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Third Quarter Report 2012

New Normal plan delivers on cost, capital and income

CEO Christian Clausen's comment to the report:

"65,000 new household relationship customers and a further strengthening of relations with corporate customers have led to the highest ever income and operating profit in the first nine months of a year, despite the low interest rates.

We continue to increase efficiency in line with our New Normal plan. Expenses remained flat and the core tier 1 capital ratio increased to 12.2%. We are fully compliant with liquidity requirements and have excellent access to the international funding markets.

Income was lower than last quarter, but has never before been this high in a third quarter. For the first three quarters of the year, income increased by 10% and operating profit by 14%."

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

January-September 2012 vs Jan-Sep 2011 (third quarter 2012 vs second quarter 2012):

- Total operating income up 10% (down 5%)
- Operating profit up 14%* (down 16%)
- Core tier 1 capital ratio up to 12.2% from 11.0% excl. transition rules (up from 11.8%)
- Cost/income ratio down to 51% from 54%* (up to 52% from 50%)
- Loan loss ratio up to 27 basis points from 20 basis points (up to 30 bps from 26 bps)
- Return on equity 11.4%, up from 10.6%* (down to 10.1% from 12.5%)

Summary key figures, EURm	Q3 2012	Q2 2012	Ch. %	Q3 2011	Ch. %	Jan-Sep 2012	Jan-Sep 2011	Ch. %
Net interest income	1,441	1,462	-1	1,379	4	4,323	4,029	7
Total operating income	2,469	2,606	-5	2,091	18	7,606	6,943	10
Profit before loan losses	1,176	1,316	-11	678	73	3,747	2,990	25
Net loan losses	-254	-217	17	-112	127	-689	-472	46
Loan loss ratio (ann.), bps	30	26		14		27	20	
Operating profit	922	1,099	-16	566	63	3,058	2,518	21
Operating profit, adjusted				737*	25		2,689*	14
Risk-adjusted profit	749	851	-12	485	54	2,399	1,899	26
Diluted EPS, EUR	0.17	0.21		0.10		0.57	0.46	
Return on equity, %	10.1	12.5		6.5		11.4	10.0	
Return on equity, adjusted, %				8.5*			10.6*	

* Excluding restructuring provision in the third quarter 2011 of EUR 171m.

Currency rates used for DKK, NOK and SEK for the third quarter 2012 are for income statement items 7.44, 7.51 and 8.73 respectively.

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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 1,000 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

CEO comment

Nordea continues to execute on the New Normal plan. In the first nine months of 2012, costs were flat, the core tier 1 capital ratio increased to 12.2%, income grew and operating profit improved by 14%.

The third quarter was affected by declining growth and corresponding low interest rates in our home markets. The slowdown in economic activity continues to hamper consumption and investments thus reducing the demand for loans and other banking services in the Nordic market.

Strong customer relations

Early actions to adapt to new regulations have made it possible for us to stand by our customers and further strengthen our existing customer relations through the quarter, while focusing on flat costs and capital efficiency to lay the foundation for the future bank.

We gave 362,000 advisory sessions with household customers in the quarter. Each working day, more than 5,000 people visited a Nordea branch and received a comprehensive overview of their personal finances and a clear view on how to make their ambitions possible. More than 80,000 people “like” us on Facebook.

We met with 67,000 small and medium-sized corporate customers and were able to help many entrepreneurs adjust to both sluggish demand and effects of new banking regulation.

We supported 38 large and multinational companies in finding financing on the bond market with conducted issues of EUR 7bn. In addition, we met with more than 2,000 corporate and institutional customers to discuss hedging of their financial risks and cash flow exposures and thus increased the predictability and stability of their business.

Our competence in hedging customers’ risks is one of the reasons why we have become the market leader for the largest companies in the Nordic countries. It is an integral part of our customer offering and explains the size of the derivative portfolio in our balance sheet. The derivative book is measured in gross numbers, but in net terms it represents a small part of the Group’s risks, in terms of market risk less than 10% of total risk-weighted assets.

During the quarter, we welcomed 21,000 new Gold, Premium and Private Banking customers from outside the bank. The number of frequent mobile bank customers has increased from the start of year by 80% to almost 700,000.

We issued 77,000 new mortgage loans and gave other credits worth EUR 1.1bn to households. At the same time, customers trusted us to manage more of their investments than ever. Our assets under management have never been larger and now exceed EUR 210bn.

Solid financial results

The strong customer relations have counterbalanced the effect on our results by the weak macroeconomic development. Net interest income in the quarter was the second highest ever, despite low interest rates. Net fee and commission income remained at the same high level as the last quarter. Total income is however held back by relatively low net results from items at fair value.

Costs are unchanged since last quarter. Excluding one-offs in the third quarter 2011, total expenses increased somewhat in the first nine months of 2012, which is fully due to currency effects. The cost/income ratio is 51%.

Loan losses increased somewhat compared to last quarter, to 30 basis points. That is broadly in line with our long-term risk appetite, reflecting the macro situation and its effects primarily in Denmark and on shipping. However, the underlying credit quality remains solid, and we continue to closely follow our customers in these markets. The lion’s share of the increase in impaired loans consists of performing loans.

In total, operating profit decreased from the second quarter. However, for the first nine months of the year, operating profit is up 14%, and ROE is well above 11%.

Best and safest bank in the Nordics

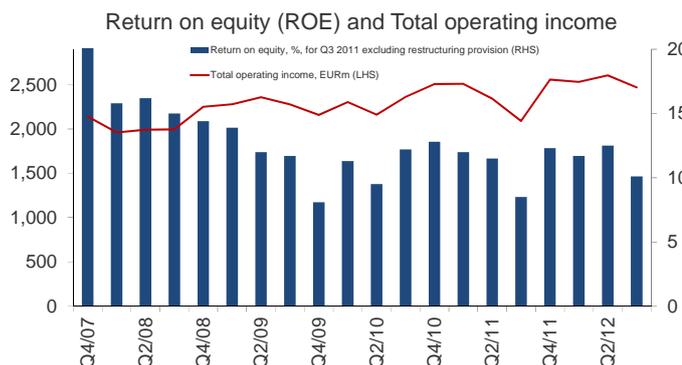
We put great pride in having been appointed both the best and the safest bank in the Nordics in 2012. The two awards go hand-in-hand. A bank that does not strive to provide great customer experiences will never be safe. And a bank that isn’t safe can never be good for the customers.

Safety can be measured in many ways. Our results have been the most stable of all banks in Europe throughout the crisis. Our risk-weighted assets decreased in the quarter, and the core tier 1 capital ratio continued to grow, to 12.2%. Our product and market diversity contributes to low and predictable loan losses.

We continue to be fully LCR-compliant and have excellent access to the international funding markets. We have issued EUR 25bn in long-term funding in the first nine months of the year, which already considerably exceeds this year’s redemptions.

In view of the financial turmoil in Europe, it is particularly important for Nordea to maintain its strong position among large European banks. Only by doing that, can we continue to be part of the solution to the economic challenges and to serve our customers when it is the most important for them.

Christian Clausen
President and Group CEO



Income statement¹

EURm	Q3	Q2	Change	Q3	Change	Jan-Sep	Jan-Sep	Change
	2012	2012	%	2011	%	2012	2011	%
Net interest income	1,441	1,462	-1	1,379	4	4,323	4,029	7
Net fee and commission income	605	611	-1	582	4	1,812	1,807	0
Net result from items at fair value	377	494	-24	111		1,340	1,011	33
Equity method	23	14	64	-4		60	27	
Other operating income	23	25	-8	23	0	71	69	3
Total operating income	2,469	2,606	-5	2,091	18	7,606	6,943	10
Staff costs	-752	-761	-1	-887	-15	-2,284	-2,399	-5
Other expenses	-467	-465	0	-474	-1	-1,387	-1,412	-2
Depreciation of tangible and intangible assets	-74	-64	16	-52	42	-188	-142	32
Total operating expenses	-1,293	-1,290	0	-1,413	-8	-3,859	-3,953	-2
Profit before loan losses	1,176	1,316	-11	678	73	3,747	2,990	25
Net loan losses	-254	-217	17	-112	127	-689	-472	46
Operating profit	922	1,099	-16	566	63	3,058	2,518	21
Income tax expense	-234	-278	-16	-160	46	-774	-670	16
Net profit for the period	688	821	-16	406	69	2,284	1,848	24

Business volumes, key items¹

EURbn	30 Sep	30 Jun	Change	30 Sep	Change
	2012	2012	%	2011	%
Loans to the public	353.1	350.3	1	332.5	6
Deposits and borrowings from the public	207.0	200.8	3	185.3	12
Assets under management	210.9	199.8	6	177.9	19
Equity	27.5	26.8	3	25.1	10
Total assets	711.0	708.8	0	671.0	6

Ratios and key figures

	Q3	Q2	Q3	Jan-Sep	Jan-Sep
	2012	2012	2011	2012	2011
Diluted earnings per share, EUR	0.17	0.21	0.10	0.57	0.46
EPS, rolling 12 months up to period end, EUR	0.76	0.69	0.65	0.76	0.65
Share price ² , EUR	7.69	6.77	6.07	7.69	6.07
Total shareholders' return, %	9.3	-1.2	-17.4	26.4	-20.2
Equity per share ² , EUR	6.82	6.63	6.20	6.82	6.20
Potential shares outstanding ² , million	4,050	4,050	4,047	4,050	4,047
Weighted average number of diluted shares, million	4,024	4,028	4,026	4,021	4,026
Return on equity, %	10.1	12.5	6.5	11.4	10.0
Cost/income ratio, %	52	50	68	51	57
Loan loss ratio, basis points	30	26	14	27	20
Core Tier 1 capital ratio, excl transition rules ^{2,3} %	12.2	11.8	11.0	12.2	11.0
Tier 1 capital ratio, excl transition rules ² %	13.3	12.8	12.1	13.3	12.1
Total capital ratio, excl transition rules ² %	15.3	14.3	13.5	15.3	13.5
Core Tier 1 capital ratio ^{2,3} %	9.8	9.6	9.2	9.8	9.2
Tier 1 capital ratio ^{2,3} %	10.7	10.5	10.0	10.7	10.0
Total capital ratio ^{2,3} %	12.2	11.7	11.2	12.2	11.2
Tier 1 capital ^{2,3} EURm	23,809	23,288	22,098	23,809	22,098
Risk-weighted assets incl transition rules ² , EURbn	223	223	220	223	220
Number of employees (full-time equivalents) ²	31,692	31,988	33,844	31,692	33,844
Risk-adjusted profit, EURm	749	851	485	2,399	1,899
Economic profit, EURm	282	385	94	1,015	725
Economic capital ² , EURbn	18.7	18.7	17.5	18.7	17.5
EPS, risk-adjusted, EUR	0.19	0.21	0.12	0.60	0.47
RAROCAR, %	15.9	18.4	11.1	17.2	14.5

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

² End of period.

³ Including the result for the first nine months. According to Swedish FSA rules (excluding the unaudited result for Q3): Core Tier 1 capital EUR 21,385m (30 Sep 2011: EUR 19,939), Tier 1 capital EUR 23,398m (30 Sep 2011: EUR 21,855m), capital base EUR 26,892m (30 Sep 2011: EUR 24,449m), Core Tier 1 capital ratio 9.6% (30 Sep 2011: 9.0%), Tier 1 capital ratio 10.5% (30 Sep 2011: 9.9%), total capital ratio 12.0% (30 Sep 2011: 11.1%).

Table of contents

Macroeconomic and financial market development	5
Group result and development	
Third quarter 2012	5
January – September 2012	7
Other information	8
Credit portfolio	8
Capital position and risk-weighted assets	8
Funding and liquidity operations	9
Quarterly result development	9
Business areas	
Financial overview per business area	10
Retail Banking	11
Wholesale Banking	20
Wealth Management	25
Group Functions and other	30
Customer segments	31
Financial statements	
Nordea Group	32
Notes to the financial statements	36
Nordea Bank AB (publ)	47

Macroeconomic and financial market development

The third quarter has generally been characterised by an improving sentiment as concerns over the European sovereign debt crisis eased somewhat after a volatile summer period. The driving factor has been additional measures taken by central banks – especially the ECB but also the Federal Reserve.

Macroeconomic development

Global economic growth outlook has remained weak in the third quarter. Purchasing manager indices have showed weakness in global manufacturing. The Eurozone economy contracted somewhat in the second quarter in line with expectations, as austerity, deleveraging and confidence weighed on sentiments. Furthermore, data indicates that the recession continued in the third quarter. A positive sign during the third quarter has been the slight improvement in US employment and housing data.

The Nordic economies have continued to outperform Europe, but with differences within the region. Denmark, still the most affected country, followed the Eurozone into recession. Finland experienced marginally negative growth, while Norway has maintained stronger growth. Although Swedish growth has decreased, it remained solidly positive, but manufacturing data indicates a risk of slowdown. Unemployment has been unchanged in the region, while overall consumption growth mildly dampened over the quarter, with Denmark remaining weak. A positive development in the quarter was the stabilisation in housing prices in Denmark, which has been a major negative driver. The other Nordic housing markets remain solid.

Financial market development

Development in financial markets has primarily been driven by additional central bank initiatives – especially the ECB announcement of the ‘Outright Monetary Transactions’ (OMT) framework that allows for unlimited purchases of sovereign debt as well as the pledge to backstop the sovereign debt crisis and the announcement of Quantitative Easing (QE3) in the US.

Peripheral interest rates fell from crisis levels and stabilised towards the end of the quarter, while core interest rates have remained low. Equity markets rose substantially both in Europe and in the US, where stocks rose to the highest level since the beginning of the crisis.

However, concerns over the actual implementation of the proposed solution for Europe persist, which together with continued uncertainty on global financial regulation is seen as the main risk factors to sustained positive development.

The strong investor demand for Nordic sovereign debt has persisted throughout the quarter.

Group result and development

Third quarter 2012

Income

Total income decreased 5% from the previous quarter to EUR 2,469m.

Net interest income

Net interest income decreased 1% compared to the previous quarter to EUR 1,441m. The net interest margin* was down somewhat to 1.05% in the third quarter. The decrease was because deposit margins declined following lower market interest rates and continued fierce competition in savings deposits in the quarter, while lending margins increased somewhat.

Corporate lending

Corporate lending volumes, excluding reverse repurchase agreements, decreased 2% in local currencies in the third quarter.

Household lending

Household lending volumes were up 1% in local currencies compared to the previous quarter, with the main increase from household mortgage lending.

Corporate and household deposits

Total deposits from the public increased to EUR 207bn. In the business areas, deposits were up 2% in local currencies excluding repurchase, mainly driven by a continued flight-to-quality in Wholesale Banking.

Group Corporate Centre

Net interest income decreased slightly to EUR 101m compared to EUR 106m in the previous quarter.

Net fee and commission income

Net fee and commission income were down 1% compared to the previous quarter to EUR 605m. Lending-related commissions increased, while commissions on payments and cards as well as on savings and investments decreased. Commission expenses for the stability fund in Sweden and the deposit guarantee fund in Denmark were EUR 26m, up somewhat from the previous quarter.

Savings and investments commissions

Fees and commissions from savings and investments decreased 2% in the third quarter to EUR 380m, due to lower custody and issuer services commissions following the high level in the second quarter. Asset management commissions increased 3% as Assets under Management (AuM) increased to an all-time high of EUR 210.9bn, following a net inflow of EUR 2.7bn in the third quarter and positive development in the portfolios. Also, commission income from brokerage, securities issues and corporate finance increased substantially in the third quarter.

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

Payments and cards and lending-related commissions
Lending-related commissions increased 3% to EUR 177m. Payments and cards commissions decreased 3% to EUR 224m.

Net result from items at fair value

Net result from items at fair value was EUR 377m, down from the very strong level in the previous quarter. Results from customer-driven business remained at a good level of EUR 280m (EUR 288m), while results increased somewhat in Capital Markets unallocated income compared to the previous quarter.

