven by activity in Debt Capital Markets syndicated loans. The market is still characterized by intense competition and is experiencing lower activity in bond issuance.

Offshore & Oil Services markets were closely monitored, with no foreseen immediate risk of loan losses. Loan margins were flat or declining, volumes and income were slightly down due to the weaker trend in the USD/NOK exchange rate as well as lower business activity than the high levels last quarter.

Net loan losses ended at 190m, corresponding to a loan loss ratio of 18 basis points.

## First half year 2015 compared to first half year 2014

### Income

Total income is up 3% to 6,582m.

#### *Net interest income*

Net interest income decreased 4% to 4,677m, negatively affected by the interest rate reductions on household mortgage loans announced at the end of last year and the beginning of this year. Retail Banking corporate is facing fierce competition on corporate loans. Household lending spreads fell, partly offset by a slight increase on deposit spreads, while corporate spreads in CIB and Shipping were fairly stable.

Lending to the public increased by 5% to 499bn. Household lending grew 7% driven by mortgage lending. Corporate lending went up 3%, with a rise in Retail Banking and Shipping and a decrease in CIB.

Total deposits from the public fell 1% to 230bn at the end of the period. Deposit volume decrease is mainly related to Retail Banking corporate. All other business areas are showing an increase compared to last year.

#### *Net fee and commission income*

Net fee and commission income increased 10%, ending at 1,337m. Growth was driven by high levels of savings and lending related services.

#### *Net result from items at fair value*

Net result from items at fair value ended at 412m, up from 285m last year. The increase is mainly explained by the sale of a debt portfolio in the first half of 2015.

#### *Equity method*

Net result for companies accounted for using the equity method amounted to 68m, which mainly relates to the 23.21% holding in Eksportfinans ASA. Nordea continues to apply its own valuation model to the valuation of Eksportfinans's own debt. The increased result compared to last year is driven by improved credit spread effects.

#### *Other operating income*

Other income amounted to 88m, compared to 75m in the same period last year.

## Expenses

Total operating expenses were down by 11% and ended at 2,477m compared to 2,788m in the same period last year. Adjusted for one-time effects related to Accelerated Cost Efficiency last year, total operating expenses were down by 2%. The reduction was mainly related to a decrease in other administrative expenses. The cost/income ratio decreased from 44% to 38%. Adjusted for one-time effects, the cost/income ratio decreased with 2%. Number of employees (FTEs) has reduced by 4%.

## Net loan losses

Net loan losses dropped 30% with reductions in both individual and collective losses. Decreases in individual loan losses (17 basis points annualised) and collective provisions (1 basis point annualised) were driven by customers in Retail Banking and CIB.

## Taxes

The effective tax rate was 25.3%, down from 27.5% from the same period last year.

## Net profit

Net profit for the first half was 2,727m and increased 17% compared to the same period last year, when adjusted for the aforementioned ACE provision. Return on equity (annualised) for the first half of 2015 was 11.3%.

## Second quarter 2015 compared to the first quarter 2015

### Income

Total income has decreased from previous quarter to 3,127m. Net interest income fell 4%, negatively affected by reduced lending spreads in Retail Banking from both household and corporate customers. Falling lending spreads were partly offset by increased deposit spreads, while CIB lending spreads faced pressure due to competition. Total lending to public increased slightly, while deposit volume declined by 1%.

Net fee and commission income was down from last quarter, driven by a fall in savings and securities related commissions. Net result from items at fair value decreased 65%, mainly explained by the sale of a debt portfolio in the first quarter, as well as changes in bond portfolios.

### Expenses

Total operating expenses were down 3%, mainly due to staff related expenses and reduced rental and office expenses, although partly offset by growth in IT activity.

### Net loan losses

Net loan losses decreased from 262m to 190m.

## Net profit

Net profit has decreased from 1,477m previous quarter to 1,250m. Return on equity (second quarter annualised) was 9.9%.

## Other information

### Credit portfolio

Total lending to the public increased by 5% to 499bn compared to end of period last year and increased 1% compared to the previous quarter.

Impaired loans gross is mostly unchanged compared to one year ago and has decreased 12% from three months ago ending at 4,009m, corresponding to 76 basis points of total loans to the public. 47% of impaired loans gross are performing loans and 53% are non-performing loans.

The total allowance rate is 56 basis points, compared to 60 basis points one year ago and 59 basis points at the end of last quarter. The industries with the largest allowances were Construction and engineering, Shipping and offshore, Industrial commercial services, and Real estate management and investments.

### Balance Sheet

Total assets in the balance sheet grew 4% compared to one year ago and decreased 3% compared to previous quarter. The main drivers of change in the last twelve months have been increased lending to the public and interest-bearing securities, partly offset by reduced loans to central banks and credit institutions. The main growth in liabilities is related to deposits from central banks and credit institutions and debt securities in issue.

### Capital position and risk-weighted exposure

NBN's Common Equity Tier 1 capital ratio excl. Basel I rules was 24,9% excl. profit (26,7 % incl. profit) at the end of the second quarter, an increase of 3,6 percentage points from the end of the previous quarter.

Excl. profit, the Tier 1 capital ratio excluding Basel I rules increased 3,7 percentage points to 27,1 % (28,9% incl. profit). The Total capital ratio excl. Basel I rules increased 3,7 percentage points to 29,2% (31,0 % incl. profit).

Risk Exposure Amount, REA (previously referred to as risk-weighted assets) was NOK 206bn excl. Basel I rules, a decrease of NOK 4bn, or 1,9% compared to the previous quarter. The decrease was mainly driven by the IRB corporate portfolio and the institution portfolio in standardised. The decrease was somewhat off-set by the IRB institution and retail portfolios.

The Common Equity Tier 1 ratio incl. Basel I rules was 14,8 % excl. profit (15,8 % incl. profit) at the end of the second quarter. Incl. profit, the own funds was NOK 64bn (60bn

excl. profit), the Tier 1 capital was NOK 59bn incl. profit (NOK 56bn excl. profit) and the Common Equity Tier 1 capital was NOK 55bn incl. profit (51bn excl. profit).

As a result of NBN's active policy to increase capital ratios, NBN received a capital injection of 6bn in second quarter 2015.

### **Regulation**

Amendments to several regulations concerning capital adequacy have been made the past two years, in order to implement technical provisions from EUs capital adequacy framework in addition to national adaption of the CRR and the CRD IV. In April, the new act on finance institutions and financial conglomerates (Finansforetaksloven) was sanctioned and enters into force 1 January 2016. From 30 June 2015, 1% countercyclical capital buffer applies to all banks. In June, the Ministry of Finance decided that the countercyclical capital buffer increases to 1.5 % from 30 June 2016 as well as deciding that last year's identification of other systemically important institutions (O-SII), including Nordea, remain as an O-SII. This requirement entails an O-SII capital buffer of 1% from 1 July 2015, which will further increase to 2 % from 1 July 2016.

In addition to the above mentioned capital buffers, the capital conservation buffer of 2,5% and the systemic risk buffer of 3% applies to all banks, which were fully introduced 1 July 2013 and 1 July 2014, respectively.

In June, Finanstilsynet recommended in a letter to the Ministry of Finance, that a national level of the leverage ratio should not be imposed to Norwegian banks until the regulation is known in the EU. Furthermore, Finanstilsynet has recommended that there should currently be no disclosure requirements for Pillar 2 until a harmonized requirement is developed in EU during 2016/2017, and recommend that the institutions themselves assess what should be published according to current legislation.

### **Nordea's funding and liquidity operations**

The NBN group, through its subsidiary Nordea Eiendomskreditt AS (NEK), issued approximately 7.5bn of covered bonds in the first half year of 2015, whereof 0.9bn in GBP. Amounts maturing and purchased back were approximately 9.2bn during the first six months of 2015. A total of approximately 78.8bn has been rated and sold in the open market of NEK bonds (approximately 8bn issued in USD and 7bn in GBP).

For further information on liquidity management see the Annual Report 2014.

### **Continued focus on simplification**

As part of the simplification of our processes the bank has initiated preparatory work and dialogue with the authorities in the Nordic countries regarding our legal structure. The purpose is to continue to simplify the legal structure by changing the Norwegian, Danish and Finnish subsidiary banks to branches.

By simplifying and changing into a branch structure we will strengthen governance, decrease administrative complexity and become more efficient. It will not lead to changes in our presence in each country nor to changes for our employees or the way we service our customers, but will support our work to increase our agility and scale benefits.

Discussions with the authorities have been initiated and the process is expected to take approximately two years. The changes in legal structure depend on approval and a satisfactory outcome of the discussions with the authorities in each country. A decision about a future legal structure is subject to approval by Nordea's shareholders at a general meeting.

## Quarterly development

NOKm	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Jan-June 2015	Jan-June 2014
Net interest income	2,292	2,385	2,471	2,468	2,426	4,677	4,869
Net fee and commission income	650	687	770	683	602	1,337	1,215
Net result from items at fair value	106	306	200	135	156	412	285
Equity method	33	35	-19	9	-30	68	-48
Other operating income	46	42	29	31	42	88	75
<b>Total operating income</b>	<b>3,127</b>	<b>3,455</b>	<b>3,451</b>	<b>3,326</b>	<b>3,196</b>	<b>6,582</b>	<b>6,396</b>
General administrative expenses:							
Staff costs	-745	-775	-735	-716	-971	-1,520	-1,737
Other expenses	-440	-452	-566	-420	-504	-892	-962
Depreciation of tangible and intangible assets	-33	-32	-30	-243	-52	-65	-89
<b>Total operating expenses</b>	<b>-1,218</b>	<b>-1,259</b>	<b>-1,331</b>	<b>-1,379</b>	<b>-1,527</b>	<b>-2,477</b>	<b>-2,788</b>
<b>Profit before loan losses</b>	<b>1,909</b>	<b>2,196</b>	<b>2,120</b>	<b>1,947</b>	<b>1,669</b>	<b>4,105</b>	<b>3,608</b>
Net loan losses	-190	-262	-54	-124	-265	-452	-643
<b>Operating profit</b>	<b>1,719</b>	<b>1,934</b>	<b>2,066</b>	<b>1,823</b>	<b>1,404</b>	<b>3,653</b>	<b>2,965</b>
Income tax expense	-469	-457	-604	-471	-377	-926	-816
<b>Net profit for the period</b>	<b>1,250</b>	<b>1,477</b>	<b>1,462</b>	<b>1,352</b>	<b>1,027</b>	<b>2,727</b>	<b>2,149</b>
Basic/diluted Earnings per share (EPS), NOK	2.3	2.7	2.7	2.5	1.9	4.9	3.9
EPS, rolling 12 months up to period end, NOK	10.1	9.7	9.0	8.8	8.3	10.1	8.3

## Income statements

NOKm	Note	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
<b>Operating income</b>						
Interest income		4,463	4,939	9047	9847	19,743
Interest expense		-2,171	-2,513	-4,370	-4,978	-9,935
<b>Net interest income</b>		<b>2,292</b>	<b>2,426</b>	<b>4,677</b>	<b>4,869</b>	<b>9,808</b>
Fee and commission income		869	943	1756	1796	3,501
Fee and commission expense		-219	-341	-419	-581	-833
<b>Net fee and commission income</b>	3	<b>650</b>	<b>602</b>	<b>1,337</b>	<b>1,215</b>	<b>2,668</b>
Net result from items at fair value	4	106	156	412	285	620
Profit/-loss from the companies accounted for under the equity method		33	-30	68	-48	-58
Other operating income		46	42	88	75	135
<b>Total operating income</b>	2	<b>3,127</b>	<b>3,196</b>	<b>6,582</b>	<b>6,396</b>	<b>13,173</b>
<b>Operating expenses</b>						
General administrative expenses:						
Staff costs		-745	-971	-1,520	-1,737	-3,188
Other expenses	5	-440	-504	-892	-962	-1,948
Depreciation, amortisation and impairment charges of tangible and intangible assets		-33	-52	-65	-89	-362
<b>Total operating expenses</b>		<b>-1,218</b>	<b>-1,527</b>	<b>-2,477</b>	<b>-2,788</b>	<b>-5,498</b>
<b>Profit before loan losses</b>		<b>1,909</b>	<b>1,669</b>	<b>4,105</b>	<b>3,608</b>	<b>7,675</b>
Net loan losses	6	-190	-265	-452	-643	-821
<b>Operating profit</b>		<b>1,719</b>	<b>1,404</b>	<b>3,653</b>	<b>2,965</b>	<b>6,854</b>
Income tax expense		-469	-377	-926	-816	-1,891
<b>Net profit for the period</b>		<b>1,250</b>	<b>1,027</b>	<b>2,727</b>	<b>2,149</b>	<b>4,963</b>
Basic/diluted Earnings per share (EPS), NOK		2.3	1.9	4.9	3.9	9.0

## Statements of comprehensive income

NOKm	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
<b>Net profit for the period</b>	<b>1,250</b>	<b>1,027</b>	<b>2,727</b>	<b>2,149</b>	<b>4,963</b>
<b>Items that may be reclassified subsequently to the income statement</b>					
Currency translation differences during the period	0	0	0	-1	0
Available-for-sale investments: <sup>1</sup>					
Valuation gains/losses taken to equity	-47	54	-89	98	117
Tax on valuation gains/losses during the period	13	-14	24	-26	-31
Cash flow hedges:					
Valuation gains/losses during the period	-37	-9	21	-50	117
Tax on valuation gains/losses during the period	10	2	-6	13	-32
<b>Items that may not be reclassified subsequently to the income statement</b>					
Defined benefit plans:					
Remeasurement of defined benefit plans	841	-430	732	-430	-1094
Tax on remeasurement of defined benefit plans	-228	116	-198	116	295
<b>Other comprehensive income, net of tax</b>	<b>552</b>	<b>-281</b>	<b>484</b>	<b>-280</b>	<b>-628</b>
<b>Total comprehensive income</b>	<b>1,802</b>	<b>746</b>	<b>3,211</b>	<b>1,869</b>	<b>4,335</b>