Capital Markets income in customer business

The customer-driven capital markets activities continued to perform well, with a net fair value result from these areas of EUR 214m, compared to EUR 217m in the previous quarter.

Capital Markets unallocated income

The net fair value result in Capital Markets unallocated income, ie income from managing the risks inherent in customer transactions, increased somewhat to EUR 148m compared to EUR 145m in the previous quarter.

Group Functions and eliminations

The net fair value result in Group Corporate Centre increased to EUR 39m compared to EUR 24m in the previous quarter. In other Group functions and eliminations, net result from items at fair value decreased to EUR -90m in the third quarter (EUR 37m in the second quarter), mainly due to valuation changes in liabilities accounted for at fair value.

Life & Pensions

Net result from items at fair value in Life & Pensions decreased somewhat to EUR 66m in the third quarter, down 7% from the second quarter. The financial buffers were 7.5% of technical provisions, or EUR 1.8bn, at the end of the third quarter, an increase of 0.8 %-point compared to the second quarter.

Equity method

Income from companies accounted for under the equity method was EUR 23m, compared to EUR 14m in the previous quarter. Income related to the holding in the Norwegian export agency Eksportfinans was EUR 17m (EUR 9m).

Other operating income

Other operating income was EUR 23m compared to EUR 25m in the previous quarter.

Expenses

Total expenses amounted to EUR 1,293m, down 2% compared to the previous quarter in local currencies. Staff costs decreased 3% in local currencies to EUR 752m. Other expenses decreased 1% in local currencies to EUR

467m, due to seasonal effects. Compared to the third quarter last year, total expenses were down somewhat in local currencies when excluding the restructuring costs last year and excluding performance-related salaries, ie with the cost definition for the cost target in the New Normal plan.

The number of employees (FTEs) at the end of the third quarter decreased 1% compared to the end of the previous quarter. Compared to the end of the third quarter 2011, the number of employees (FTEs) has decreased by 6%.

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

Provisions for performance-related salaries in the third quarter were EUR 63m, compared to EUR 75m in the previous quarter.

Cost efficiency

The reduction in staff numbers which was announced last autumn has continued according to plan during the third quarter. The number of employees (FTEs) has been reduced by around 2,500 from the end of the second quarter 2011 and by around 300 compared to the end of the second quarter 2012. This equates to an annualised gross reduction in the staff expenses of approx. EUR 180m.

In Poland, the plan proceeds to downscale the physical branch network from 193 branches to approximately 135 and the reduction in the number of employees (FTEs) by up to 400, equivalent to 20% of the total workforce at the end of 2011. In the third quarter, the number of employees has been reduced by around 90.

Net loan losses

Net loan loss provisions were EUR 254m and the loan loss ratio was 30 basis points (26 basis points in the previous quarter). As expected, provisions for future loan losses in Denmark and shipping remained at elevated levels. In other areas, the losses were low.

Individually assessed loan loss provisions were EUR 80m lower than in the previous quarter, whereas new collective provisions were EUR 117m higher than in the previous quarter, mainly in Denmark and in shipping (new collective provisions of EUR 11m in the third quarter compared to net reversals of EUR 106m in the second quarter).

The overall credit quality is solid with strongly rated customers and with a limited effect from migration on total in the portfolio, although with a slight negative rating migration in the corporate portfolio.

In Denmark, new collective provisions increased by EUR 23m, whereas the individually assessed loan loss

provisions decreased from the high level in the previous quarter. The clarified and stricter rules for loan loss provisioning introduced by the Danish FSA in the second quarter had a further impact on loss level.

In shipping, the loan loss provisions were EUR 54m, down somewhat from the previous quarter (EUR 63m).

Shipping

The tanker and dry cargo markets have been hit hard due to lower global demand and overcapacity, which has affected freight rates negatively. This has caused further deterioration of collateral values during the first nine months of the year and increased the need for additional loan loss provisions. The reduced investment appetite for shipping assets and banks' lower willingness to lend to shipping companies has made restructurings more difficult.

In other shipping segments, the situation is more stable. Nordea has necessary work-out resources to handle problem customers and early identification of new potential risk customers.

Denmark

The prolonged difficult situation in the economic environment has negatively impacted overleveraged household and agriculture customers. The housing market remains weak, reflecting a high level of forced sales and overall cautiousness in private spending and investments. Nevertheless, core fundamentals in Danish economy are still relatively strong with expected moderate GDP growth 2012, strong public financials, low interest rate and low unemployment level.

Most corporates are however financially strong with a relatively good outlook and the number of household mortgage customers facing problems is limited.

Operating profit

Operating profit decreased 16% from the previous quarter to EUR 922m.

Taxes

The effective tax rate was 25.4%, largely unchanged compared to the previous quarter and lower than the rate of 28.3% in the third quarter last year.

Net profit

Net profit decreased 16% compared to the previous quarter to EUR 688m, corresponding to a return on equity of 10.1%. Diluted earnings per share were EUR 0.17 (EUR 0.21 in the previous quarter).

Risk-adjusted profit

Risk-adjusted profit decreased to EUR 749m, down 12% from the previous quarter and up 54% compared to the third quarter last year.

The effect from currency fluctuations was approx. 1 %-points on income and approx. 2 %-points on expenses for the third quarter compared to the second quarter 2012.

January – September 2012

The first nine months 2012 showed continued high total income, up 10% compared to the same period 2011. Operating profit increased 21%, due to higher total income, and stable costs. Risk-adjusted profit increased by 26% compared to the same period last year.

The effect from currency fluctuations contributed to an increase in income and expenses of 1 %-point for the first nine months 2012 compared to the same period 2011.

Income

Net interest income increased 7% compared to the same period last year. Lending volumes increased 6% and corporate lending margins were higher, while deposit margins have decreased from last year.

Net fee and commission income was largely unchanged compared to the first nine months of 2011. Net result from items at fair value increased by 33% compared to the same period last year. The customer-driven capital markets operations continued to be strong with increasing volumes.

Income under the equity method was EUR 60m and other income was EUR 71m.

Expenses

Total expenses increased 2% compared to the same period last year excluding the restructuring costs last year, and staff costs increased 1%. Total expenses decreased 0.5% compared to the first nine months of 2011 in local currencies when excluding the restructuring costs in the third quarter last year and excluding performance-related salaries, ie with the cost definition for the cost target in the New Normal plan. Staff costs were unchanged in local currencies when excluding the restructuring costs last year.

Net loan losses

Net loan loss provisions increased to EUR 689m, corresponding to a loan loss ratio of 27 basis points (20 basis points in the same period last year excluding provisions related to the Danish deposit guarantee fund).

Taxes

The effective tax rate in the first nine months was 25.3%, compared to 26.6% last year.

Net profit

Net profit increased 24% to EUR 2,284m, due to higher income and stable costs.

Risk-adjusted profit

Risk-adjusted profit increased 26% compared to the same period last year to EUR 2,399m.

Other information

Credit portfolio

Total lending, excluding reversed repurchase agreements, amounted to EUR 324bn, down 1% in local currencies compared to the previous quarter. Overall, the credit quality in the loan portfolio remained solid in the third quarter, with a limited effect from migration on total in the portfolio, but with a slight negative rating migration in the corporate portfolio.

The impaired loans ratio increased to 181 basis points of total loans, due to an increase in mainly performing impaired loans in agriculture and households in Denmark. Total impaired loans gross increased by 8% from the previous quarter, partly due to the continuous effect of the new stricter impairment rules from the Danish FSA. The provisioning ratio decreased 1 %-point compared to the end of the second quarter to 41%.

Loan loss ratios and impaired loans

Basis points of loans	Q3 2012	Q2 12	Q1 12	Q4 2011	Q3 11
Loan loss ratios annualised, Group	30 ¹	26 ¹	25 ¹	36 ¹	16 ¹
of which individual	29	38	25	40	24
of which collective	1	-12	0	-4	-8
Banking Denmark	87 ¹	62 ¹	64 ¹	82 ¹	57 ¹
Banking Finland	19	1	9	13	11
Banking Norway	7	6	13	22	- ³
Banking Sweden	3	4	6	13	6
Banking Poland & Baltic countries	51	14	11	58	18
Corporate & Institutional Banking	-2	25	4	0	-
Shipping, Offshore & Oil Services	159	185	176	209	76
Impaired loans ratio gross, Group (bps)	181	164	147	131	130
- performing	58%	59%	61%	57%	62%
- non-performing	42%	41%	39%	43%	38%
Total allowance ratio, Group (bps)	74	69	68	63	65
Provisioning ratio, Group ²	41%	42%	46%	48%	50%

¹ Loan loss ratios in the table are excluding the provisions related to the Danish deposit guarantee fund. Including these provisions, loan loss ratios are for each quarter 30, 26, 26, 33 and 14 bps respectively in the Group, and 89, 59, 69, 69 and 49 bps respectively in Banking Denmark.

² Total allowances in relation to gross impaired loans.

³ The “ - ” mark refers to net reversals and recoveries.

Market risk

Interest-bearing securities were EUR 100bn at the end of the third quarter, of which EUR 27bn in the life insurance operations and the remaining part in the liquidity buffer and trading portfolios. 33% of the portfolio comprises government or municipality bonds and 33% mortgage bonds, when excluding EUR 9bn of pledged securities.

Total market risk measured as Value at Risk (VaR) decreased EUR 9m to EUR 34m in the third quarter compared to the previous quarter, as a consequence of

decreased interest rate risk and increased diversification across risk categories. Equity VaR and credit spread VaR increased in the period.

Market risk

EURm	Q3 2012	Q2 12	Q4 2011	Q3 11
Total risk, VaR	34	43	47	46
Interest rate risk, VaR	33	48	38	48
Equity risk, VaR	11	3	6	2
Foreign exchange risk, VaR	6	5	5	6
Credit spread risk, VaR	15	11	11	15
Diversification effect	48%	36%	22%	35%

Balance sheet

Total assets in the balance sheet were largely unchanged compared to the end of the previous quarter at EUR 711bn. Some increase was seen in loans and interest-bearing securities as well as in deposits from the public. The market value for derivatives decreased somewhat in the third quarter, due to continued increased use of central counterparty clearing. The counterparty credit risk was further reduced by netting of exposures and the use of collateral agreements.

Capital position and risk-weighted assets

The Group's core tier 1 capital ratio, excluding transition rules, was 12.2% at the end of the third quarter, a strengthening by 0.4 %-points from the end of the previous quarter. The total capital ratio excluding transition rules increased 1.0 %-point to 15.3%. Improved capital ratios have been achieved by strong profit generation and a decrease in risk-weighted assets (RWA).

RWA were EUR 179.0bn excluding transition rules, down EUR 2.2bn, or 1.2%, compared to the previous quarter.

The core tier 1 ratio including transition rules under Basel II was 9.8%. The capital base was EUR 27.3bn, the tier 1 capital was EUR 23.8bn and the core tier 1 capital was EUR 21.8bn.

Capital ratios

%	Q3 2012	Q2 12	Q4 2011	Q3 11
<i>Excluding transition rules:</i>				
Core tier 1 capital ratio	12.2	11.8	11.2	11.0
Tier 1 capital ratio	13.3	12.8	12.2	12.1
Total capital ratio	15.3	14.3	13.4	13.5
<i>Including transition rules:</i>				
Core tier 1 capital ratio	9.8	9.6	9.2	9.2
Tier 1 capital ratio	10.7	10.5	10.1	10.0
Total capital ratio	12.2	11.7	11.1	11.2

Economic Capital (EC) was at the end of the third quarter EUR 18.7bn, unchanged from the end of the previous quarter.

Nordea's funding and liquidity operations

Nordea issued approx. EUR 7.6bn of long-term funding in the third quarter, of which approx. EUR 2.6bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

During the third quarter, Nordea issued a USD 1bn subordinated 4.25% lower tier 2 10-year bullet transaction in the US domestic market priced at Treasury +250 basis points. Nordea also issued a CHF 350m 8-year senior transaction. Both transactions were issued in September.

The portion of long-term funding of total funding was at the end of the third quarter approx. 72% (69% at the end of the previous quarter).

For long-term funding risk, Nordea applies management of funding gap measures and matching between behavioural duration of assets and liabilities.

The Liquidity Coverage Ratio (LCR) for the Nordea Group was 129% at the end of the third quarter. The LCR in EUR was 265% and in USD 157% at the end of the third quarter. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV-liquid assets and amounted to EUR 65bn at the end of the third quarter (EUR 68bn at the end of the second quarter).

Nordea share

During the third quarter, the share price of Nordea on the NASDAQ OMX Nordic Exchange appreciated from SEK 59.40 to SEK 64.95.

Quarterly development, Group

EURm	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Jan-Sep 2012	Jan-Sep 2011
Net interest income	1,441	1,462	1,420	1,427	1,379	4,323	4,029
Net fee and commission income	605	611	596	588	582	1,812	1,807
Net result from items at fair value	377	494	469	506	111	1,340	1,011
Equity method	23	14	23	15	-4	60	27
Other operating income	23	25	23	22	23	71	69
Total operating income	2,469	2,606	2,531	2,558	2,091	7,606	6,943
General administrative expenses:							
Staff costs	-752	-761	-771	-714	-887	-2,284	-2,399
Other expenses	-467	-465	-455	-502	-474	-1,387	-1,412
Depreciation of tangible and intangible assets	-74	-64	-50	-50	-52	-188	-142
Total operating expenses	-1,293	-1,290	-1,276	-1,266	-1,413	-3,859	-3,953
Profit before loan losses	1,176	1,316	1,255	1,292	678	3,747	2,990
Net loan losses	-254	-217	-218	-263	-112	-689	-472
Operating profit	922	1,099	1,037	1,029	566	3,058	2,518
Income tax expense	-234	-278	-262	-243	-160	-774	-670
Net profit for the period	688	821	775	786	406	2,284	1,848
Diluted earnings per share (DEPS), EUR	0.17	0.21	0.19	0.19	0.10	0.57	0.46
DEPS, rolling 12 months up to period end, EUR	0.76	0.69	0.66	0.65	0.65	0.76	0.65