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

## Balance sheets

NOKm	Note	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>Assets</b>				
Cash and balances with central banks		5,536	2,499	5,323
Loans to central banks and credit institutions	7	24,957	17,863	30,321
Loans to the public	7	499,394	499,922	474,494
Interest-bearing securities		92,586	91,574	81,073
Financial instruments pledged as collateral		222	1,392	636
Shares		354	443	175
Derivatives	12	8,107	11,951	4,863
Fair value changes of the hedged items in portfolio hedge of interest rate risk		367	626	477
Investments in associated undertakings		1,563	1,495	1,505
Intangible assets		158	149	353
Property and equipment		1,091	922	650
Investment property		65	65	199
Current tax assets		328	0	0
Other assets		3,411	18,790	11,517
Prepaid expenses and accrued income		1,966	2,049	2,353
<b>Total assets</b>		<b>640,105</b>	<b>649,740</b>	<b>613,939</b>
<b>Liabilities</b>				
Deposits by central banks and credit institutions		245,001	239,053	231,469
Deposits and borrowings from the public		230,041	236,754	232,817
Debt securities in issue		85,439	84,664	73,883
Derivatives	12	1,615	1,732	1,329
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,328	1,816	1,228
Current tax liabilities		1,598	1,214	892
Other liabilities		5,565	23,884	14,977
Accrued expenses and prepaid income		1,864	1,900	3,482
Deferred tax liabilities		1,807	1,576	931
Provisions		249	196	185
Retirement benefit obligations		1,450	2,360	1,729
Subordinated liabilities		9,814	9,471	8,368
<b>Total liabilities</b>		<b>585,771</b>	<b>604,620</b>	<b>571,290</b>
<b>Equity</b>				
Share capital		4,962	4,411	4,411
Share premium reserve		8,850	3,402	3,402
Other reserves		856	371	720
Retained earnings		39,666	36,936	34,116
<b>Total equity</b>		<b>54,334</b>	<b>45,120</b>	<b>42,649</b>
<b>Total liabilities and equity</b>		<b>640,105</b>	<b>649,740</b>	<b>613,939</b>
Assets pledged as security for own liabilities		171,936	171,007	153,988
Contingent liabilities		1,736	1,774	1,762
Commitments		114,699	120,159	114,476

## Statements of changes in equity

NOKm	Share capital <sup>1</sup>	Share premium	Other reserves			Retained earnings	Total equity
			Cash Flow hedges	Available-for-sale investments	Defined benefit plans		
<b>Opening balance at 1 Jan 2015</b>	<b>4,411</b>	<b>3,402</b>	<b>88</b>	<b>178</b>	<b>105</b>	<b>36,936</b>	<b>45,120</b>
Total comprehensive income			16	-65	534	2,727	3,212
Increase in par value and share premium	551	5,449				0	6,000
Share-based payments <sup>2</sup>						2	2
Other changes						0	0
<b>Closing balance at 30 Jun 2015</b>	<b>4,962</b>	<b>8,850</b>	<b>104</b>	<b>113</b>	<b>639</b>	<b>39,666</b>	<b>54,334</b>

NOKm	Share capital <sup>1</sup>	Share premium	Other reserves			Retained earnings	Total equity
			Cash Flow hedges	Available-for-sale investments	Defined benefit plans		
<b>Opening balance at 1 Jan 2014</b>	<b>4,411</b>	<b>3,402</b>	<b>3</b>	<b>92</b>	<b>904</b>	<b>31,963</b>	<b>40,775</b>
Total comprehensive income			85	86	-799	4,963	4,335
Share-based payments <sup>2</sup>						18	18
Other changes						-8	-8
<b>Closing balance at 31 Dec 2014</b>	<b>4,411</b>	<b>3,402</b>	<b>88</b>	<b>178</b>	<b>105</b>	<b>36,936</b>	<b>45,120</b>

NOKm	Share capital <sup>1</sup>	Share premium	Other reserves			Retained earnings	Total equity
			Cash Flow hedges	Available-for-sale investments	Defined benefit plans		
<b>Opening balance at 1 Jan 2014</b>	<b>4,411</b>	<b>3,402</b>	<b>3</b>	<b>92</b>	<b>904</b>	<b>31,963</b>	<b>40,775</b>
Total comprehensive income			-37	72	-314	2,148	1,869
Share-based payments <sup>2</sup>						13	13
Other changes						-8	-8
<b>Closing balance at 30 Jun 2014</b>	<b>4,411</b>	<b>3,402</b>	<b>-34</b>	<b>164</b>	<b>590</b>	<b>34,116</b>	<b>42,649</b>

<sup>1</sup> The share capital is 4,962m (31 Dec 2014: 4,411m, 30 Jun 2014: 4,411m) consisting of 551m shares at par value of 9.00 (8.00 in 31 Dec 2014 and 30 Jun 2014).

<sup>2</sup> Refers to the Long Term Incentive Programme (LTIP).

## Cash flow statements

NOKm	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
<b>Operating activities</b>			
Operating profit	3,653	2,965	6,854
Adjustments for items not included in cash flow	306	2,349	3,371
Income taxes paid	-905	-354	-431
Cash flow from operating activities before changes in operating assets and liabilities	<b>3,054</b>	<b>4,960</b>	<b>9,794</b>
Changes in operating assets and liabilities	-6,655	10,537	-4,360
<b>Cash flow from operating activities</b>	<b>-3,601</b>	<b>15,497</b>	<b>5,434</b>
<b>Investing activities</b>			
Property and equipment	-120	-314	-623
Intangible assets	-20	-12	-23
Net investments in debt securities, held to maturity	4	342	431
<b>Cash flow from investing activities</b>	<b>-136</b>	<b>16</b>	<b>-215</b>
<b>Financing activities</b>			
Other changes in equity	0	0	0
Increase in par value and share premium	6,000	0	0
<b>Cash flow from financing activities</b>	<b>6,000</b>	<b>0</b>	<b>0</b>
<b>Cash flow for the period</b>	<b>2,263</b>	<b>15,513</b>	<b>5,219</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15,425</b>	<b>10,207</b>	<b>10,207</b>
Translation differences	0	0	-1
<b>Cash and cash equivalents at end of period</b>	<b>17,688</b>	<b>25,720</b>	<b>15,425</b>
<b>Change</b>	<b>2,263</b>	<b>15,513</b>	<b>5,219</b>
<b>Cash and cash equivalents</b>	30 Jun	30 Jun	31 Dec
The following items are included in cash and cash equivalents (NOKm):	<u>2015</u>	<u>2014</u>	<u>2014</u>
Cash and balances with central banks	5,536	5,323	2,499
Loans to credit institutions, payable on demand	12,151	20,397	12,926

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

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

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

# Notes to the financial statements

## Note 1 - Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the EU Commission.

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

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

### Changed accounting policies and presentation

The accounting policies, bases for calculations, and presentation are, in all material aspects, unchanged in comparison with the 2014 Annual Report, except for the presentation of covered bonds as described below.

### Commitments in NBN ASA towards outstanding covered bonds in Nordea Eiendomskreditt AS

To better reflect NBN ASA's commitment in relation to the outstanding amounts of issued covered bonds in Nordea Eiendomskreditt AS, the amounts outstanding to third parties are included in the commitments in NBN ASA. NBN ASA has also committed to the future payment of interest; however, this is not included. The comparative figures have been restated accordingly and are disclosed in the table below. No restatement has been made for NBN Group as this is an internal guarantee within NBN Group.

NBN ASA	Q4 2014		Q2 2014	
	New Policy	Old Policy	New Policy	Old Policy
NOKm				
Commitments	201,610	112,241	194,544	109,568

### Classification of dividend receivable 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 "Brokerage, securities and corporate finance" to "Savings and investments". The comparable figures have been restated accordingly and are disclosed in the table below.

NBN Group	Q4 2014		Q2 2014	
	New policy	Old policy	New policy	Old policy
NOKm				
Fee and commission income	822	943	1,626	1,796
Fee and commission expense	-220	-341	-411	-581
Net fee and commission income	602	602	1,215	1,215

### IFRIC 21 Levies

IFRIC 21 Levies published by IASB was implemented 1 January 2015. IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and for those where the timing and amount of the levy is certain. IFRIC 21 has not had any significant impact on Nordea's financial statements.

### Other changes in IFRS

The following amendments published by IASB were implemented on 1 January 2015 but have not had any significant impact on Nordea's financial statements:

- Amendments to IAS 19 "Defined benefit plans: Employee Contributions"
- Annual Improvements to IFRSs, 2010-2012 Cycle
- Annual Improvements to IFRSs, 2011-2013 Cycle

### Exchange rates

	Jan-Jun 2015	Full year 2014	Jan-Jun 2014
<b>EUR 1 = NOK</b>			
Income statement (average)	8.6461	8.3597	8.2796
Balance sheet (at end of period)	8.7910	9.0420	8.4035
<b>USD 1 = NOK</b>			
Income statement (average)	7.7489	6.3069	6.0409
Balance sheet (at end of period)	7.8568	7.4475	6.1528
<b>SEK 1 = NOK</b>			
Income statement (average)	0.9256	0.9186	0.9243
Balance sheet (at end of period)	0.9540	0.9626	0.9158
<b>DKK 1 = NOK</b>			
Income statement (average)	1.1596	1.1214	1.1095
Balance sheet (at end of period)	1.1784	1.2145	1.1271

## Note 2 - Segment reporting<sup>1</sup>

	Wholesale Banking								Group				Total		Recon-		Total Group	
	Retail Banking NO		CIB Total		Shipping, Offshore & Oil Services		Other Wholesale <sup>3,4</sup>		Corporate Centre		Wealth Management <sup>4</sup>		Operating segments		ciliation <sup>2,3</sup>			
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Total operating income, NOKm	4,870	4,613	922	905	785	740	391	369	1,656	1,966	-299	-285	8,325	8,308	-1,743	-1,912	6,582	6,396
Operating profit, NOKm	2,605	2,279	491	378	669	538	20	23	1,495	1,752	-209	-188	5,071	4,782	-1,418	-1,817	3,653	2,965
Loans to the public, NOKbn	422	397	27	33	49	43	1	1	0	0	0	0	499	474	0	0	499	474
Deposits and borrowings from the public, NOKbn	174	181	40	36	16	14	0	0	0	0	0	0	230	231	0	2	230	233

### Reconciliation between total operating segments and financial statements

	Total operating income, NOKm <sup>3,4</sup>		Operating profit, NOKm <sup>3,4</sup>		Loans to the public, NOKbn		Deposits and borrowings from the public, NOKbn	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Total Operating segments	8,325	8,308	5,071	4,782	499	474	230	231
Reconciliation <sup>2</sup>	-940	-1,171	-925	-1,395	0	0	0	2
Eliminations	0	0	0	0	0	0	0	0
Differences in accounting policies	0	0	0	0	0	0	0	0
Differences in accounting policies between the segments and the group regarding Markets <sup>3</sup>	-803	-741	-493	-422	0	0	0	0
<b>Total</b>	<b>6,582</b>	<b>6,396</b>	<b>3,653</b>	<b>2,965</b>	<b>499</b>	<b>474</b>	<b>230</b>	<b>233</b>

<sup>1</sup> Segment reporting has been changed as a consequence of organisational changes throughout 2015. Comparative information has been restated accordingly.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

## Note 2 - Segment reporting<sup>1</sup> 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 2014 Annual Report there have been no changes in the measurement of segment profit or loss.

### Changes in basis of segmentation

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

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

### Reportable operating segments

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

## Note 3 - Net fee and commission income

NOKm	Q2 2015	Q1 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Asset management commissions	30	42	18	72	38	104
Life insurance	27	25	22	52	43	87
Brokerage, securities issues and corporate finance <sup>1</sup>	125	139	112	264	224	409
Custody and issuer services	48	45	56	93	102	222
Deposits	9	8	14	17	22	61
<b>Total savings and investments</b>	<b>239</b>	<b>259</b>	<b>222</b>	<b>498</b>	<b>429</b>	<b>883</b>
Payments	95	95	91	190	184	372
Cards	228	198	214	426	404	852
<b>Total payment and cards</b>	<b>323</b>	<b>293</b>	<b>305</b>	<b>616</b>	<b>588</b>	<b>1,224</b>
Lending	272	272	245	544	494	1198
Guarantees and documentary payments	3	10	2	13	8	17
<b>Total lending related commissions</b>	<b>275</b>	<b>282</b>	<b>247</b>	<b>557</b>	<b>502</b>	<b>1,215</b>
Other commission income	32	53	48	85	107	179
<b>Fee and commission income</b>	<b>869</b>	<b>887</b>	<b>822</b>	<b>1,756</b>	<b>1,626</b>	<b>3,501</b>
Savings and investments <sup>1</sup>	-36	-33	-35	-69	-68	-134
Payments	-71	-72	-80	-142	-146	-283
Cards	-100	-87	-92	-188	-174	-373
State guarantee fees	-1	0	-3	-1	-4	-6
Other commission expenses	-11	-8	-10	-19	-19	-37
<b>Fee and commission expenses</b>	<b>-219</b>	<b>-200</b>	<b>-220</b>	<b>-419</b>	<b>-411</b>	<b>-833</b>
<b>Net fee and commission income</b>	<b>650</b>	<b>687</b>	<b>602</b>	<b>1,337</b>	<b>1,215</b>	<b>2,668</b>

<sup>1</sup> Restated 2014 figures, see Note 1 Accounting policies for further details.