Business areas

Nordea Group																		
EURm	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
	Q3	Q2	Chg	Q3	Q2	Chg	Q3	Q2	Chg	Q3	Q2	Chg	Q3	Q2	Chg	Q3	Q2	Chg
	2012	2012		2012	2012		2012	2012		2012	2012		2012	2012		2012	2012	
Net interest income	1,003	997	1%	296	304	-3%	25	34	-26%	101	106	-5%	16	21	-24%	1,441	1,462	-1%
Net fee and commission income	291	274	6%	131	147	-11%	211	214	-1%	-2	-2	0%	-26	-22	18%	605	611	-1%
Net result from items at fair value	83	85	-2%	258	255	1%	87	93	-6%	39	24	63%	-90	37		377	494	-24%
Equity method	4	5	-20%	0	0		0	0		0	0		19	9	111%	23	14	64%
Other income	8	5	60%	2	1	100%	13	9	44%	1	1	0%	-1	9		23	25	-8%
Total operating income	1,389	1,366	2%	687	707	-3%	336	350	-4%	139	129	8%	-82	54		2,469	2,606	-5%
Staff costs	-332	-326	2%	-189	-203	-7%	-115	-123	-7%	-18	-19	-5%	-98	-90	9%	-752	-761	-1%
Other expenses	-412	-408	1%	-21	-24	-13%	-72	-74	-3%	-27	-23	17%	65	64	2%	-467	-465	0%
Depreciations	-32	-24	33%	-11	-10	10%	0	-2	-100%	0	0		-31	-28	11%	-74	-64	16%
Total operating expenses	-776	-758	2%	-221	-237	-7%	-187	-199	-6%	-45	-42	7%	-64	-54	19%	-1,293	-1,290	0%
Net loan losses	-200	-117	71%	-48	-102	-53%	0	0		0	0		-6	2		-254	-217	17%
Operating profit	413	491	-16%	418	368	14%	149	151	-1%	94	87	8%	-152	2		922	1,099	-16%
Cost/income ratio, %	56	56		32	34		56	57		32	33					52	50	
RAROCAR, %	16	16		21	21		17	17								15.9	18.4	
Economic capital (EC)	9,004	8,825	2%	6,107	6,098	0%	2,617	2,663	-2%	459	468	-2%	508	675		18,695	18,729	0%
Risk-weighted assets (RWA)	95,739	95,534	0%	69,385	71,572	-3%	3,512	3,486	1%	4,883	4,509	8%	5,491	6,157		179,010	181,258	-1%
Number of employees (FTEs)	18,133	18,366	-1%	6,121	6,173	-1%	3,566	3,571	0%	438	442	-1%				31,692	31,988	-1%
Volumes, EURbn:																		
Lending to corporates	93.7	92.8	1%	97.6	97.6	0%							1.7	3.0		193.0	193.4	0%
Household mortgage lending	126.4	123.4	2%	0.4	0.4	0%	5.4	5.3	2%							132.2	129.1	2%
Consumer lending	24.8	24.7	0%				3.1	3.2	-3%							27.9	27.9	0%
Total lending	244.9	240.9	2%	98.0	98.0	0%	8.5	8.4	1%				1.7	3.0		353.1	350.3	1%
Corporate deposits	45.3	44.5	2%	71.6	61.9	16%							2.1	7.3		119.0	113.7	5%
Household deposits	76.4	76.0	1%	0.2	0.2	0%	11.4	10.9	5%							88.0	87.1	1%
Total deposits	121.7	120.5	1%	71.8	62.1	16%	11.4	10.9	5%				2.1	7.3		207.0	200.8	3%

Nordea Group																		
EURm	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
	Jan-Sep	2011	Chg	Jan-Sep	2011	Chg	Jan-Sep	2011	Chg	Jan-Sep	2011	Chg	Jan-Sep	2011	Chg	Jan-Sep	2011	Chg
	2012	2011		2012	2011		2012	2011		2012	2011		2012	2011		2012	2011	
Net interest income	2,970	2,693	10%	890	909	-2%	102	98	4%	314	267	18%	47	62	-24%	4,323	4,029	7%
Net fee and commission income	849	856	-1%	399	431	-7%	637	608	5%	-4	-9	-56%	-69	-79	-13%	1,812	1,807	0%
Net result from items at fair value	286	324	-12%	840	532	58%	270	209	29%	78	-17		-134	-37		1,340	1,011	33%
Equity method	14	11	27%	0	0		0	0		0	0		46	16	188%	60	27	122%
Other income	15	15	0%	3	4	-25%	27	12	125%	3	2	50%	23	36	-36%	71	69	3%
Total operating income	4,134	3,899	6%	2,132	1,876	14%	1,036	927	12%	391	243	61%	-87	-2		7,606	6,943	10%
Staff costs	-991	-1,022	-3%	-595	-537	11%	-353	-341	4%	-55	-48	15%	-290	-451	-36%	-2,284	-2,399	-5%
Other expenses	-1,229	-1,301	-6%	-66	-61	8%	-217	-208	4%	-68	-86	-21%	193	244	-21%	-1,387	-1,412	-2%
Depreciations	-78	-66	18%	-29	-15	93%	-3	-3	0%	0	0		-78	-58	34%	-188	-142	32%
Total operating expenses	-2,298	-2,389	-4%	-690	-613	13%	-573	-552	4%	-123	-134	-8%	-175	-265	-34%	-3,859	-3,953	-2%
Net loan losses	-471	-368	28%	-215	-98	119%	-1	0		0	0		-2	-6	-67%	-689	-472	46%
Operating profit	1,365	1,142	20%	1,227	1,165	5%	462	375	23%	268	109	146%	-264	-273	-3%	3,058	2,518	21%
Cost/income ratio, %	56	61		32	33		55	60		31	55					51	57	
RAROCAR, %	16	12		22	19		19	23								17.2	14.5	
Economic capital (EC)	9,004	8,829	2%	6,107	6,112	0%	2,617	1,588	65%	459	558	-18%	508	368		18,695	17,455	7%
Risk-weighted assets (RWA)	95,739	95,410	0%	69,385	75,627	-8%	3,512	3,872	-9%	4,883	3,945	24%	5,491	4,118		179,010	182,972	-2%
Number of employees (FTEs)	18,133	19,796	-8%	6,121	6,426	-5%	3,566	3,666	-3%	438	455	-4%				31,692	33,844	-6%
Volumes, EURbn:																		
Lending to corporates	93.7	88.0	6%	97.6	90.9	7%							1.7	4.3		193.0	183.2	5%
Household mortgage lending	126.4	116.5	8%	0.4	0.3	33%	5.4	4.8	13%							132.2	121.6	9%
Consumer lending	24.8	24.8	0%				3.1	2.8	11%							27.9	27.6	1%
Total lending	244.9	229.3	7%	98.0	91.2	7%	8.5	7.7	10%				1.7	4.3		353.1	332.5	6%
Corporate deposits	45.3	43.3	5%	71.6	57.3	25%							2.1	3.6		119.0	104.2	14%
Household deposits	76.4	70.8	8%	0.2	0.1	100%	11.4	10.2	12%							88.0	81.1	9%
Total deposits	121.7	114.1	7%	71.8	57.4	25%	11.4	10.2	12%				2.1	3.6		207.0	185.3	12%

Retail Banking

The business area consists of the retail banking business in the Nordic region, Baltic countries and Poland and includes all parts of the value chain. More than 10 million customers are offered a wide range of products. The customers are served from a total of 957 branch locations and contact centres and through the online banking channels.

Business development

In times of large macroeconomic uncertainty, with the Eurozone on the brink of recession and a financial industry under severe pressure in many countries, Retail Banking continues to play an important role by supporting our corporate customers as well as households with financing, risk handling, investment alternatives, cash management and other banking services. Optimisation of the branch network and internal processes also enhance efficiency.

The number of Gold and Premium customers amounted to 3.11 million, of whom 20,600 were new customers coming from outside Nordea during the third quarter. During the first nine months of the year, close to 1.5 million household and corporate advisory meetings were held, an increase of 7% compared to the same period last year.

As customer behaviour patterns change, Nordea is continuously developing its distribution offering. The transformation of Nordea's branch network aims at strengthening the relationship strategy. The branch transformation was almost finalised during the third quarter. Practically all 778 branch locations in the Nordic countries operate according to the new branch formats and 65% of the branches focus purely on either advice or transaction services.

The number of Netbank customers continues to increase and the number of active mobile bank users increases fast. Thus, Nordea has continued the adjustments of the manual cash offering during the third quarter to reflect customers' decreased demand for manual cash transactions. During 2012, the branch locations offering manual cash services have decreased by 23%. By the end of the third quarter, 58% of Nordic branches offered manual cash. The transformation of the branch networks in the Baltic countries and Poland have moved forward throughout the third quarter and is scheduled to be finalised by the end of 2013.

Besides the transformation of the physical branch network, Nordea has also improved its availability through the extension of contact centre opening hours. Incoming calls and e-mails are now answered around

the clock. Increased usage of mobile banking among Nordea customers was also a clear trend this quarter. The number of active mobile bank users has increased to more than 685,000, who on average log on 16 times per month. A number of improvements were launched in the Private Netbank to make it possible for customers to handle more business and to open more products online. The Netbank stability has improved this quarter.

During the third quarter, Nordea and Visa entered into a five-year agreement covering consumer debit cards. The agreement includes the four Nordic countries. Nordea has also signed a credit card partnership with MasterCard. These agreements are key steps in developing Nordea's future card offering to our customers.

Result

Total income increased compared to the previous quarter, but was close to unchanged in local currencies. Central bank rates were cut by 25 basis points in Denmark and Finland in the beginning of the quarter and in Sweden in the end of the period, with a negative impact on earnings from deposits. Net fee and commission income showed positive development despite the lower business activity during the summer months. Compared to the third quarter last year, total income increased by 5%.

Total lending volumes increased marginally in local currencies compared to the previous quarter, arising from a moderate increase in the household sector. Following the subdued macroeconomic environment the demand from corporate customers was low.

Deposits from households continued to increase and were up 1% from the previous quarter and 8% compared to one year ago. Higher risk aversion and uncertainties about the prospects of the labour market has elevated the inflow to traditional bank deposits, but also other saving products with limited risk has experienced a higher demand.

Compared to the third quarter last year, staff costs were down by 1% and the number of employees (FTEs) was 8% lower. In local currencies, costs were down by 4%.

Net loan losses increased from the previous quarter, mainly due to the prolonged problematic economic situation in Denmark. They also increased in most other countries but from a low level in general. The loan loss ratio was 34 basis points (21 basis points in the second quarter) excluding the Danish deposit guarantee fund provisions.

Retail Banking total

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	1,003	997	970	979	926	1%	8%
Net fee and commission income	291	274	284	273	289	6%	1%
Net result from items at fair value	83	85	118	107	112	-2%	-26%
Equity method & other income	12	10	7	9	2	20%	
Total income incl. allocations	1,389	1,366	1,379	1,368	1,329	2%	5%
Staff costs	-332	-326	-333	-313	-337	2%	-1%
Total expenses incl. allocations	-776	-758	-764	-779	-772	2%	1%
Profit before loan losses	613	608	615	589	557	1%	10%
Net loan losses	-200	-117	-154	-187	-99	71%	102%
Operating profit	413	491	461	402	458	-16%	-10%
Cost/income ratio, %	56	56	55	57	58		
RAROCAR, %	16	16	16	15	14		
Economic capital (EC)	9,004	8,825	8,844	8,768	8,829	2%	2%
Risk-weighted assets (RWA)	95,739	95,534	94,358	93,917	95,410	0%	0%
Number of employees (FTEs)	18,133	18,366	18,856	19,253	19,796	-1%	-8%
Volumes, EURbn:							
Lending to corporates	93.7	92.8	91.4	90.5	88.0	1%	6%
Household mortgage lending	126.4	123.4	121.2	119.9	116.5	2%	8%
Consumer lending	24.8	24.7	24.8	24.5	24.8	0%	0%
Total lending	244.9	240.9	237.4	234.9	229.3	2%	7%
Corporate deposits	45.3	44.5	44.5	45.5	43.3	2%	5%
Household deposits	76.4	76.0	73.2	72.6	70.8	1%	8%
Total deposits	121.7	120.5	117.7	118.1	114.1	1%	7%

Banking Denmark

Business development

Despite the subdued macroeconomic environment, Banking Denmark continued to deliver solid results in the third quarter. During the quarter 6,700 new externally acquired Gold and Premium customers were welcomed to Nordea. The meetings with relationship customers continued to increase; up 8% compared to last year.

Household deposit and lending volumes were close to unchanged compared to the previous quarter. The consumer spending is continuously negatively affected by the macroeconomic uncertainty and although interest rates are on a historically low level the housing market only shows weak signs of recovery.

Banking Denmark has started piloting Automatic Deposit Machines (ADM) during the quarter. The ADMs will be a supplement to other automated cash solutions going forward.

The previously announced new pricing structure for household mortgage lending, reflecting new regulation and capital requirements, was launched during the quarter and will take effect from January 2013.

The net inflow of corporate customers continued in the quarter. Meetings with corporate customers increased 7% compared to last year. Total corporate lending volumes decreased 1% due to somewhat diminished demand in the market.

Risk-weighted assets (RWA) was slightly up compared to the previous quarter. Several initiatives to gradually improve capital efficiency while maintaining business momentum were started during the quarter.

Result

Total income increased by 4% from the second to the third quarter, stemming from net result from items at fair value and net fee and commission income. Net interest income decreased due to the lower interest rate level. For household deposits the net interest income was negative in the third quarter, since customer rates were positive and the central bank rate was negative.

The number of employees (FTEs) decreased by 1% in the third quarter, in line with the efficiency plans. Staff costs increased due to salary adjustments from the collective agreements of 1 July. Other expenses increased by 2%, but were 4% lower than the same period previous year.

Net loan losses increased significantly from the second to the third quarter although individually assessed loan loss provisions decreased, while new collective provisions increased compared to the previous quarter. Net loan loss provisions are primarily related to the household segment. The loan loss ratio was 87 basis points compared to 62 basis points in the second quarter, excluding provisions to the Danish deposit guarantee fund.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	297	307	305	308	292	-3%	2%
Net fee and commission income	48	36	52	38	54	33%	-11%
Net result from items at fair value	22	10	35	26	19	120%	16%
Equity method & other income	5	6	6	3	3	-17%	67%
Total income incl. allocations	372	359	398	375	368	4%	1%
Staff costs	-84	-82	-87	-83	-89	2%	-6%
Total expenses incl. allocations	-205	-201	-207	-210	-215	2%	-5%
Profit before loan losses	167	158	191	165	153	6%	9%
Net loan losses	-145	-96	-112	-107	-75	51%	93%
Operating profit	22	62	79	58	78	-65%	-72%
Cost/income ratio, %	55	56	52	56	58		
RAROCAR, %	17	16	20	16	13		
Economic capital (EC)	2,330	2,199	2,290	2,249	2,388	6%	-2%
Risk-weighted assets (RWA)	24,927	24,639	24,957	24,777	26,242	1%	-5%
Number of employees (FTEs)	4,027	4,087	4,199	4,279	4,377	-1%	-8%
Volumes, EURbn:							
Lending to corporates	23.6	23.9	23.6	23.6	23.3	-1%	1%
Household mortgage lending	29.7	29.4	29.0	28.9	28.3	1%	5%
Consumer lending	12.5	12.7	12.7	12.7	12.8	-2%	-2%
Total lending	65.8	66.0	65.3	65.2	64.4	0%	2%
Corporate deposits	7.6	7.3	7.2	7.4	7.2	4%	6%
Household deposits	22.4	22.6	21.8	21.6	21.5	-1%	4%
Total deposits	30.0	29.9	29.0	29.0	28.7	0%	5%

Banking Finland

Business development

The number of customer meetings remained high in the third quarter. Customer acquisition activities were successful as the number of externally acquired Gold and Premium customers were 5,100 during the third quarter.

Improved access to services was prioritised during the quarter, supporting the structural changes in the branch network. As the first bank on the market Nordea established 24/7 services via call centres in September which was well received by our customers.

Debit card cash-back services as well as services for mobile users were other key areas of development. Nordea's focus on mass-affluent customers has resulted in a record number of financial planning tool advising sessions in 2012, which sustained the substantial sales of savings products.

The transformation of the corporate branch network has been accomplished with good result. The edge of the offering in the third quarter was merchant acquiring card services and SEPA related cash management services, where Nordea has reached a strong market position.

The increased focus on credit quality and credit risks resulted in a continued decrease in risk-weighted assets (RWA).

Result

The steep decrease in short-term market rates added pressure to the earnings on deposits. This was partly offset by increased net interest income from lending products, arising from lending to both corporate and household customers. Lending volumes remained unchanged from last quarter while an increase of 4% in corporate deposits improved Nordea's position on the deposit market. Net fee and commission income increased with 5% compared to the same quarter last year, primarily driven by savings and payment products.

Measures to improve the cost efficiency via a decreased number of employees and other means continued to show results in the third quarter.

Net loan losses were EUR 21m mainly arising from a small number of exposures in the corporate portfolio. The loan loss ratio was 19 basis points (1 basis point in the second quarter).

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	154	159	157	177	181	-3%	-15%
Net fee and commission income	83	83	83	80	79	0%	5%
Net result from items at fair value	17	19	22	24	17	-11%	0%
Equity method & other income	2	1	0	5	1	100%	100%
Total income incl. allocations	256	262	262	286	278	-2%	-8%
Staff costs	-55	-56	-55	-55	-59	-2%	-7%
Total expenses incl. allocations	-157	-161	-159	-166	-168	-2%	-7%
Profit before loan losses	99	101	103	120	110	-2%	-10%
Net loan losses	-21	-1	-10	-14	-12		75%
Operating profit	78	100	93	106	98	-22%	-20%
Cost/income ratio, %	61	62	61	58	60		
RAROCAR, %	16	16	15	17	16		
Economic capital (EC)	1,440	1,447	1,572	1,623	1,603	0%	-10%
Risk-weighted assets (RWA)	15,007	15,258	15,504	15,967	15,708	-2%	-4%
Number of employees (FTEs)	4,020	4,098	4,101	4,177	4,309	-2%	-7%
Volumes, EURbn:							
Lending to corporates	15.0	15.2	15.1	14.9	14.8	-1%	1%
Household mortgage lending	25.2	25.0	24.7	24.6	24.5	1%	3%
Consumer lending	5.2	5.2	5.2	5.2	5.2	0%	0%
Total lending	45.4	45.4	45.0	44.7	44.5	0%	2%
Corporate deposits	10.3	9.9	9.5	10.0	10.8	4%	-5%
Household deposits	22.4	22.6	22.3	22.3	22.0	-1%	2%
Total deposits	32.7	32.5	31.8	32.3	32.8	1%	0%

Banking Norway

Business development

The business result reflects a continued strong income momentum mainly due to further improved risk pricing and a general margin increase in corporate lending.

Corporate lending growth levelled off during the quarter. Competition for corporate deposits remained fierce and Nordea remained cautious when competing for large deposits.

Business activity in the household segment was influenced by summer vacation but picked up well during August. The number of externally acquired Gold and Premium customers was more than 2,400 during the quarter.

Several initiatives related to capital efficiency have been initiated during the last quarters and positive results from these initiatives were visible in the risk-weighted assets level for the third quarter.

The reduction in the number of employees (FTEs) is ahead of plans and the closure of some of the small branches continued during the quarter.

Result

Total income increased by 3% from the previous quarter. The main driver for this development was net interest income in the corporate segment. Compared to the third quarter last year, the total income growth in local currency was 19%. Non-interest income was down somewhat compared to the second quarter, due to the summer holiday effect.

Lending volumes in local currency were close to unchanged from last quarter. Deposit volumes in local currency showed a decrease of close to 4% from the high volumes in the end of the previous quarter.

Despite the total lending growth, the risk-weighted assets in local currency were down by 2% from the previous quarter. The main reason for the reduction is reduced risk in lending portfolios.

Total expenses were down 3% from previous quarter in local currency reflecting a maintained focus on cost management and FTE reductions ahead of plans.

The loan loss ratio was 7 basis points (6 basis points in the second quarter). The main part of the loan losses was related to a few corporate customers.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	232	221	206	183	169	5%	37%
Net fee and commission income	49	47	43	44	44	4%	11%
Net result from items at fair value	16	21	22	19	25	-24%	-36%
Equity method & other income	0	0	1	1	0		
Total income incl. allocations	297	289	272	247	238	3%	25%
Staff costs	-40	-39	-39	-35	-38	3%	5%
Total expenses incl. allocations	-121	-120	-120	-119	-122	1%	-1%
Profit before loan losses	176	169	152	128	116	4%	52%
Net loan losses	-8	-7	-15	-24	5	14%	
Operating profit	168	162	137	104	121	4%	39%
Cost/income ratio, %	41	42	44	48	51		
RAROCAR, %	21	20	17	14	13		
Economic capital (EC)	2,116	2,156	2,110	2,087	2,064	-2%	3%
Risk-weighted assets (RWA)	22,772	22,627	22,534	22,312	22,336	1%	2%
Number of employees (FTEs)	1,388	1,391	1,415	1,428	1,515	0%	-8%
Volumes, EURbn:							
Lending to corporates	22.1	21.8	21.3	20.4	19.5	1%	13%
Household mortgage lending	27.3	26.5	25.8	25.2	24.4	3%	12%
Consumer lending	0.8	0.7	0.7	0.5	0.7	14%	14%
Total lending	50.2	49.0	47.8	46.1	44.6	2%	13%
Corporate deposits	11.5	11.5	12.1	12.2	11.6	0%	-1%
Household deposits	8.5	8.7	7.9	7.7	7.5	-2%	13%
Total deposits	20.0	20.2	20.0	19.9	19.1	-1%	5%

FX fluctuation impacted income and expenses by 2% Q3/Q2 (7% Q3/Q3).

FX fluctuations impacted balance sheet by 3% Q3/Q2 (8% Q3/Q3).

Banking Sweden

Business development

The third quarter includes the holiday period, and as normal the business activity decreased compared to the second quarter. In contrast, profit and business volumes remained strong. During the third quarter, Banking Sweden welcomed 5,500 new externally acquired Gold and Premium customers.

The growth rate for household mortgage lending picked up somewhat compared to the previous quarter, partly driven by lower interest rates. Deposit volumes from household customers increased and customer demand for investment products remained high.

The corporate customers' demand for financing remained modest during the third quarter. The activity with relationship customers was however maintained at a high level. The business volumes from corporate customers remained essentially unchanged during the quarter.

The transformation of the branch network continued with an increasing share of branches solely focusing on advisory services to household or corporate customers.

The number of branches with manual cash services has been reduced by 5.

Result

Despite the negative impact from lower market interest rates, net interest income increased compared to the second quarter. Commission income was driven by high sales of savings products and positive development in the stock markets. Net result from items at fair value decreased from second quarter coming from lower business activity in the capital markets during the holiday period.

The emphasis on improving efficiency continued, leading to fewer employees and lower staff costs compared to the same quarter last year in local currency.

In local currency, total income and total expenses were close to unchanged compared to the second quarter.

Net loan losses remained low and the loan loss ratio was 3 basis points in the third quarter (4 basis points in the second quarter).

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	306	286	285	285	264	7%	16%
Net fee and commission income	95	95	95	90	99	0%	-4%
Net result from items at fair value	27	29	29	29	28	-7%	-4%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	428	410	409	404	391	4%	9%
Staff costs	-72	-71	-72	-68	-71	1%	1%
Total expenses incl. allocations	-226	-217	-218	-209	-204	4%	11%
Profit before loan losses	202	193	191	195	187	5%	8%
Net loan losses	-4	-7	-9	-21	-9	-43%	-56%
Operating profit	198	186	182	174	178	6%	11%
Cost/income ratio, %	53	53	53	52	52		
RAROCAR, %	26	27	27	28	28		
Economic capital (EC)	2,131	1,987	1,914	1,854	1,798	7%	19%
Risk-weighted assets (RWA)	17,872	17,437	17,179	16,998	17,582	2%	2%
Number of employees (FTEs)	3,352	3,341	3,388	3,505	3,572	0%	-6%
Volumes, EURbn:							
Lending to corporates	24.0	23.1	23.0	23.0	22.1	4%	9%
Household mortgage lending	37.3	35.5	34.8	34.3	32.7	5%	14%
Consumer lending	5.2	5.1	5.1	5.2	5.2	2%	0%
Total lending	66.5	63.7	62.9	62.5	60.0	4%	11%
Corporate deposits	12.4	12.4	12.5	12.7	11.3	0%	10%
Household deposits	21.1	20.1	19.2	19.1	18.1	5%	17%
Total deposits	33.5	32.5	31.7	31.8	29.4	3%	14%

FX fluctuation impacted income and expenses by 6% Q3/Q2 (9% Q3/Q3).

FX fluctuations impacted balance sheet by 4% Q3/Q2 (10% Q3/Q3).

Banking Poland

Business development

The Euroarea problems have, with some lag, started to impact the Polish economy and the weakening external demand impacted the corporate sector. The government cut spending after the UEFA Euro 2012 preparations, and this has led to notable weakened activity in the construction sector. The latest GDP growth forecast for Poland is 2.8% in 2012 and 2.3% in 2013, still clearly above the Euroarea average.

Under the revised strategy in Poland, the relationship model implementation continued with special attention to the affluent and the mass-affluent customers, who require a broader set of financial services and personal advice. Increased focus on savings and investments products resulted in growing deposits volumes. The adapted household business model has resulted in lower mortgage lending during the third quarter.

To better match the increased focus on the affluent and mass-affluent segments and to adapt to the changes in customer behaviour, the physical branch network and the staff composition have been adjusted accordingly. The strong performance in the corporate segment continued. The applied relationship model based on

close cooperation with a number of selected customers, has proven to be successful in the Polish market and will continue to form the basis of the corporate business.

The risk-weighted assets were down by 1% following lower household lending volumes and despite a strengthened Polish zloty.

The provisions in the third quarter were at the same level as in the previous quarter, mainly due to one exposure in the corporate segment. The mortgage loan portfolio quality has been slightly weakening as the growth in new mortgages has slowed down and the existing portfolio has matured.

Result

Total income was down somewhat from the previous quarter. Net interest income was stable although lending volumes have decreased slightly in local currencies. Total expenses decreased by 7% compared to the previous quarter following the consolidation of the physical branch network. Operating profit decreased from previous quarter following somewhat higher net loan losses. The number of employees (FTEs) decreased by 89.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	40	40	39	37	31	0%	29%
Net fee and commission income	10	8	8	10	10	25%	0%
Net result from items at fair value	3	6	8	11	16	-50%	-81%
Equity method & other income	0	2	0	1	1	-100%	-100%
Total income incl. allocations	53	56	55	59	58	-5%	-9%
Staff costs	-11	-11	-12	-11	-12	0%	-8%
Total expenses incl. allocations	-25	-27	-29	-31	-29	-7%	-14%
Profit before loan losses	28	29	26	28	29	-3%	-3%
Net loan losses	-18	-14	-3	-7	-3	29%	
Operating profit	10	15	23	21	26	-33%	-62%
Cost/income ratio, %	47	48	53	53	50		
RAROCAR, %	12	14	14	15	15		
Economic capital (EC)	497	493	431	427	454	1%	9%
Risk-weighted assets (RWA)	7,447	7,507	6,383	6,060	5,892	-1%	26%
Number of employees (FTEs)	1,641	1,730	1,900	2,000	2,037	-5%	-19%
Volumes, EURbn:							
Lending to corporates	2.7	2.5	2.4	2.5	2.2	8%	23%
Household lending	4.2	4.3	4.3	4.1	4.0	-2%	5%
Total lending	6.9	6.8	6.7	6.6	6.2	1%	11%
Corporate deposits	1.7	1.6	1.6	1.7	1.2	6%	42%
Household deposits	1.2	1.2	1.2	1.1	1.0	0%	20%
Total deposits	2.9	2.8	2.8	2.8	2.2	4%	32%

Banking Baltic countries

Business development

The Baltic countries economies remain resilient in the face of the European sovereign debt crisis and weaker export demand. The Latvian economy keeps delivering positive surprises.

Positive economic development has increased activity of the corporate customers and the quality of the corporate loan portfolio has improved. Volumes of new household lending remained low and there is no real improvement yet in the mortgage portfolio quality. However demand for household lending gradually started to increase.

Deposit volumes were unchanged compared with previous quarter. Pricing competition for deposits continues to be fierce.

Nordea's lending growth was in line with markets in the third quarter. However, new lending prices have increased, both for household and corporate customers, reflecting the full cost of funding and liquidity.

Risk-weighted assets were down by 4% following the improvement in credit quality.

Result

Total income was 4% higher than previous quarter. Net interest income shows an upward trend following increasing lending margins. Total expenses were higher than previous quarter due to higher IT cost allocation. Underlying cost development has shown a downward trend during this year. Operating profit decreased by 25% compared with previous quarter due to lower loan loss recoveries.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	40	39	38	37	39	3%	3%
Net fee and commission income	11	11	11	13	10	0%	10%
Net result from items at fair value	-1	-1	0	2	4	0%	
Equity method & other income	1	0	0	0	-3		
Total income incl. allocations	51	49	49	52	50	4%	2%
Staff costs	-6	-6	-6	-5	-7	0%	-14%
Total expenses incl. allocations	-20	-18	-19	-16	-21	11%	-5%
Profit before loan losses	31	31	30	36	29	0%	7%
Net loan losses	-1	9	-1	-12	-3		-67%
Operating profit	30	40	29	24	26	-25%	15%
Cost/income ratio, %	39	37	39	31	42		
RAROCAR, %	12	11	11	15	11		
Economic capital (EC)	487	543	528	527	522	-10%	-7%
Risk-weighted assets (RWA)	7,715	8,065	7,801	7,802	7,649	-4%	1%
Number of employees (FTEs)	825	824	860	873	931	0%	-11%
Volumes, EURbn:							
Lending to corporates	5.7	5.6	5.4	5.3	5.2	2%	10%
Household lending	3.0	3.0	3.0	3.0	3.0	0%	0%
Total lending	8.7	8.6	8.4	8.3	8.2	1%	6%
Corporate deposits	1.8	1.8	1.6	1.5	1.3	0%	38%
Household deposits	0.8	0.8	0.8	0.7	0.6	0%	33%
Total deposits	2.6	2.6	2.4	2.2	1.9	0%	37%

Retail Banking other

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

Result

Net interest income was affected by slightly higher costs related to liquidity premium than in the second quarter, but also affected by the appreciation of the SEK and the NOK.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	-66	-55	-60	-48	-50	20%	32%
Net fee and commission income	-5	-6	-8	-2	-7	-17%	-29%
Net result from items at fair value	-1	1	2	-4	3		
Equity method & other income	4	1	0	-1	0		
Total income incl. allocations	-68	-59	-66	-55	-54	15%	26%
Staff costs	-64	-61	-62	-56	-61	5%	5%
Total expenses incl. allocations	-22	-14	-12	-28	-13	57%	69%
Profit before loan losses	-90	-73	-78	-83	-67	23%	34%
Net loan losses	-3	-1	-4	-2	-2		50%
Operating profit	-93	-74	-82	-85	-69	26%	35%
Economic capital (EC)	0	0	0	0	0		
Number of employees (FTEs)	2,880	2,895	2,993	2,991	3,055	-1%	-6%

Wholesale Banking

Nordea Wholesale Banking (WB) is the largest Nordic provider of banking and other financial solutions to corporate and institutional customers.

Business development

The Wholesale Banking customer activity was solid in the third quarter. However, the deteriorating economic growth outlook had a negative effect on customers' investment appetite.

Wholesale Banking's business model has proven robust during the ongoing industry transformation. The incremental strategy continued during the quarter with focus on daily business selection, resource management and further alignment of the organisational value chain. Wholesale Banking maintained its strong customer relationships and sustained business momentum within the given cost and capital constraints.

Corporate and institutional banking

The daily customer activity was stable and the event-driven business held up well. Conditions remained challenging in the tanker and dry cargo shipping segments while the activity in the offshore and oil service sectors was stable.

Nordea continued to use its balance sheet for the benefit of customers while at the same time building on its strong presence in the bond and loan markets to secure alternative sources of financing for customers.

Capital markets

Capital Markets continued to deliver strong results with the fixed income area as the main driver. The quarterly result decreased slightly but was significantly above the third quarter 2011. Customer activity was above normal for the season.

The customer activity in the foreign exchange and fixed income areas remained solid and risk management income was strong, particularly within fixed income.

The number of primary bond market issues was stable and Nordea maintained a leading position in the Nordic markets. The demand for syndicated loans decreased for corporate customers but remained stable for Shipping, Offshore & Oil Services.

Customer activity within the secondary equity and M&A advisory areas remained moderate as a consequence of subdued market conditions.

Result

The third quarter operating profit was EUR 418m, up 14% from the previous quarter. Both the quarterly and nine months results increased significantly over 2011.

Net loan losses decreased, driven by lower provisions in Shipping, Offshore & Oil Services as well as small net reversals in Corporate & Institutional Banking and Nordea Bank Russia.