## Note 4 - Net result from items at fair value

NOKm	Q2 2015	Q1 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Shares/participations and other share-related instruments	27	17	13	44	17	100
Interest related instruments and foreign exchange gain/losses <sup>1</sup>	79	289	144	368	266	514
Investment properties	0	0	-1	0	2	6
<b>Total</b>	<b>106</b>	<b>306</b>	<b>156</b>	<b>412</b>	<b>285</b>	<b>620</b>

## Note 5 - Other expenses

NOKm	Q2 2015	Q1 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Information technology	166	147	176	313	315	695
Marketing and representation	21	24	29	45	59	135
Postage, transportation, telephone, and office expenses	34	43	42	77	97	177
Rents, premises and real estate expenses	99	111	124	210	219	384
Other	120	127	133	247	272	557
<b>Total</b>	<b>440</b>	<b>452</b>	<b>504</b>	<b>892</b>	<b>962</b>	<b>1,948</b>

## Note 6 - Net loan losses

NOKm	Q2 2015	Q1 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
<b>Divided by class</b>						
Recoveries on previous realised loan losses	0	0	1	0	0	0
<b>Loans to credit institutions<sup>1</sup></b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
Realised loan losses	-580	-91	-60	-671	-92	-1,083
Allowances to cover realised loan losses	558	72	43	630	66	-347
Recoveries on previous realised loan losses	6	15	9	21	19	249
Provisions	-276	-334	-337	-610	-759	318
Reversals of previous provisions	100	165	59	265	103	40
<b>Loans to the public<sup>1</sup></b>	<b>-192</b>	<b>-173</b>	<b>-286</b>	<b>-365</b>	<b>-663</b>	<b>-823</b>
Realised loan losses	0	0	0	0	0	-19
Provisions	1	-89	0	-88	0	21
Reversals of previous provisions	1	0	20	1	20	0
<b>Off-balance sheet items</b>	<b>2</b>	<b>-89</b>	<b>20</b>	<b>-87</b>	<b>20</b>	<b>2</b>
<b>Net loan losses</b>	<b>-190</b>	<b>-262</b>	<b>-265</b>	<b>-452</b>	<b>-643</b>	<b>-821</b>

<sup>1</sup> See Note 7 Loans and impairment

## Note 7 - Loans and impairment

NOKm	Total			
	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Jun 2014
Loans, not impaired	523,274	529,270	516,455	503,852
Impaired loans	4,009	4,531	4,374	4,029
– Performing	1,881	1,923	2,330	2,067
– Non-performing	2,128	2,608	2,044	1,962
<b>Loans before allowances</b>	<b>527,283</b>	<b>533,801</b>	<b>520,829</b>	<b>507,881</b>
Allowances for individually assessed impaired loans	-2,293	-2,531	-2,428	-2,356
– Performing	-791	-840	-1,070	-839
– Non-performing	-1,502	-1,691	-1,358	-1,517
Allowances for collectively assessed impaired loans	-639	-629	-616	-710
<b>Allowances</b>	<b>-2,932</b>	<b>-3,160</b>	<b>-3,044</b>	<b>-3,066</b>
<b>Loans, carrying amount</b>	<b>524,351</b>	<b>530,641</b>	<b>517,785</b>	<b>504,815</b>

NOKm	Central banks and credit institutions				The public			
	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Jun 2014	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Jun 2014
Loans, not impaired	24,957	35,444	17,863	30,321	498,317	493,826	498,592	473,531
Impaired loans	0	0	0	0	4,009	4,531	4,374	4,029
– Performing	0	0	0	0	1,881	1,923	2,330	2,067
– Non-performing	0	0	0	0	2,128	2,608	2,044	1,962
<b>Loans before allowances</b>	<b>24,957</b>	<b>35,444</b>	<b>17,863</b>	<b>30,321</b>	<b>502,326</b>	<b>498,357</b>	<b>502,966</b>	<b>477,560</b>
Allowances for individually assessed impaired loans	0	0	0	0	-2,293	-2,531	-2,428	-2,356
– Performing	0	0	0	0	-791	-840	-1,070	-839
– Non-performing	0	0	0	0	-1,502	-1,691	-1,358	-1,517
Allowances for collectively assessed impaired loans	0	0	0	0	-639	-629	-616	-710
<b>Allowances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,932</b>	<b>-3,160</b>	<b>-3,044</b>	<b>-3,066</b>
<b>Loans, carrying amount</b>	<b>24,957</b>	<b>35,444</b>	<b>17,863</b>	<b>30,321</b>	<b>499,394</b>	<b>495,197</b>	<b>499,922</b>	<b>474,494</b>

### Allowances and provisions

NOKm	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Jun 2014
Allowances for items in the balance sheet	-2,932	-3,160	-3,044	-3,066
Provisions for off balance sheet items	-134	-135	-48	-30
<b>Total allowances and provisions</b>	<b>-3,066</b>	<b>-3,295</b>	<b>-3,092</b>	<b>-3,096</b>

### Key ratios

	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Jun 2014
Impairment rate, gross <sup>1</sup> , basis points	76	85	84	79
Impairment rate, net <sup>2</sup> , basis points	33	37	37	33
Total allowance rate <sup>3</sup> , basis points	56	59	58	60
Allowances in relation to impaired loans <sup>4</sup> , %	57	56	56	58
Total allowances in relation to impaired loans <sup>5</sup> , %	73	70	70	76
Non-performing, not impaired, NOKm	713	447	840	647

<sup>1</sup> Individually assessed impaired loans before allowances divided by total loans before allowances.

<sup>2</sup> Individually assessed impaired loans after allowances divided by total loans before allowances.

<sup>3</sup> Total allowances divided by total loans before allowances.

<sup>4</sup> Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

<sup>5</sup> Total allowances divided by total impaired loans before allowances.

## Note 8 - Classification of financial instruments

NOKm	Financial assets at fair value through profit or loss						Total
	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	
<b>Assets</b>							
Cash and balances with central banks	5,536						5,536
Loans to central banks and credit institutions	24,947		10				24,957
Loans to the public	499,132		262				499,394
Interest-bearing securities		5,881	37,970			48,735	92,586
Financial instruments pledged as collateral			222				222
Shares			233	121			354
Derivatives			2,501		5,606		8,107
Fair value changes of the hedged items in portfolio							
hedge of interest rate risk	367						367
Other assets	2,073			441			2,514
Prepaid expenses and accrued income	1,935						1,935
<b>Total 30 Jun 2015</b>	<b>533,990</b>	<b>5,881</b>	<b>41,198</b>	<b>562</b>	<b>5,606</b>	<b>48,735</b>	<b>635,972</b>
Total 31 Dec 2014	532,461	5,887	64,375	2	5,867	37,727	646,319
Total 30 Jun 2014	518,319	5,978	53,915	0	1,943	30,120	610,275

	Financial liabilities at fair value through profit or loss				
NOKm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities</b>					
Deposits by credit institutions	84			244,917	245,001
Deposits and borrowings from the public	333			229,708	230,041
Debt securities in issue				85,439	85,439
Derivatives	715		900		1,615
Fair value changes of the hedged items in portfolio hedge of interest rate risk				1,328	1,328
Other liabilities		1,456		1,724	3,180
Accrued expenses and prepaid income				781	781
Subordinated liabilities				9,814	9,814
<b>Total 30 Jun 2015</b>	<b>1,132</b>	<b>1,456</b>	<b>900</b>	<b>573,711</b>	<b>577,199</b>
Total 31 Dec 2014	10,965	0	1,241	582,084	594,290
Total 30 Jun 2014	6,294	640	1,051	556,132	564,117

## Note 9 - Fair value of financial assets and liabilities

NOKm	30 Jun 2015		31 Dec 2014	
	Carrying amount	Fair value <sup>1</sup>	Carrying amount	Fair value <sup>1</sup>
<b>Financial assets</b>				
Cash and balances with central banks	5,536	5,536	2,499	2,499
Loans	524,718	531,106	518,411	523,345
Interest-bearing securities	92,586	92,625	91,574	91,626
Financial instruments pledged as collateral	222	222	1,392	1,392
Shares	354	354	443	443
Derivatives	8,107	8,107	11,951	11,951
Other assets	2,514	2,514	18,034	18,034
Prepaid expenses and accrued income	1,935	1,935	2,015	2,015
<b>Total</b>	<b>635,972</b>	<b>642,399</b>	<b>646,319</b>	<b>651,305</b>
<b>Financial liabilities</b>				
Deposits and debt instruments	571,623	572,389	571,758	573,146
Derivatives	1,615	1,615	1,732	1,732
Other liabilities	3,180	3,180	19,952	19,952
Accrued expenses and prepaid income	781	781	848	848
<b>Total</b>	<b>577,199</b>	<b>577,965</b>	<b>594,290</b>	<b>595,678</b>

<sup>1</sup>The determination of fair value is described in the 2014 Annual Report, Note 40 Assets and liabilities at fair value.

## Note 10 - Financial assets and liabilities measured at fair value on the balance sheet

### Categorisation into the fair value hierarchy

NOKm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
<b>Assets at fair value on the balance sheet<sup>1</sup></b>				
Loans to central banks and credit institutions		10		10
Loans to the public		262		262
Interest-bearing securities	34,479	52,226		86,705
Shares <sup>2</sup>	399		177	576
Derivatives	6	8,101		8,107
Other assets		441		441
Investment properties			65	65
<b>Total 30 Jun 2015</b>	<b>34,884</b>	<b>61,040</b>	<b>242</b>	<b>96,166</b>
Total 31 Dec 2014	31,208	76,584	244	108,036
<b>Liabilities at fair value on the balance sheet<sup>1</sup></b>				
Deposits by credit institutions		84		84
Deposits and borrowings from the public		333		333
Derivatives		1,615		1,615
Other liabilities		1,456		1,456
<b>Total 30 Jun 2015</b>	<b>0</b>	<b>3,488</b>	<b>0</b>	<b>3,488</b>
Total 31 Dec 2014	2,207	9,998	0	12,205

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

<sup>2</sup> Of which NOK 222m relates to the balance sheet item Financial instruments pledged as collateral

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

Financial assets and liabilities with offsetting positions in markets risk and counterparty risk are measured on the basis of the price that would be received to sell the net asset position or paid to transfer the net liability position for that risk exposure. For more information about valuation techniques and inputs used in the fair value measurement, see the 2014 Annual Report, Note 40 Assets and liabilities at fair value.

### Transfers between level 1 and 2

During the period, Nordea transferred interest-bearing securities of NOK 2,191m from Level 1 to Level 2 and NOK 1,495m from Level 2 to Level 1 of the fair value hierarchy. The reason for the transfer from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

### Movements in level 3

The following table shows a reconciliation of the opening and closing carrying amount of level 3 financial assets and liabilities recognised at fair value.

NOKm	1 Jan 2015	Unrealised fair value gains/losses recorded in the income statement	Purchases	Sales	Translation differences	30 Jun 2015
<b>Assets</b>						
Shares	179	0	0	0	-2	177

During the period NBN Group had no transfers from level 1 and level 2 to level 3 of the fair value hierarchy.

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

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

NOKm	Fair value	Valuation techniques
Unlisted Shares	177	Discounted cash flow/net asset value
<b>Total 30 Jun 2015</b>	<b>177</b>	

## Note 11 - Capital adequacy

These figures are according to part 8 of CRR

### Summary of items included in own funds

NOKm	30 June 2015	31 Dec <sup>2</sup> 2014	30 June 2014
Calculation of own funds			
Equity in the consolidated situation	51,607	45,120	40,500
Proposed/actual dividend	0	0	0
Common Equity Tier 1 capital before regulatory adjustments	51,607	45,120	40,500
Deferred tax assets			
Intangible assets	-159	-149	-354
IRB provisions shortfall (-) <sup>1</sup>	-93	-63	-76
Deduction for investments in credit institutions (50%)	0	0	-1
Pension assets in excess of related liabilities	-1	0	0
Other items, net	-149	-356	-130
Total regulatory adjustments to Common Equity Tier 1 capital	-402	-568	-561
<b>Common Equity Tier 1 capital (net after deduction)</b>	<b>51,205</b>	<b>44,552</b>	<b>39,940</b>
Additional Tier 1 capital before regulatory adjustments	4,553	5,187	4,984
Total regulatory adjustments to Additional Tier 1 capital			
Additional Tier 1 capital	4,553	5,187	4,984
<b>Tier 1 capital (net after deduction)</b>	<b>55,758</b>	<b>49,739</b>	<b>44,924</b>
Tier 2 capital before regulatory adjustments	4,321	4,096	3,426
IRB provisions excess (+)/shortfall (-) <sup>1</sup>	0	0	-76
Deduction for investments in credit institutions (50%)			
Deductions for investments in insurance companies			
Pension assets in excess of related liabilities			
Other items, net	0	77	0
Total regulatory adjustments to Tier 2 capital	0	77	-76
Tier 2 capital	4,321	4,173	3,350
<b>Own funds (net after deduction)</b>	<b>60,079</b>	<b>53,912</b>	<b>48,275</b>

<sup>1</sup> Shortfall is now deducted 100% CET1, previously 50% T1, 50% T2

<sup>2</sup> Including profit

### Own Funds including profit

NOKm	30 Jun <sup>1</sup> 2015	31 Dec 2014	30 Jun 2014
Common Equity Tier 1 capital, including profit	54,853	44,552	42,089
<b>Total Own Funds, including profit</b>	<b>63,727</b>	<b>53,912</b>	<b>50,424</b>

<sup>1</sup> Including profit before tax

## Note 11 - Capital adequacy cont.

### Minimum capital requirement and REA

	30 Jun 2015	30 Jun 2015	31 Dec 2014	31 Dec 2014	30 Jun 2014	30 Jun 2014
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
<b>NOKm</b>						
<b>Credit risk</b>	<b>14,435</b>	<b>180,432</b>	<b>14,373</b>	<b>179,658</b>	<b>14,992</b>	<b>187,404</b>
– of which counterparty credit risk	210	2,628	251	3,141	119	1,486
IRB	12,904	161,297	12,884	161,051	13,633	170,407
– of which corporate	9,291	116,143	9,849	123,108	10,623	132,785
– of which advanced	8,742	109,281	9,309	116,355	10,108	126,349
– of which foundation	549	6,862	540	6,753	515	6,436
– of which institutions	440	5,493	333	4,168	264	3,306
– of which retail	2,937	36,708	2,498	31,227	2,530	31,624
– of which secured by immovable property collateral	2,209	27,605	1,816	22,699	1,843	23,043
– of which other retail	728	9,103	682	8,528	687	8,581
– of which other	236	2,953	204	2,548	215	2,691
Standardised	1,531	19,135	1,489	18,607	1,360	16,997
– of which central governments or central banks	0	0	0	0	0	6
– of which regional governments or local authorities	12	148	15	190	9	110
– of which public sector entities	1	13	0	0	0	0
– of which multilateral development banks						
– of which international organisations						
– of which institutions	697	8,711	755	9,441	647	8,088
– of which corporate	6	73	4	54	5	65
– of which retail	491	6,136	484	6,048	614	7,674
– of which secured by mortgages on immovable property						
– of which in default	36	447	5	63	12	148
– of which associated with particularly high risk						
– of which covered bonds						
– of which institutions and corporates with a short-term credit assessment						
– of which collective investments undertakings (CIU)						
– of which equity	49	616	9	106	0	0
– of which other items	239	2,991	217	2,705	73	907
<b>Credit Value Adjustment Risk</b>	<b>53</b>	<b>675</b>	<b>35</b>	<b>436</b>	<b>0</b>	<b>0</b>
<b>Market risk</b>	<b>151</b>	<b>1,888</b>	<b>276</b>	<b>3,447</b>	<b>257</b>	<b>3,217</b>
– of which trading book, Internal Approach	107	1,333	218	2,719	156	1,955
– of which trading book, Standardised Approach	44	555	58	728	22	276
– of which banking book, Standardised Approach					79	987
<b>Operational risk</b>	<b>1,826</b>	<b>22,822</b>	<b>1,744</b>	<b>21,806</b>	<b>1,744</b>	<b>21,806</b>
Standardised	1,826	22,822	1,744	21,806	1,744	21,806
<b>Sub total</b>	<b>16,465</b>	<b>205,817</b>	<b>16,428</b>	<b>205,347</b>	<b>16,994</b>	<b>212,426</b>
<b>Adjustment for Basel I floor</b>						
Additional capital requirement according to Basel I floor <sup>1</sup>	11,223	140,284	11,658	145,728	9,543	119,287
<b>Total</b>	<b>27,688</b>	<b>346,101</b>	<b>28,086</b>	<b>351,075</b>	<b>26,537</b>	<b>331,714</b>