The continued tight resource management resulted in a decrease in risk-weighted assets.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	296	304	290	303	306	-3%	-3%
Net fee and commission income	131	147	121	114	135	-11%	-3%
Net result from items at fair value	258	255	327	289	51	1%	
Equity method & other income	2	1	0	1	-1	100%	
Total income incl. allocations	687	707	738	707	491	-3%	40%
Staff costs	-189	-203	-203	-181	-166	-7%	14%
Total expenses incl. allocations	-221	-237	-232	-230	-181	-7%	22%
Profit before loan losses	466	470	506	477	310	-1%	50%
Net loan losses	-48	-102	-65	-75	-16	-53%	
Operating profit	418	368	441	402	294	14%	42%
Cost/income ratio, %	32	34	31	33	37		
RAROCAR, %	21	21	23	21	13		
Economic capital (EC)	6,107	6,098	6,129	6,175	6,112	0%	0%
Risk-weighted assets (RWA)	69,385	71,572	74,421	77,904	75,627	-3%	-8%
Number of employees (FTEs)	6,121	6,173	6,233	6,274	6,426	-1%	-5%
Volumes, EURbn:							
Total lending	98.0	98.0	91.5	92.2	91.2	0%	8%
Total deposits	71.8	62.1	63.4	59.3	57.4	16%	25%

Corporate & Institutional Banking

Corporate & Institutional Banking (CIB) comprises the customer units serving the largest corporate and institutional customers in Nordea.

Business development

The day-to-day business was stable in all countries and the number of event-driven transactions was high for the season.

The corporate customer demand for refinancing declined from the high level earlier in the year. The event-driven corporate business was solid, mainly driven by strong demand for bond issuance due to favourable market conditions. The corporate demand for syndicated loans was subdued due to low refinancing and M&A activity.

The daily business activity with institutional customers was stable while their demand for event-driven transactions was low.

The competitive pressure remained intense in the Nordic corporate and institutional banking market. The strong focus on resource management among banks resulted in increased competition for products with low capital requirements. CIB benefited from Nordea's strong ratings in the competition for deposits from international corporate and institutional customers.

The CIB divisions maintained their focus on resource management and operational efficiency whilst safeguarding customer relationships. Careful business selection and servicing of customers with capital markets based solutions resulted in a decrease in risk-weighted assets.

Result

Operating profit for the quarter was EUR 313m, 2% down from the last quarter. Total income decreased but remained solid for the season.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	207	207	201	204	198	0%	5%
Net fee and commission income	133	154	126	118	131	-14%	2%
Net result from items at fair value	91	108	112	114	93	-16%	-2%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	431	469	439	436	422	-8%	2%
Staff costs	-10	-10	-9	-10	-9	0%	11%
Total expenses incl. allocations	-120	-121	-121	-123	-118	-1%	2%
Profit before loan losses	311	348	318	313	304	-11%	2%
Net loan losses	2	-29	-4	0	14		-86%
Operating profit	313	319	314	313	318	-2%	-2%
Cost/income ratio, %	28	26	28	28	28		
RAROCAR, %	21	25	22	21	19		
Economic capital (EC)	3,960	3,891	3,898	3,919	4,156	2%	-5%
Risk-weighted assets (RWA)	45,748	46,918	48,296	50,573	51,997	-2%	-12%
Number of employees (FTEs)	215	216	216	212	213	0%	1%
Volumes, EURbn:							
Total lending	45.3	47.3	46.2	45.5	43.7	-4%	4%
Total deposits	42.8	38.0	40.8	37.0	34.0	13%	26%

Shipping, Offshore & Oil Services

Shipping, Offshore & Oil Services (SOO) is the customer unit responsible for serving customers in the shipping, offshore, oil services, cruise and ferries industries worldwide. Nordea is a leading bank to the global shipping and offshore sector with strong brand recognition and a world-leading loan syndication franchise.

Business development

Customer activity was moderate during the quarter. The demand for syndicated loans was stable compared to the previous quarter while bond origination activity increased. Lending volumes decreased partly due to weakening of the USD.

Activity in the offshore and oil services sector remained stable, driven by continued high exploration and production spending. Activity in the tanker and dry cargo segments reflected the weak market conditions in these segments.

Credit quality

Loan losses remained elevated due to challenging conditions in certain shipping segments. The tanker and dry cargo markets have weakened during the quarter and the vessel values are under pressure. The outlook for the tanker and dry cargo segments remains challenging. The credit quality in the offshore and oil services sectors was strong. Total loan losses decreased by 14% compared to the previous quarter. The approach to the shipping industry remained unchanged with new business on conservative terms.

Result

Operating profit was EUR 49m, up from EUR 17m in the previous quarter. The increase was mainly driven by higher income from items at fair value and reduced net loan losses.

The loan loss ratio was 159 basis points compared to 185 basis points in the second quarter.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	86	86	80	84	85	0%	1%
Net fee and commission income	19	14	15	23	16	36%	19%
Net result from items at fair value	16	-4	2	3	10		60%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	121	96	97	110	111	26%	9%
Staff costs	-7	-6	-7	-6	-6	17%	17%
Total expenses incl. allocations	-18	-16	-17	-16	-17	13%	6%
Profit before loan losses	103	80	80	94	94	29%	10%
Net loan losses	-54	-63	-60	-71	-26	-14%	108%
Operating profit	49	17	20	23	68	188%	-28%
Cost/income ratio, %	15	17	18	15	15		
RAROCAR, %	32	23	23	27	29		
Economic capital (EC)	893	924	954	938	918	-3%	-3%
Risk-weighted assets (RWA)	10,222	10,612	11,543	12,398	11,910	-4%	-14%
Number of employees (FTEs)	87	90	92	96	96	-3%	-9%
Volumes, EURbn:							
Total lending	13.4	14.1	13.6	13.6	13.4	-5%	0%
Total deposits	4.8	4.6	4.5	4.7	4.8	4%	0%

Banking Russia

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

Business development

Business volumes were flat in the third quarter, with significant growth compared to one year ago.

The Russian economy developed satisfactorily. Inflation and unemployment are at relatively low levels. The economic development correlates highly with commodity prices.

Customer activity was normal in the third quarter and market shares are stable compared to last year, but

slightly down from the previous quarter. Deposit interest rates remained high, due to tight liquidity. There was a net reversal of loan loss provisions in the third quarter of EUR 1m. Gross impaired loans amounted to EUR 68m or 99 basis points of total loans, down from 106 basis points in the previous quarter.

Result

Profitability was at a high level, total income was down 4% from a very high previous quarter and up 27% compared to the third quarter last year. Costs are at a stable level. Operating profit was up 17% from the previous quarter and up 56% from the third quarter last year.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	58	60	50	53	46	-3%	26%
Net fee and commission income	4	3	5	3	3	33%	33%
Net result from items at fair value	3	6	3	6	3	-50%	0%
Equity method & other income	1	0	0	1	0		
Total income incl. allocations	66	69	58	63	52	-4%	27%
Staff costs	-17	-15	-17	-15	-14	13%	21%
Total expenses incl. allocations	-25	-25	-26	-27	-22	0%	14%
Profit before loan losses	41	44	32	36	30	-7%	37%
Net loan losses	1	-8	0	-5	-3		
Operating profit	42	36	32	31	27	17%	56%
Cost/income ratio, %	38	36	45	43	43		
RAROCAR, %	33	37	27	26	21		
Economic capital (EC)	344	333	328	362	366	3%	-6%
Risk-weighted assets (RWA)	6,511	6,457	6,288	6,266	6,741	1%	-3%
Number of employees (FTEs)	1,464	1,466	1,485	1,547	1,615	0%	-9%
Volumes, EURbn:							
Lending to corporates	6.7	6.7	6.2	6.1	5.2	0%	29%
Lending to households	0.4	0.4	0.4	0.4	0.3	0%	33%
Total lending	7.1	7.1	6.6	6.5	5.5	0%	29%
Corporate deposits	2.1	2.4	2.7	2.4	1.5	-13%	40%
Household deposits	0.2	0.2	0.2	0.2	0.1	0%	100%
Total deposits	2.3	2.6	2.9	2.6	1.6	-12%	44%

Wholesale Banking other (including Capital Markets unallocated)

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

Banking. Wholesale Banking other is not actively managed as the optimisation of the business takes place in the relevant product and service units.

Result

The Wholesale Banking other operating profit increased compared to the second quarter. Risk management income remained strong.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	-55	-49	-41	-38	-23	12%	139%
Net fee and commission income	-25	-24	-25	-30	-15	4%	67%
Net result from items at fair value	148	145	210	166	-55	2%	
Equity method & other income	1	1	0	0	-1	0%	
Total income incl. allocations	69	73	144	98	-94	-5%	
Staff costs	-155	-172	-170	-150	-137	-10%	13%
Total expenses incl. allocations	-58	-75	-68	-64	-24	-23%	142%
Profit before loan losses	11	-2	76	34	-118		
Net loan losses	3	-2	-1	1	-1		
Operating profit	14	-4	75	35	-119		
Economic capital (EC)	910	950	949	956	672	-4%	35%
Risk-weighted assets (RWA)	6,904	7,585	8,294	8,667	4,979	-9%	39%
Number of employees (FTEs)	4,355	4,401	4,440	4,419	4,502	-1%	-3%
Volumes, EURbn:							
Total lending	32.2	29.5	25.1	26.6	28.6		
Total deposits	21.9	16.9	15.2	15.0	17.0		

Volumes refers to Repo transactions within Capital Markets.

Wealth Management

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

Business development

Nordea's Assets under Management (AuM) increased to EUR 210.9bn, up EUR 11.1bn or 6% from the second quarter. A strong net inflow of EUR 2.7bn and a positive investment performance return of EUR 8.4bn increased AuM further to an all-time high. All businesses contributed positively to the quarter's inflow except for Life & Pensions. Main contributors were Institutional sales with a net inflow of EUR 1.7bn and Nordic Retail funds with a net inflow of EUR 0.8bn.

Household customers showed strong interest in savings products in the third quarter. The positive momentum

in the financial markets around the world made investment products attractive. Retail and unit-linked funds were in high demand, not least due to continued strong momentum of the Nordea's Swedish "Investeringsparkonto" product offering.

Result

Income was EUR 336m in the third quarter, up 26% from the same quarter last year and down 4% from the previous quarter.

The underlying quarterly increase in asset management fee and commission income was primarily attributable to the strong increase in AuM, due to positive investment performance combined with the strong net inflow from the retail and institutional markets during the third quarter. The strong net inflow was mainly driven by customers showing more interest in fixed income and balanced products.

Operating profit was EUR 149m, up 80% from the same quarter last year and down 1% from the previous quarter.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	25	34	43	32	33	-26%	-24%
Net fee and commission income	211	214	212	231	187	-1%	13%
Net result from items at fair value	87	93	90	99	39	-6%	123%
Equity method & other income	13	9	5	4	7	44%	86%
Total income incl. allocations	336	350	350	366	266	-4%	26%
Staff costs	-115	-123	-115	-110	-111	-7%	4%
Total expenses incl. allocations	-187	-199	-187	-189	-183	-6%	2%
Profit before loan losses	149	151	163	177	83	-1%	80%
Net loan losses	0	0	-1	0	0		
Operating profit	149	151	162	177	83	-1%	80%
Cost/income ratio, %	56	57	54	52	69		
RAROCAR, %	17	17	23	31	15		
Economic capital (EC)	2,617	2,663	2,460	1,741	1,588	-2%	65%
Risk-weighted assets (RWA)	3,512	3,486	3,602	3,919	3,872	1%	-9%
Number of employees (FTEs)	3,566	3,571	3,601	3,639	3,666	0%	-3%
Volumes, EURbn:							
AuM	210.9	199.8	197.2	187.4	177.9	6%	19%
Total lending	8.5	8.4	8.3	8.0	7.7	1%	10%
Total deposits	11.4	10.9	11.2	10.9	10.2	5%	12%

Assets under Management (AuM), volumes and net inflow

EURbn	Q312	net inflow, Q312	Q212	Q112	Q411	Q311
Nordic Retail funds	37.1	0.8	34.3	33.0	31.1	29.9
Private Banking	67.9	0.4	64.3	64.6	61.0	58.0
Institutional sales	50.7	1.7	47.3	46.8	44.9	42.0
Life & Pensions	55.2	-0.2	53.9	52.8	50.4	48.1
Total	210.9	2.7	199.8	197.2	187.4	177.9

Private Banking

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

Business development

AuM in Private Banking was EUR 67.9bn at the end of the third quarter, up EUR 3.6bn from the end of the second quarter. The increase in AuM was a result of asset appreciation and a net inflow of EUR 0.4bn in the third quarter.

The number of Private Banking customers continued to increase. In the third quarter, the customer base increased by approx. 400. The process of transferring smaller Nordic

private banking customers to Retail Banking continued in the third quarter. This is part of an extensive effort to enhance productivity in all Private Banking units and align the service model with the characteristics and needs of the customers, and this will continue throughout 2012.

During the third quarter, International Private Banking further developed the wealth planning services to clients and resources were increased to cover a greater share of the European markets.

Result

Income was EUR 114m in the third quarter, down 2% from the same quarter last year and 10% from the second quarter, mainly due to lower interest rate level which decreased the deposit margins. Operating profit was EUR 29m, down 19% from the same quarter last year and 34% from the previous quarter.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	22	30	38	29	29	-27%	-24%
Net fee and commission income	68	71	73	65	59	-4%	15%
Net result from items at fair value	20	24	18	22	25	-17%	-20%
Equity method & other income	4	2	2	2	3	100%	33%
Total income incl. allocations	114	127	131	118	116	-10%	-2%
Staff costs	-38	-40	-39	-38	-37	-5%	3%
Total expenses incl. allocations	-85	-83	-82	-83	-80	2%	6%
Profit before loan losses	29	44	49	35	36	-34%	-19%
Net loan losses	0	0	-1	0	0		
Operating profit	29	44	48	35	36	-34%	-19%
Cost/income ratio, %	75	65	63	70	69		
RAROCAR, %	24	35	35	25	27		
Economic capital (EC)	328	342	376	393	353	-4%	-7%
Risk-weighted assets (RWA)	3,512	3,486	3,602	3,919	3,872	1%	-9%
Number of employees (FTEs)	1,195	1,207	1,218	1,219	1,216	-1%	-2%
Volumes, EURbn:							
AuM	67.9	64.3	64.6	61.0	58.0	6%	17%
Household mortgage lending	5.4	5.3	5.2	4.9	4.8	2%	13%
Consumer lending	3.1	3.2	3.1	3.1	2.8	-3%	11%
Total lending	8.5	8.4	8.3	8.0	7.7	1%	10%
Household deposits	11.4	10.9	11.2	10.9	10.2	5%	12%
Total deposits	11.4	10.9	11.2	10.9	10.2	5%	12%

Asset Management

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

Business development

The investment performance in the third quarter was strong with 80% of our composites outperforming their benchmarks. Fixed-income composites continued to deliver value-adding performance to our clients, and this was also the case for the major part of the equity composites, however a few experienced difficulties in the third quarter. The balanced products were well positioned to benefit from the positive performance of the financial markets. On a long-term horizon (36 months), Nordea's relative investment performance is still strong with 72% of the investment composites outperforming benchmarks.

Strong inflow in retail funds continued with a net inflow of EUR 0.8bn. It was strong net flows within fixed income and balanced funds products that contributed to the strong inflow, while there was an outflow in equity funds. From a geographical perspective, all markets reported net inflows.

During the third quarter, several strategic products were launched including internally and externally managed emerging market equity and fixed-income products. The work on improving the overall quality of the product offering was continued and merger of two large funds were carried out in Sweden. The huge sales success of the first funds targeted to Premium customers in Finland continued in this quarter.

Institutional sales, comprising of Institutional Asset Management and Global Fund Distribution, reported a net inflow. Institutional Asset management experienced a good quarter with net inflow of EUR 1.2bn and all countries being in positive territory, but mainly driven by net inflow in Sweden, Norway and Global Sales. As a result of this, the value of flow was also positive across the board.

Global Fund Distribution reported a net inflow of EUR 0.5bn, following the strong momentum from the two previous quarters, net flows reached EUR 1.3bn in the wholesale distribution in the first nine months of the year. The quarter was characterised by strong net flows in all European countries, with noticeable positive development in Southern Europe where distribution reach has been increased. At the beginning of the quarter, our clients continued to prefer US Investment Grade and products in Nordic currencies, however at the end of the quarter we saw a stronger appetite for riskier assets with high yield solution as well as stable equities.

Result

Total income in the third quarter was EUR 100m, up 20% from the same quarter last year and 8% compared to the second quarter. This increase in income was mainly a result of the significant increase in AuM, due to positive investment performance and strong net inflow. Measures of increasing cost efficiency paid off; operating profit was EUR 47m, up 38% from the same quarter last year and 31% from the second quarter.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	0	0	1	1	1		-100%
Net fee and commission income	97	94	98	107	82	3%	18%
Net result from items at fair value	1	-2	4	-6	-1		
Equity method & other income	2	1	1	1	1	100%	100%
Total income incl. allocations	100	93	104	103	83	8%	20%
Staff costs	-29	-33	-26	-27	-25	-12%	16%
Total expenses incl. allocations	-53	-57	-51	-55	-49	-7%	8%
Profit before loan losses	47	36	53	48	34	31%	38%
Net loan losses	0	0	0	0	0		
Operating profit	47	36	53	48	34	31%	38%
Cost/income ratio, %	54	62	49	54	59		
Income, spread (basis points)	31	30	35	37	29		
Economic capital (EC)	55	60	71	56	62	-9%	-12%
AuM, EURbn	132.0	123.6	122.2	116.3	110.0	7%	20%
Number of employees (FTEs)	565	577	573	567	570	-2%	-1%

Life & Pensions

Life & Pensions serves Nordea's customers with pension, endowment and risk products tailor-made for bank distribution in the Nordic countries, Poland, the Baltic countries, the Isle of Man and Luxembourg. For the Danish, Norwegian and Polish markets, sales are also conducted through Life & Pensions' own sales force which operates independently of Nordea branches, as well as tied agents and insurance brokers.

Business development

Gross written premiums amounted to EUR 1,213m in the third quarter, down 9% compared to the second quarter in 2012 due to seasonal effects. Sales via the Nordea bank channel accounted for 56% of the total premiums in the third quarter.

Life & Pensions' strategy to shift the product portfolio towards capital-light products continued to pay off. In the third quarter, 75% of total premiums were channeled into unit-linked, premium guarantee traditional or pure risk products. Accordingly, third quarter's net outflow of EUR 0.2bn was entirely driven by EUR 0.7bn from traditional

products, while unit-linked and premium guarantee products experienced net inflow of EUR 0.5bn.

Financial buffers in the traditional portfolios increased EUR 0.1bn during the third quarter to EUR 1.8bn, corresponding to 7.5% of technical provisions, up 0.8 %-points from the end of the second quarter.

Total average investment return in the traditional portfolio was 2.3% in the third quarter, reflecting strong asset and liability management efforts on managing the buffers in a continuously challenging financial environment.

Result

The third quarter's operating profit was strong at EUR 66m, although EUR 7m lower than in the second quarter, and was EUR 56m higher than in the third quarter of last year, which was heavily impacted by a reversal of fee income attributable to part of the traditional portfolio.

Unit-linked and pure risk products maintained their importance as main profit generators, contributing with 83% of total product-related operating profit in the third quarter.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	0	0	0	0	0		
Net fee and commission income	46	49	41	58	46	-6%	0%
Net result from items at fair value	66	71	68	83	15	-7%	
Equity method & other income	7	6	2	1	3	17%	133%
Total income incl. allocations	119	126	111	142	64	-6%	86%
Staff costs	-33	-31	-33	-29	-32	6%	3%
Total expenses incl. allocations	-53	-53	-54	-50	-54	0%	-2%
Profit before loan losses	66	73	57	92	10	-10%	
Net loan losses	0	0	0	0	0		
Operating profit	66	73	57	92	10	-10%	
Cost/income ratio, %	45	42	49	35	84		
RAROCAR, %	9	10	10	22	2		
Economic capital (EC)	2,235	2,261	2,010	1,291	1,173	-1%	91%
AuM, EURbn	49.8	48.7	47.6	45.5	43.4	2%	15%
Premiums	1,213	1,333	1,540	1,301	1,196	-9%	1%
Number of employees (FTEs)	1,292	1,294	1,311	1,334	1,351	0%	-4%
Profit drivers							
Profit Traditional products	9	17	13	53	-52	-47%	
Profit Premium Guarantee Traditional products	0	0	1	-2	1		-100%
Profit Unit Linked products	31	28	23	22	17	11%	82%
Profit Risk products	14	15	14	10	20	-7%	-30%
Total product result	54	60	51	83	-14	-10%	
Return on Shareholder equity, other profits and group adj.	12	13	6	9	24	-8%	-50%
Operating profit	66	73	57	92	10	-10%	

Wealth Management other

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

premium for long-term lending and deposits within Wealth Management and net interest income related to this.

EURm	Q312	Q212	Q112	Q411	Q311	Ch. Q312/Q212	Q312/Q311
Net interest income	3	4	4	2	3	-25%	0%
Net fee and commission income	0	0	0	1	0		
Net result from items at fair value	0	0	0	0	0		
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	3	4	4	3	3	-25%	0%
Staff costs	-15	-19	-17	-16	-17	-21%	-12%
Total expenses incl. allocations	4	-6	0	-1	0		
Profit before loan losses	7	-2	4	2	3		133%
Net loan losses	0	0	0	0	0		
Operating profit	7	-2	4	2	3		133%
Economic capital (EC)	0	0	3	1	0		
Number of employees (FTEs)	514	493	499	520	530	4%	-3%

Group Functions and other

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

Group Corporate Centre

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

The proportion of long-term funding of total funding was at the end of the third quarter approx. 72%, up somewhat from 69% at the end of the second quarter.

Refinancing risk is managed by funding gap measures and matching between behavioural duration of assets and liabilities.

For short-term liquidity risks, Nordea uses a measure close to the liquidity coverage ratio (LCR). The liquidity buffer is composed of highly liquid primarily Nordic government and covered bonds which all are central bank eligible securities with characteristics similar to Basel III/CRD IV. The liquidity buffer amounted to EUR 65bn at the end of the third quarter (EUR 68bn at the end of the second quarter). The LCR was 129% at the end of the third

quarter. The LCR in EUR was 265% and in USD 157% at the end of the third quarter. The outstanding volume of short-term debt decreased from EUR 67bn at year-end 2011 to EUR 56bn for the third quarter.

Nordea issued approx. EUR 7.6bn of long-term funding in the third quarter, of which approx. EUR 2.6bn represented issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

During the third quarter, Nordea issued a USD 1bn subordinated 4.25% lower tier 2 10-year bullet transaction in the US domestic market priced at Treasury +250 basis points. Nordea also issued a CHF 350m 8-year senior transaction. Both transactions were issued in September.

The average price risk on Group Treasury’s interest-rate positions, calculated as VaR, was EUR 39m during the third quarter. The risk related to equities, calculated as VaR, was EUR 5m and the risk related to credit spreads (VaR) was EUR 4m. Interest rate risk and equity risk increased slightly while credit spread risk decreased compared to the second quarter.

Result

Total operating income was EUR 139m in the third quarter. Net interest income was slightly lower at EUR 101m in the third quarter compared to EUR 106m in the previous quarter. Net result on items at fair value increased to EUR 39m compared to EUR 24m in the second quarter. Operating profit was EUR 94m.

EURm	Group Corporate Centre					Ch. Q312/		Group functions, Other & Eliminations					Ch. Q31	
	Q312	Q212	Q112	Q411	Q311	Q212	Q311	Q312	Q212	Q112	Q411	Q311	Q212	Q311
Net interest income	101	106	107	100	105	-5%	-4%	16	21	10	13	9	-24%	78%
Net fee and commission income	-2	-2	0	-3	-3	0%	-33%	-26	-22	-21	-27	-26	18%	0%
Net result from items at fair value	39	24	15	18	-86	63%		-90	37	-81	-7	-5		
Other income	1	1	1	0	1	0%	0%	18	18	33	23	10	0%	80%
Total operating income	139	129	123	115	17	8%		-82	54	-59	2	-12		
Staff costs	-18	-19	-18	-12	-17	-5%	6%	-98	-90	-102	-98	-256	9%	-62%
Total operating expenses	-45	-42	-36	-27	-45	7%	0%	-64	-54	-57	-41	-232	19%	-72%
Net loan losses	0	0	0	0	0			-6	2	2	-1	3		
Operating profit	94	87	87	88	-28	8%		-152	2	-114	-40	-241		-37%
Economic capital (EC)	459	468	541	551	558	-2%	-18%	508	675	461	465	368	-25%	38%
Risk-weighted assets (RWA)	4,883	4,509	5,012	4,394	3,945	8%	24%	5,491	6,157	4,888	5,067	4,118	-11%	33%
Number of employees (FTEs)	438	442	424	441	455	-1%	-4%							

Customer segments

Corporate customer segments and financial institutions, key figures

	Corporate & Institutional Banking			Large corporate customers (Nordic)			Other corporate customers (Nordic)			Poland & Baltic corporate customers		
	Q3 12	Q2 12	Q3 11	Q3 12	Q2 12	Q3 11	Q3 12	Q2 12	Q3 11	Q3 12	Q2 12	Q3 11
Number of customer '000 (EOP)	12	12	12	29	29	28				99	98	91
Income, EURm	431	469	422	383	369	336	240	240	236	52	51	50
Volumes, EURbn												
Lending	45.3	47.3	43.7	58.4	58.1	54.9	26.9	26.6	25.7	8.4	8.1	7.4
Deposit	42.8	38.0	34.0	19.9	19.7	19.9	21.9	21.4	20.9	3.5	3.4	2.5
	Russian corporate customers						Shipping customers			Corporate and financial institutions Total		
	Q3 12	Q2 12	Q3 11	Q3 12	Q2 12	Q3 11				Q3 12	Q2 12	Q3 11
Number of customer '000 (EOP)	6	6	6	2	2	2						
Income, EURm	52	47	33	121	96	111				1,279	1,272	1,188
Volumes, EURbn												
Lending	6.7	6.7	5.2	13.4	14.1	13.4				159.1	160.9	150.3
Deposit	2.1	2.4	1.5	4.8	4.6	4.8				95.0	89.5	83.6

Household customer segments, key figures

	Private Banking			Gold customers (Nordic)			Other household customers (Nordic)			Poland & Baltic household customers		
	Q3 12	Q2 12	Q3 11	Q3 12	Q2 12	Q3 11	Q3 12	Q2 12	Q3 11	Q3 12	Q2 12	Q3 11
Number of customer '000 (EOP)	105	105	103	2,962	2,948	2,903				961	950	901
Of which Gold+Private Banking										153	151	144
Income, EURm	114	127	116	668	652	570	176	173	190	44	44	57
Volumes, EURbn												
Lending	8.5	8.4	7.7	135.2	132.0	125.2	8.8	8.8	9.1	7.2	7.3	7.0
Deposit	11.4	10.9	10.2	57.7	57.3	53.0	16.7	16.7	16.2	2.0	2.0	1.6
Assets under Management	67.9	64.3	58.0									
	Russian household customers						Household customers Total					
	Q3 12	Q2 12	Q3 11				Q3 12	Q2 12	Q3 11	Q3 12	Q2 12	Q3 11
Number of customer '000 (EOP)	63	62	59							3,220	3,204	3,150
Of which Gold+Private Banking												
Income, EURm	5	4	4							1,007	1,000	937
Volumes, EURbn												
Lending	0.4	0.4	0.3							160.1	156.9	149.3
Deposit	0.2	0.2	0.1							88.0	87.1	81.1

Income statement

EURm	Note	Q3 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Full year 2011
Operating income						
Interest income		3,009	3,095	9,260	8,786	11,955
Interest expense		-1,568	-1,716	-4,937	-4,757	-6,499
Net interest income		1,441	1,379	4,323	4,029	5,456
Fee and commission income		812	760	2,416	2,351	3,122
Fee and commission expense		-207	-178	-604	-544	-727
Net fee and commission income	3	605	582	1,812	1,807	2,395
Net result from items at fair value	4	377	111	1,340	1,011	1,517
Profit from companies accounted for under the equity method		23	-4	60	27	42
Other operating income		23	23	71	69	91
Total operating income		2,469	2,091	7,606	6,943	9,501
Operating expenses						
General administrative expenses:						
Staff costs		-752	-887	-2,284	-2,399	-3,113
Other expenses	5	-467	-474	-1,387	-1,412	-1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets		-74	-52	-188	-142	-192
Total operating expenses		-1,293	-1,413	-3,859	-3,953	-5,219
Profit before loan losses		1,176	678	3,747	2,990	4,282
Net loan losses	6	-254	-112	-689	-472	-735
Operating profit		922	566	3,058	2,518	3,547
Income tax expense		-234	-160	-774	-670	-913
Net profit for the period		688	406	2,284	1,848	2,634
Attributable to:						
Shareholders of Nordea Bank AB (publ)		686	404	2,279	1,842	2,627
Non-controlling interests		2	2	5	6	7
Total		688	406	2,284	1,848	2,634
Basic earnings per share, EUR		0.17	0.10	0.57	0.46	0.65
Diluted earnings per share, EUR		0.17	0.10	0.57	0.46	0.65

Statement of comprehensive income

EURm	Q3 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Full year 2011
Net profit for the period	688	406	2,284	1,848	2,634
Currency translation differences during the period	266	-200	464	-257	-28
Currency hedging of net investments in foreign operations	-141	87	-275	113	0
Tax on currency hedging of net investments in foreign operations	37	-23	72	-30	0
Available-for-sale investments:					
Valuation gains/losses during the period	15	5	70	-5	5
Tax on valuation gains/losses during the period	-4	-2	-18	1	-1
Cash flow hedges:					
Valuation gains/losses during the period	-107	-	-149	-	166
Tax on valuation gains/losses during the period	27	-	39	-	-43
Other comprehensive income, net of tax	93	-133	203	-178	99
Total comprehensive income	781	273	2,487	1,670	2,733
Attributable to:					
Shareholders of Nordea Bank AB (publ)	779	271	2,482	1,664	2,726
Non-controlling interests	2	2	5	6	7
Total	781	273	2,487	1,670	2,733

Balance sheet

EURm	Note	30 Sep 2012	31 Dec 2011	30 Sep 2011
Assets				
Cash and balances with central banks		25,731	3,765	2,312
Loans to central banks	7	7,620	40,615	12,258
Loans to credit institutions	7	16,198	11,250	20,391
Loans to the public	7	353,148	337,203	332,537
Interest-bearing securities		91,608	92,373	87,852
Financial instruments pledged as collateral		8,648	8,373	13,026
Shares		26,415	20,167	15,672
Derivatives	10	151,191	171,943	157,417
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-580	-215	1,431
Investments in associated undertakings		582	591	572
Intangible assets		3,430	3,321	3,270
Property and equipment		473	469	454
Investment property		3,608	3,644	3,633
Deferred tax assets		232	169	252
Current tax assets		373	185	285
Retirement benefit assets		229	223	195
Other assets		19,397	19,425	16,308
Prepaid expenses and accrued income		2,686	2,703	3,142
Total assets		710,989	716,204	671,007
<i>Of which assets customer bearing the risk</i>		<i>19,301</i>	<i>16,170</i>	<i>14,952</i>
Liabilities				
Deposits by credit institutions		52,360	55,316	49,538
Deposits and borrowings from the public		206,995	190,092	185,263
Liabilities to policyholders		44,368	40,715	39,249
Debt securities in issue		187,860	179,950	170,459
Derivatives	10	147,155	167,390	151,359
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,986	1,274	2,913
Current tax liabilities		391	154	304
Other liabilities		27,812	43,368	34,495
Accrued expenses and prepaid income		4,303	3,496	3,742
Deferred tax liabilities		999	1,018	926
Provisions		373	483	491
Retirement benefit obligations		337	325	323
Subordinated liabilities		8,530	6,503	6,890
Total liabilities		683,469	690,084	645,952
Equity				
Non-controlling interests		86	86	84
Share capital		4,050	4,047	4,047
Share premium reserve		1,080	1,080	1,080
Other reserves		156	-47	-324
Retained earnings		22,148	20,954	20,168
Total equity		27,520	26,120	25,055
Total liabilities and equity		710,989	716,204	671,007
Assets pledged as security for own liabilities		175,074	146,894	146,106
Other assets pledged		4,653	6,090	5,215
Contingent liabilities		21,563	24,468	23,567
Credit commitments ¹		83,389	85,319	86,524
Other commitments		1,386	1,651	3,388

¹ Including unutilised portion of approved overdraft facilities of EUR 45,669m (31 Dec 2011: EUR 47,607m, 30 Sep 2011: EUR 47,741m).