<sup>1</sup> Norwegian regulatory requirement as reported under the Basel II regulation framework

## Note 11 - Capital adequacy cont.

### Minimum Capital Requirement & Capital Buffers

Percentage	Minimum Capital requirement	Capital Buffers				Capital Buffers total	Total
		CCoB	CCyB	SII	SRB		
Common Equity Tier 1 capital	4.5	2.5	0.9		3	6.4	10.9
Tier 1 capital	6	2.5	0.9		3	6.4	12.4
Own funds	8	2.5	0.9		3	6.4	14.4

CCyB will increase to 1 % of CET1 in Q2 2015, and SII will increase to 1 % of CET1 in Q3 2015

### NOKm

Common Equity Tier 1 capital	15,575	8,653	2,943		10,383	21,978	37,553
Tier 1 capital	20,766	8,653	2,943		10,383	21,978	42,744
Own funds	27,688	8,653	2,943		10,383	21,978	49,666

### Common Equity Tier 1 available to meet Capital Buffers

	30 Jun <sup>3</sup> 2015	31 Dec 2014	30 Jun <sup>2</sup> 2014
<b>Percentage points of REA</b>			
Common Equity Tier 1 capital <sup>1</sup>	15.7	12.6	N/A

<sup>1</sup> Including profit of the period

<sup>2</sup> No reference in Q2 2014 due to Norway not being in CRD IV/CRR

<sup>3</sup> Including profit before tax

### Capital ratios

Percentage	30 Jun <sup>3</sup> 2015	31 Dec 2014	30 Jun 2014
Common Equity Tier 1 capital ratio, including profit	26.7	21.7	19.8
Tier 1 capital ratio, including profit	28.9	24.2	22.2
Total Capital ratio, including profit	31.0	26.3	23.7
Common Equity Tier 1 capital ratio, excluding profit	24.9	19.3	18.8
Tier 1 capital ratio, excluding profit	27.1	21.8	21.1
Total Capital ratio, excluding profit	29.2	23.8	22.7

### Capital ratios including Basel I floor

Percentage	30 Jun <sup>3</sup> 2015	31 Dec 2014	30 Jun 2014
Common Equity Tier 1 capital ratio, including profit	15.8	12.7	12.7
Tier 1 capital ratio, including profit	17.2	14.2	14.2
Total Capital ratio, including profit	18.4	15.4	15.2
Common Equity Tier 1 capital ratio, excluding profit	14.8	11.3	12.0
Tier 1 capital ratio, excluding profit	16.1	12.8	13.5
Total Capital ratio, excluding profit	17.4	13.9	14.6

### Leverage ratio

	30 Jun <sup>3</sup> 2015	31 Dec 2014	30 Jun <sup>2</sup> 2014
Tier 1 capital, transitional definition, NOKm <sup>1</sup>	55,758	49,739	N/A
Leverage ratio exposure, NOKm	767,146	781,048	N/A
Leverage ratio, percentage	7.3	6.4	N/A

<sup>1</sup> Including profit of the period

<sup>2</sup> No reference in Q2 2014 due to Norway not being in CRD IV/CRR

<sup>3</sup> Including profit before tax

## Note 11 - Capital adequacy cont.

	On-balance exposure, NOKm	Off-balance exposure, NOKm	Exposure value (EAD), NOKm <sup>1</sup>	of which EAD for off-balance, NOKm	Exposure- weighted average risk weight:
<b>Credit risk exposures for which internal models are used, split by rating grade</b>					
Corporate, foundation IRB:	10,511	572	11,027	440	62
- of which rating grades 6	102	4	107	3	16
- of which rating grades 5	1,610	220	1,879	176	30
- of which rating grades 4	6,006	243	6,248	182	63
- of which rating grades 3	2,146	93	2,181	70	91
- of which rating grades 2	105	0	101	0	151
- of which rating grades 1	27	0	27	0	207
- of which unrated	182	11	151	8	103
- of which defaulted	333	1	333	1	0
Corporate, advanced IRB:	226,406	80,341	265,158	40,263	41
- of which rating grades 6	9,811	8,913	14,295	4,463	12
- of which rating grades 5	41,252	31,620	58,220	16,124	26
- of which rating grades 4	138,232	33,414	153,071	16,387	42
- of which rating grades 3	28,751	5,585	31,287	2,968	62
- of which rating grades 2	3,777	333	3,702	184	113
- of which rating grades 1	387	9	389	5	119
- of which unrated	847	221	921	132	69
- of which defaulted	3,349	246	3,273	0	86
Institutions, foundation IRB:	44,102	4,278	51,986	3,209	11
- of which rating grades 6	38,536	5	40,249	4	6
- of which rating grades 5	5,219	1,636	8,981	1,227	20
- of which rating grades 4	200	2,637	2,605	1,978	50
- of which rating grades 3	54	0	54	0	112
- of which rating grades 2	0	0	0	0	205
- of which rating grades 1	12	0	12	0	294
- of which unrated	81	0	85	0	48
- of which defaulted					
Retail, of which secured by real estate:	209,151	18,166	215,092	5,941	13
- of which scoring grades A	138,770	15,128	143,681	4,911	5
- of which scoring grades B	36,865	1,778	37,452	587	11
- of which scoring grades C	13,952	568	14,151	199	22
- of which scoring grades D	8,596	331	8,717	121	43
- of which scoring grades E	8,246	307	8,351	105	67
- of which scoring grades F	1,613	36	1,625	12	111
- of which not scored	178	13	182	4	40
- of which defaulted	931	5	933	2	224
Retail, of which other retail:	34,937	12,048	40,308	5,371	23
- of which scoring grades A	16,795	7,163	19,847	3,052	8
- of which scoring grades B	7,244	2,249	8,272	1,028	17
- of which scoring grades C	3,339	1,150	3,895	557	32
- of which scoring grades D	2,506	709	2,871	366	46
- of which scoring grades E	3,940	542	4,197	254	49
- of which scoring grades F	556	70	590	34	73
- of which not scored	188	126	248	61	41
- of which defaulted	369	39	388	19	239
Other non credit-obligation assets:	3,853	65	3,399	49	87

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

<sup>1</sup>Includes EAD for on-balance, off-balance, derivatives and securities financing

## Note 11 - Capital adequacy cont.

Capital requirements for market risk	Trading book, IM		Trading book, SA		Banking book, SA		Total	
NOKm	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other <sup>1</sup>	13	1	423	33			436	34
Equity risk	416	33	132	11			548	44
Foreign exchange risk	7	1					7	1
Commodity risk	0	0					0	0
Settlement risk	0	0					0	0
Diversification effect	-18	-1					-18	-1
Stressed Value-at-Risk	0	0					0	0
Incremental Risk Measure	915	73					915	73
Comprehensive Risk Measure	0	0					0	0
<b>Total</b>	<b>1,333</b>	<b>107</b>	<b>555</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>1,888</b>	<b>151</b>

<sup>1</sup>Interest rate risk column Trading book IM includes both general and specific interest rate risk, which is elsewhere referred to as interest rate VaR and credit spread VaR.

## Note 12 - Risks and uncertainties

Nordea Bank Norge's revenue base reflects our business with a large and diversified customer base, comprised of both household and corporate customers and representing different geographic areas and industries.

NBN's main risk exposure is credit risk. NBN also assumes risks such as market risk, liquidity risk and operational risk. For further information on risk composition, see the 2014 Annual Report.

The financial crisis and the deteriorating macroeconomic situation have not had a material impact on NBN's financial position. However, the macroeconomic development and its effect on NBN remains uncertain.

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

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

## Nordea Bank Norge ASA

### Income statements

NOKm	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
<b>Operating income</b>					
Interest income	3,488	3,850	7,027	7,630	15,346
Interest expense	-1,779	-2,110	-3,589	-4,171	-8,257
<b>Net interest income</b>	<b>1,709</b>	<b>1,740</b>	<b>3,438</b>	<b>3,459</b>	<b>7,089</b>
Fee and commission income	828	901	1,670	1,709	3,330
Fee and commission expense	-215	-339	-413	-576	-823
<b>Net fee and commission income</b>	<b>613</b>	<b>562</b>	<b>1,257</b>	<b>1,133</b>	<b>2,507</b>
Net result from items at fair value	75	165	408	292	635
Dividends and group contribution	1,818	675	1,818	675	675
Other operating income	62	58	126	114	213
<b>Total operating income</b>	<b>4,277</b>	<b>3,200</b>	<b>7,047</b>	<b>5,673</b>	<b>11,119</b>
<b>Operating expenses</b>					
General administrative expenses:					
Staff costs	-702	-927	-1,436	-1,653	-3,027
Other expenses	-406	-483	-824	-911	-1,855
Depreciation of tangible and intangible assets	-21	-47	-41	-83	-329
<b>Total operating expenses</b>	<b>-1,129</b>	<b>-1,457</b>	<b>-2,301</b>	<b>-2,647</b>	<b>-5,211</b>
<b>Profit before loan losses</b>	<b>3,148</b>	<b>1,743</b>	<b>4,746</b>	<b>3,026</b>	<b>5,908</b>
Net loan losses	-187	-243	-434	-597	-760
<b>Operating profit</b>	<b>2,961</b>	<b>1,500</b>	<b>4,312</b>	<b>2,429</b>	<b>5,148</b>
Income tax expense	-810	-401	-1,152	-662	-1,386
<b>Net profit for the period</b>	<b>2,151</b>	<b>1,099</b>	<b>3,160</b>	<b>1,767</b>	<b>3,762</b>

# Nordea Bank Norge ASA

## Balance sheet

NOKm	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>Assets</b>			
Cash and balances with central banks	5,536	2,499	5,323
Loans to central banks and credit institutions	64,860	54,138	65,002
Loans to the public	370,358	362,445	342,649
Interest-bearing securities	93,750	102,734	97,522
Financial instruments pledged as collateral	222	1,392	636
Shares	351	440	175
Derivatives	8,386	12,314	5,192
Fair value changes of the hedged items in portfolio hedge of interest rate risk	287	509	382
Investments in group undertakings	7,228	5,814	5,528
Investments in associated undertakings	417	417	417
Intangible assets	88	85	289
Property and equipment	529	543	544
Investment property	1	1	6
Other assets	1,941	18,674	11,022
Prepaid expenses and accrued income	1,104	1,128	1,472
<b>Total assets</b>	<b>555,058</b>	<b>563,133</b>	<b>536,159</b>
<b>Liabilities</b>			
Deposits by credit institutions	245,064	239,137	231,523
Deposits and borrowings from the public	230,203	236,909	232,836
Debt securities in issue	6,662	4,682	4,171
Derivatives	6,374	6,465	3,113
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-9	105	-28
Current tax liabilities	1,294	694	576
Other liabilities	4,702	23,864	14,840
Accrued expenses and prepaid income	1,074	1,072	2,626
Deferred tax liabilities	1,264	979	530
Provisions	248	195	180
Retirement benefit obligations	1,395	2,286	1,701
Subordinated liabilities	9,814	9,471	8,368
<b>Total liabilities</b>	<b>508,085</b>	<b>525,859</b>	<b>500,436</b>
<b>Equity</b>			
Share capital	4,962	4,411	4,411
Share premium reserve	8,850	3,402	3,402
Other reserves	828	290	739
Retained earnings	32,333	29,171	27,171
<b>Total equity</b>	<b>46,973</b>	<b>37,274</b>	<b>35,723</b>
<b>Total liabilities and equity</b>	<b>555,058</b>	<b>563,133</b>	<b>536,159</b>
Assets pledged as security for own liabilities	76,379	67,679	52,012
Contingent liabilities	6,605	6,587	6,289
Commitments	185,929	201,610	109,568
Credit commitments <sup>1</sup>			

<sup>1</sup> Restated, see Note 1 Accounting Principles for further detail

# Statement by the Chief Executive Officer and the Board of Directors

The Chief Executive Officer and the Board of Directors have today considered and approved the Board of Director's report and the consolidated interim report of Nordea Bank Norge ASA (the group) as at 30 June 2015 and for the first half year 2015 including consolidated comparative figures as at 30 June 2014 and for the first half year 2014 (the interim report).

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Norwegian disclosure requirements for interim financial reports of banks and financial institutions with listed and securities within the European Economic Area. According to our best knowledge, the interim report has been prepared in accordance with the applicable accounting standards and gives a true and fair view of the group's and the parent company's assets, liabilities, financial position and net profit as at 30 June 2015 and as at 30 June 2014 and of the results of the group's operations and cash flows for the first half year of 2015 and the first half year of 2014.

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, 15 July 2015

Ari Kaperi  
Chairman

Tom Johannessen  
Deputy chairman

Karin S. Thorburn

Hilde M. Tonne

Hans Chr. Riise  
Employee representative

Gunn Wærsted  
Chief Executive Officer

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