Statement of changes in equity

EURm	Attributable to shareholders of Nordea Bank AB (publ)								Non-controlling interests	Total equity
	Share capital ¹	Share premium reserve	Other reserves:			Retained earnings	Total			
			Translation of foreign operations	Cash flow hedges	Available-for-sale investments					
Opening balance at 1 Jan 2012	4,047	1,080	-176	123	6	20,954	26,034	86	26,120	
Total comprehensive income	-	-	261	-110	52	2,279	2,482	5	2,487	
Issued C-shares ³	3	-	-	-	-	-	3	-	3	
Repurchase of C-shares ³	-	-	-	-	-	-3	-3	-	-3	
Share-based payments	-	-	-	-	-	7	7	-	7	
Dividend for 2011	-	-	-	-	-	-1,048	-1,048	-	-1,048	
Purchases of own shares ²	-	-	-	-	-	-41	-41	-	-41	
Other changes	-	-	-	-	-	-	-	-5	-5	
Closing balance at 30 Sep 2012	4,050	1,080	85	13	58	22,148	27,434	86	27,520	

EURm	Attributable to shareholders of Nordea Bank AB (publ)								Non-controlling interests	Total equity
	Share capital ¹	Share premium reserve	Other reserves:			Retained earnings	Total			
			Translation of foreign operations	Cash flow hedges	Available-for-sale investments					
Opening balance at 1 Jan 2011	4,043	1,065	-148	-	2	19,492	24,454	84	24,538	
Total comprehensive income	-	-	-28	123	4	2,627	2,726	7	2,733	
Issued C-shares ³	4	-	-	-	-	-	4	-	4	
Repurchase of C-shares ³	-	-	-	-	-	-4	-4	-	-4	
Share-based payments	-	-	-	-	-	11	11	-	11	
Dividend for 2010	-	-	-	-	-	-1,168	-1,168	-	-1,168	
Purchases of own shares ²	-	-	-	-	-	-4	-4	-	-4	
Other changes	-	15 ⁴	-	-	-	-	15	-5	10	
Closing balance at 31 Dec 2011	4,047	1,080	-176	123	6	20,954	26,034	86	26,120	

EURm	Attributable to shareholders of Nordea Bank AB (publ)								Non-controlling interests	Total equity
	Share capital ¹	Share premium reserve	Other reserves:			Retained earnings	Total			
			Translation of foreign operations	Cash flow hedges	Available-for-sale investments					
Opening balance at 1 Jan 2011	4,043	1,065	-148	-	2	19,492	24,454	84	24,538	
Total comprehensive income	-	-	-174	-	-4	1,842	1,664	6	1,670	
Issued C-shares ³	4	-	-	-	-	-	4	-	4	
Repurchase of C-shares ³	-	-	-	-	-	-4	-4	-	-4	
Share-based payments	-	-	-	-	-	8	8	-	8	
Dividend for 2010	-	-	-	-	-	-1,168	-1,168	-	-1,168	
Purchases of own shares ²	-	-	-	-	-	-2	-2	-	-2	
Other changes	-	15 ⁴	-	-	-	-	15	-6	9	
Closing balance at 30 Sep 2011	4,047	1,080	-322	-	-2	20,168	24,971	84	25,055	

¹ Total shares registered were 4,050 million (31 Dec 2011: 4,047 million, 30 Sep 2011: 4,047 million).

² Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Sep 2012 were 28.4 million (31 Dec 2011: 20.7 million, 30 Sep 2011: 20.2 million).

³ Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares (LTIP 2011: 4,730,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 20.3 million (31 Dec 2011: 18.2 million, 30 Sep 2011: 18.4 million).

⁴ In connection to the rights issue in 2009 an assessment was made on the VAT Nordea would have to pay on the transaction costs. This assessment has been changed in 2011 based on a new tax case law.

Cash flow statement, condensed

EURm	Jan-Sep 2012	Jan-Sep 2011	Full year 2011
<i>Operating activities</i>			
Operating profit	3,058	2,518	3,547
Adjustments for items not included in cash flow	2,474	425	537
Income taxes paid	-763	-864	-981
Cash flow from operating activities before changes in operating assets and liabilities	4,769	2,079	3,103
Changes in operating assets and liabilities	5,897	-9,299	627
Cash flow from operating activities	10,666	-7,220	3,730
<i>Investing activities</i>			
Property and equipment	-49	-74	-123
Intangible assets	-106	-153	-191
Net investments in debt securities, held to maturity	801	7,792	7,876
Other financial fixed assets	13	-31	3
Cash flow from investing activities	659	7,534	7,565
<i>Financing activities</i>			
New share issue	3	4	4
Issued/amortised subordinated liabilities	1,530	-1,120	-1,341
Divestment/repurchase of own shares incl change in trading portfolio	-41	-2	-4
Dividend paid	-1,048	-1,168	-1,168
Cash flow from financing activities	444	-2,286	-2,509
Cash flow for the period	11,769	-1,972	8,786
Cash and cash equivalents at beginning of the period	22,606	13,706	13,706
Translation difference	961	319	114
Cash and cash equivalents at end of the period	35,336	12,053	22,606
Change	11,769	-1,972	8,786
Cash and cash equivalents	30 Sep	30 Sep	31 Dec
The following items are included in cash and cash equivalents (EURm):	<u>2012</u>	<u>2011</u>	<u>2011</u>
Cash and balances with central banks	25,731	2,312	3,765
Loans to credit institutions, payable on demand	9,605	9,741	18,841

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

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

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

Notes to the financial statements

Note 1 Accounting policies

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

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within "Net fee and commission income" (Note 3), the definition of impaired loans in "Loans and impairment" (Note 7) and the presentation of loans to central banks on the balance sheet. The changes to Note 3 and Note 7 are further described below. Loans to central banks have been separated from loans to credit institutions and are reported on a new line on the balance sheet as from the second quarter 2012. The comparative figures have been restated accordingly.

Definition of impaired loans

The definition of impaired loans was changed in the first quarter 2012 and the disclosure includes all loans that have, as a consequence of identified loss events, been written down either individually, for individually significant loans, or as part of a portfolio, for individually insignificant loans. The income statement and balance sheet are unaffected by this change. The

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

EURm	31 Dec 2011		30 Sep 2011	
	New policy	Old policy	New policy	Old policy
Impaired loans	5,125	5,438	4,793	4,957
- Performing	2,946	3,287	2,639	2,866
- Non-performing	2,179	2,151	2,154	2,091

Categorisation of commissions

The categorisation of commissions within "Net fee and commission income" was in the first quarter 2012 improved by merging similar types of commissions. Commissions received for securities issues, corporate finance activities and issuer services were reclassified from "Payments" and "Other commission income" to the renamed lines "Brokerage, securities issues and corporate finance" and "Custody and issuer services". The comparable figures have been restated accordingly and are disclosed in the below table.

EURm	Q3 2011		Jan-Sep 2011		Jan-Dec 2011	
	New policy	Old policy	New policy	Old policy	New policy	Old policy
Brokerage, securities issues and corporate finance	60	42	207	152	266	200
Custody and issuer services	22	18	84	65	115	90
Payments	99	105	294	311	399	421
Other commission income	32	48	111	168	141	210

Exchange rates

	Jan-Sep 2012	Jan-Jun 2012	Jan-Dec 2011	Jan-Sep 2011
EUR 1 = SEK				
Income statement (average)	8.7324	8.8819	9.0293	9.0081
Balance sheet (at end of period)	8.4498	8.7728	8.9120	9.2580
EUR 1 = DKK				
Income statement (average)	7.4386	7.4350	7.4506	7.4543
Balance sheet (at end of period)	7.4555	7.4334	7.4342	7.4417
EUR 1 = NOK				
Income statement (average)	7.5126	7.5740	7.7946	7.8052
Balance sheet (at end of period)	7.3695	7.5330	7.7540	7.8880
EUR 1 = PLN				
Income statement (average)	4.2074	4.2437	4.1203	4.0191
Balance sheet (at end of period)	4.1038	4.2488	4.4580	4.4050
EUR 1 = RUB				
Income statement (average)	39.7948	39.7047	40.8809	40.4764
Balance sheet (at end of period)	40.1400	41.3700	41.7650	43.3500

Note 2 Segment reporting

	Operating segments													
	Retail Banking		Wholesale Banking		Group Corporate Centre		Other Operating segments ¹		Total operating segments		Reconciliation		Total Group	
	Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total operating income, EURm	4,302	4,097	2,097	1,879	387	243	833	801	7,619	7,020	-13	-77	7,606	6,943
Operating profit, EURm	1,443	1,205	1,212	1,169	267	108	287	300	3,209	2,782	-151	-264	3,058	2,518
Loans to the public ² , EURbn	224	216	64	61	-	-	8	8	296	285	57	48	353	333
Deposits and borrowings from the public ² , EURbn	108	104	46	39	-	-	11	10	165	153	42	32	207	185

¹ Including the main business area Wealth Management.

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

Break-down of Retail Banking and Wholesale Banking

	Total operating income, EURm		Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Sep		Jan-Sep		30 Sep		30 Sep	
	2012	2011	2012	2011	2012	2011	2012	2011
Retail Banking Nordic ¹	4,195	3,942	1,571	1,242	210	204	103	100
Retail Banking Poland & Baltic countries ¹	305	294	121	109	14	12	5	4
Retail Banking Other ²	-198	-139	-249	-146	-	-	-	-
Retail Banking	4,302	4,097	1,443	1,205	224	216	108	104
Corporate & Institutional Banking	1,315	1,303	929	920	45	44	39	33
Shipping, Offshore & Oil Services	303	328	82	213	13	13	5	5
Nordea Bank Russia	166	141	87	70	6	4	2	1
Capital Markets unallocated	437	145	252	15	-	-	-	-
Wholesale Banking Other ³	-124	-38	-138	-49	-	-	-	-
Wholesale Banking	2,097	1,879	1,212	1,169	64	61	46	39

¹ Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden, while Retail Banking Poland & Baltic countries includes banking operations in Estonia, Latvia, Lithuania, and Poland.

² Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT within the main business area Retail Banking.

³ Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT within the main business area Wholesale Banking.

Reconciliation between total operating segments and financial statements

	Operating profit, Jan-Sep		Loans to the public, EURbn 30 Sep		Deposits and borrowings 30 Sep	
	2012	2011	2012	2011	2012	2011
Total Operating segments	3,209	2,782	296	285	165	153
Group functions ¹	-83	-136	-	-	-	-
Unallocated items	-105	-128	49	46	24	20
Differences in accounting policies ²	37	0	8	2	18	12
Total	3,058	2,518	353	333	207	185

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

² Impact from plan rates used in the segment reporting.

Measurement of operating segments' performance

The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In Nordea the CODM has been defined as Group Executive Management. The main differences compared to the business area reporting are that the information to CODM is prepared using plan rates and to that different allocation principles between operating segments have been applied.

Internally developed and bought software have previously been expensed as incurred in the operating segments but capitalised, as required by IAS 38, in the group's balance sheet. As from the first quarter 2012 internally developed and bought software are capitalised directly in the operating segments. Comparative information has been restated accordingly.

Changes in basis of segmentation

Compared with the 2011 Annual Report there have been no changes in the basis of segmentation.

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

Note 3 Net fee and commission income

EURm	Q3 2012	Q2 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Full Year 2011
Asset management commissions	203	198	182	601	573	754
Life insurance	69	69	76	206	234	306
Brokerage, securities issues and corporate finance	73	64	60	214	207	266
Custody and issuer services	22	43	22	86	84	115
Deposits	13	14	11	39	33	44
Total savings and investments	380	388	351	1,146	1,131	1,485
Payments	102	104	99	309	294	399
Cards	122	126	118	357	330	446
Total payment and cards	224	230	217	666	624	845
Lending	122	118	108	348	326	437
Guarantees and documentary payments	55	54	52	166	159	214
Total lending related commissions	177	172	160	514	485	651
Other commission income	31	27	32	90	111	141
Fee and commission income	812	817	760	2,416	2,351	3,122
Savings and investments	-77	-70	-73	-213	-199	-245
Payments	-22	-23	-22	-67	-63	-87
Cards	-56	-63	-54	-175	-156	-219
State guarantee fees	-26	-24	-12	-70	-38	-55
Other commission expenses	-26	-26	-17	-79	-88	-121
Fee and commission expenses	-207	-206	-178	-604	-544	-727
Net fee and commission income	605	611	582	1,812	1,807	2,395

Note 4 Net result from items at fair value

EURm	Q3 2012	Q2 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Full Year 2011
Shares/participations and other share-related instruments	93	7	-2,189	1,343	-2,214	-518
Interest-bearing securities and other interest-related instrument	1,416	468	850	1,964	1,626	1,452
Other financial instruments	137	207	153	394	139	163
Foreign exchange gains/losses	-23	-56	383	197	544	546
Investment properties	44	41	38	115	140	158
Change in technical provisions ¹ , Life insurance	-1,252	-71	51	-2,308	-28	-937
Change in collective bonus potential, Life insurance	-56	-125	809	-419	769	607
Insurance risk income, Life insurance	48	46	49	139	171	217
Insurance risk expense, Life insurance	-30	-23	-33	-85	-136	-171
Total	377	494	111	1,340	1,011	1,517

Of which Life insurance

EURm	Q3 2012	Q2 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Full Year 2011
Shares/participations and other share-related instruments	24	-272	-2,100	982	-2,261	-629
Interest-bearing securities and other interest-related instrument	1,233	579	1,281	1,764	1,387	959
Other financial instruments	0	0	-1	0	-2	0
Foreign exchange gains/losses	46	-113	-91	-11	68	-23
Investment properties	44	40	38	114	139	156
Change in technical provisions ¹ , Life insurance	-1,252	-71	51	-2,308	-28	-937
Change in collective bonus potential, Life insurance	-56	-125	809	-419	769	607
Insurance risk income, Life insurance	48	46	49	139	171	217
Insurance risk expense, Life insurance	-30	-23	-33	-85	-136	-171
Total	57	61	3	176	107	179

¹ Premium income amounts to EUR 522m for Q3 2012 and EUR 1,847m for Jan-Sep 2012 (Q2 2012: EUR 589m, Q3 2011: EUR 539m, Jan-Sep 2011: EUR 1,922m, Jan-Dec 2011: EUR 2,544m).

Note 5 Other expenses

	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full Year
EURm	2012	2012	2011	2012	2011	2011
Information technology	-156	-151	-154	-465	-484	-647
Marketing and representation	-24	-37	-26	-84	-91	-131
Postage, transportation, telephone and office expenses	-53	-57	-57	-169	-171	-232
Rents, premises and real estate expenses	-117	-102	-122	-323	-341	-444
Other	-117	-118	-115	-346	-325	-460
Total	-467	-465	-474	-1,387	-1,412	-1,914

Note 6 Net loan losses

	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full Year
EURm	2012	2012	2011	2012	2011	2011
Loan losses divided by class						
Loans to credit institutions	-1	-1	1	-2	2	2
Loans to the public	-251	-216	-109	-671	-381	-659
- of which provisions	-364	-419	-253	-1,081	-774	-1,154
- of which write-offs	-158	-142	-201	-407	-565	-800
- of which allowances used for covering write-offs	106	90	151	268	445	625
- of which reversals	150	237	177	498	465	596
- of which recoveries	15	18	17	51	48	74
Off-balance sheet items	-2	0	-4	-16	-93	-78
Total	-254	-217	-112	-689	-472	-735

Key ratios

	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Full Year
	2012	2012	2011	2012	2011	2011
Loan loss ratio, basis points	30	26	14	27	20	23
- of which individual	29	38	22	31	28	30
- of which collective	1	-13	-8	-4	-8	-7

Note 7 Loans and impairment¹

EURm	Total							
	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011				
Loans, not impaired	372,922	383,429	386,414	362,778				
Impaired loans	6,856	6,375	5,125	4,793				
- Performing	4,004	3,743	2,946	2,639				
- Non-performing	2,852	2,632	2,179	2,154				
Loans before allowances	379,778	389,804	391,539	367,571				
Allowances for individually assessed impaired loans	-2,348	-2,240	-1,892	-1,780				
- Performing	-1,322	-1,287	-1,080	-1,004				
- Non-performing	-1,026	-953	-812	-776				
Allowances for collectively assessed impaired loans	-464	-453	-579	-605				
Allowances	-2,812	-2,693	-2,471	-2,385				
Loans, carrying amount	376,966	387,111	389,068	365,186				
EURm	Central banks and credit institutions				The public			
	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011
Loans, not impaired	23,816	36,802	51,860	32,633	349,106	346,627	334,554	330,145
Impaired loans	32	33	33	44	6,824	6,342	5,092	4,749
- Performing	8	8	9	16	3,996	3,735	2,937	2,623
- Non-performing	24	25	24	28	2,828	2,607	2,155	2,126
Loans before allowances	23,848	36,835	51,893	32,677	355,930	352,969	339,646	334,894
Allowances for individually assessed impaired loans	-26	-26	-26	-26	-2,322	-2,214	-1,866	-1,754
- Performing	-2	-2	-	-	-1,320	-1,285	-1,080	-1,004
- Non-performing	-24	-24	-26	-26	-1,002	-929	-786	-750
Allowances for collectively assessed impaired loans	-4	-4	-2	-2	-460	-449	-577	-603
Allowances	-30	-30	-28	-28	-2,782	-2,663	-2,443	-2,357
Loans, carrying amount	23,818	36,805	51,865	32,649	353,148	350,306	337,203	332,537
Allowances and provisions								
EURm	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011				
Allowances for items in the balance sheet	-2,812	-2,693	-2,471	-2,385				
Provisions for off balance sheet items	-109	-107	-93	-177				
Total allowances and provisions	-2,921	-2,800	-2,564	-2,562				
Key ratios								
	30 Sep 2012	30 Jun 2012	31 Dec 2011	30 Sep 2011				
Impairment rate, gross, basis points	181	164	131	130				
Impairment rate, net, basis points	119	106	83	82				
Total allowance rate, basis points	74	69	63	65				
Allowances in relation to impaired loans, %	34	35	37	37				
Total allowances in relation to impaired loans, %	41	42	48	50				
Non-performing, not impaired, EURm ¹	644	573	307	306				

¹ The comparative figures regarding impaired loans and non-performing, not impaired loans have been restated to ensure consistency between the periods.

Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	25,731	-	-	-	-	-	25,731
Loans to central banks and credit institutions	13,975	-	8,910	933	-	-	23,818
Loans to the public	273,501	-	28,644	51,003	-	-	353,148
Interest-bearing securities	623	6,902	39,231	22,761	-	22,091	91,608
Financial instruments pledged as collateral	-	-	8,648	-	-	-	8,648
Shares	-	-	8,503	17,903	-	9	26,415
Derivatives	-	-	147,970	-	3,221	-	151,191
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-580	-	-	-	-	-	-580
Other assets	9,266	-	-	10,094	-	-	19,360
Prepaid expenses and accrued income	1,917	-	248	98	-	-	2,263
Total 30 Sep 2012	324,433	6,902	242,154	102,792	3,221	22,100	701,602
Total 31 Dec 2011	325,920	7,893	254,586	96,451	2,541	19,814	707,205
Total 30 Sep 2011	295,006	8,285	253,811	92,584	2,284	9,836	661,806

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	16,017	3,443	-	32,900	52,360
Deposits and borrowings from the public	21,456	7,060	-	178,479	206,995
Liabilities to policyholders, investment contracts	-	11,877	-	-	11,877
Debt securities in issue	7,319	33,110	-	147,431	187,860
Derivatives	146,322	-	833	-	147,155
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	1,986	1,986
Other liabilities	8,892	7,555	-	11,309	27,756
Accrued expenses and prepaid income	-	1,232	-	1,895	3,127
Subordinated liabilities	-	-	-	8,530	8,530
Total 30 Sep 2012	200,006	64,277	833	382,530	647,646
Total 31 Dec 2011	213,415	61,836	627	380,582	656,460
Total 30 Sep 2011	204,992	62,012	709	345,229	612,942

Note 9 Financial instruments**Determination of fair value from quoted market prices or valuation techniques**

30 Sep 2012, EURm	Quoted prices in active markets for same instrument (Level 1)	<i>Of which Life</i>	Valuation technique using observable data (Level 2)	<i>Of which Life</i>	Valuation technique using non-observable data (Level 3)	<i>Of which Life</i>	Total
Assets							
Loans to central banks and credit institutions	79	-	9,764	-	-	-	9,843
Loans to the public	-	-	79,647	-	-	-	79,647
Debt securities ¹	62,877	16,203	28,626	7,996	1,228	742	92,731
Shares ²	23,190	15,504	-	-	3,225	2,302	26,415
Derivatives	89	67	148,872	33	2,230	-	151,191
Other assets	-	-	10,094	-	-	-	10,094
Prepaid expenses and accrued income	-	-	346	-	-	-	346
Liabilities							
Deposits by credit institutions	-	-	19,460	-	-	-	19,460
Deposits and borrowings from the public	-	-	28,516	-	-	-	28,516
Liabilities to policyholders	-	-	11,877	11,877	-	-	11,877
Debt securities in issue	33,110	-	7,319	-	-	-	40,429
Derivatives	81	-	145,191	-	1,883	-	147,155
Other liabilities	3,403	-	13,044	-	-	-	16,447
Accrued expenses and prepaid income	-	-	1,232	-	-	-	1,232

¹ Of which EUR 84,083m relates to Interest-bearing securities (the portion held at fair value in Note 8). EUR 8,648m relates to the balance sheet item Financial instruments pledged as collateral.

² EUR 0m relates to the balance sheet item Financial instruments pledged as collateral.

Note 10 Derivatives

Fair value EURm	30 Sep 2012		31 Dec 2011		30 Sep 2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	131,312	126,190	149,336	146,540	131,131	129,102
Equity derivatives	653	428	638	688	701	734
Foreign exchange derivatives	14,249	18,005	16,527	16,535	20,821	18,267
Credit derivatives	792	788	1,483	1,493	1,652	1,621
Commodity derivatives	923	882	1,376	1,296	784	724
Other derivatives	41	29	42	211	44	202
Total	147,970	146,322	169,402	166,763	155,133	150,650
Derivatives used for hedging						
Interest rate derivatives	2,188	598	1,941	493	1,541	392
Equity derivatives	6	6	-	-	-	-
Foreign exchange derivatives	1,027	229	600	134	743	317
Total	3,221	833	2,541	627	2,284	709
Total fair value						
Interest rate derivatives	133,500	126,788	151,277	147,033	132,672	129,494
Equity derivatives	659	434	638	688	701	734
Foreign exchange derivatives	15,276	18,234	17,127	16,669	21,564	18,584
Credit derivatives	792	788	1,483	1,493	1,652	1,621
Commodity derivatives	923	882	1,376	1,296	784	724
Other derivatives	41	29	42	211	44	202
Total	151,191	147,155	171,943	167,390	157,417	151,359
Nominal amount						
EURm				30 Sep 2012	31 Dec 2011	30 Sep 2011
Derivatives held for trading						
Interest rate derivatives				6,185,183	5,701,729	5,681,046
Equity derivatives				20,628	17,144	15,788
Foreign exchange derivatives				984,985	954,193	969,767
Credit derivatives				47,739	61,889	61,467
Commodity derivatives				10,383	16,547	17,372
Other derivatives				2,209	2,170	1,852
Total				7,251,127	6,753,672	6,747,292
Derivatives used for hedging						
Interest rate derivatives				57,817	60,103	50,087
Equity derivatives				-	-	0
Foreign exchange derivatives				9,205	10,505	7,512
Total				67,022	70,608	57,599
Total nominal amount						
Interest rate derivatives				6,243,000	5,761,832	5,731,133
Equity derivatives				20,628	17,144	15,788
Foreign exchange derivatives				994,190	964,698	977,279
Credit derivatives				47,739	61,889	61,467
Commodity derivatives				10,383	16,547	17,372
Other derivatives				2,209	2,170	1,852
Total				7,318,149	6,824,280	6,804,891

Note 11 Capital adequacy**Capital Base**

EURm	30 Sep 2012	31 Dec 2011	30 Sep 2011
Core Tier 1 capital	21,796	20,677	20,182
Tier 1 capital	23,809	22,641	22,098
Total capital base	27,303	24,838	24,692

Capital requirement

EURm	30 Sep 2012 Capital requirement	30 Sep 2012 RWA	31 Dec 2011 Capital requirement	31 Dec 2011 RWA	30 Sep 2011 Capital requirement	30 Sep 2011 RWA
Credit risk	12,482	156,025	12,929	161,604	13,022	162,770
IRB	10,209	127,611	9,895	123,686	10,003	125,038
- of which corporate	7,375	92,194	6,936	86,696	6,998	87,484
- of which institutions	798	9,972	897	11,215	837	10,465
- of which retail	1,928	24,094	1,949	24,367	2,058	25,719
- of which other	108	1,351	113	1,408	110	1,370
Standardised	2,273	28,414	3,034	37,918	3,019	37,732
- of which sovereign	35	438	43	536	37	465
- of which retail	860	10,747	795	9,934	795	9,937
- of which other	1,378	17,229	2,196	27,448	2,187	27,330
Market risk¹	541	6,756	652	8,144	380	4,750
- of which trading book, Internal Approach	335	4,190	390	4,875	119	1,483
- of which trading book, Standardised Approach	157	1,957	206	2,571	198	2,480
- of which banking book, Standardised Approach	49	609	56	698	63	787
Operational risk	1,298	16,229	1,236	15,452	1,236	15,452
Standardised	1,298	16,229	1,236	15,452	1,236	15,452
Sub total	14,321	179,010	14,817	185,200	14,638	182,972
Adjustment for transition rules						
Additional capital requirement according to transition rules	3,545	44,318	3,087	38,591	2,991	37,390
Total	17,866	223,328	17,904	223,791	17,629	220,362

Capital ratio

	30 Sep 2012	31 Dec 2011	30 Sep 2011
Core Tier I ratio, %, incl profit	9.8	9.2	9.2
Tier I ratio, %, incl profit	10.7	10.1	10.0
Capital ratio, %, incl profit	12.2	11.1	11.2

Analysis of capital requirements

Exposure class, 30 Sep 2012	Average risk weight (%)	Capital requirement (EURm)
Corporate	52%	7,375
Institutions	15%	798
Retail IRB	15%	1,928
Sovereign	1%	35
Other	78%	2,346
Total credit risk		12,482

¹ Note that the comparison figures for Q3 2011 are not restated with respect to CRD III.

Note 12 Risks and uncertainties

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

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

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

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

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

Business definitions

Return on equity

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

Total shareholders return (TSR)

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

Risk-adjusted profit

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

Tier 1 capital

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

Tier 1 capital ratio

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

Loan loss ratio

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

Impairment rate, gross

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

Impairment rate, net

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

Total allowance rate

Total allowances divided by total loans before allowances.

Allowances in relation to impaired loans

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

Total allowances in relation to impaired loans (provisioning ratio)

Total allowances divided by total impaired loans before allowances.

Non-performing, not impaired

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

Expected losses

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

Economic capital

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

RAROCAR

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

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

Nordea Bank AB (publ)

Accounting policies

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

The disclosures in this interim report follow the interim reporting requirements in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559)

and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54). More information can be found in the Group's interim report.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within "Net fee and commission income" and the definition of impaired loans. These changes were made in the first quarter 2012. More information on the categorisation of commissions and the definition of impaired loans can be found in Note 1 for the Group.

Income statement

EURm	Q3 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Full Year 2011
Operating income					
<i>Interest income</i>	680	692	2,073	1,883	2,626
<i>Interest expense</i>	-509	-511	-1,514	-1,400	-1,946
Net interest income	171	181	559	483	680
<i>Fee and commission income</i>	215	188	612	567	777
<i>Fee and commission expense</i>	-66	-48	-179	-145	-217
Net fee and commission income	149	140	433	422	560
Net result from items at fair value	37	-3	152	195	234
Dividends	-	-	283	124	1,534
Other operating income	195	31	324	89	122
Total operating income	552	349	1,751	1,313	3,130
Operating expenses					
General administrative expenses:					
Staff costs	-295	-220	-724	-621	-823
Other expenses	-260	-128	-573	-420	-561
Depreciation, amortisation and impairment charges of tangible and intangible assets	-28	-31	-73	-86	-112
Total operating expenses	-583	-379	-1,370	-1,127	-1,496
Profit before loan losses	-31	-30	381	186	1,634
Net loan losses	15	-5	-14	8	-20
Impairment of securities held as financial non-current assets	-	-	0	-8	-9
Operating profit	-16	-35	367	186	1,605
Appropriations	-	-	-	-	1
Income tax expense	-6	0	-29	-18	-114
Net profit for the period	-22	-35	338	168	1,492

Nordea Bank AB (publ)

Balance sheet

EURm	30 Sep 2012	31 Dec 2011	30 Sep 2011
Assets			
Cash and balances with central banks	157	152	166
Treasury bills	4,602	3,730	3,718
Loans to central banks	494	246	-
Loans to credit institutions	77,266	59,133	56,662
Loans to the public	37,105	36,421	35,837
Interest-bearing securities	12,441	14,584	14,664
Financial instruments pledged as collateral	1,026	1,237	1,903
Shares	4,377	1,135	679
Derivatives	5,887	4,339	4,543
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-1,035	-632	871
Investments in group undertakings	16,727	16,713	16,603
Investments in associated undertakings	8	5	5
Intangible assets	649	658	655
Property and equipment	120	81	76
Deferred tax assets	13	26	8
Current tax assets	89	12	51
Other assets	1,307	2,262	2,188
Prepaid expenses and accrued income	1,140	1,279	1,274
Total assets	162,373	141,381	139,903
Liabilities			
Deposits by credit institutions	19,312	22,441	26,428
Deposits and borrowings from the public	51,552	44,389	40,940
Debt securities in issue	57,280	45,367	43,503
Derivatives	3,891	3,014	2,808
Fair value changes of the hedged items in portfolio hedge of interest rate risk	117	147	1,692
Current tax liabilities	0	71	0
Other liabilities	4,653	1,776	1,501
Accrued expenses and prepaid income	1,223	851	1,004
Deferred tax liabilities	9	2	-
Provisions	27	90	97
Retirement benefit obligations	224	153	146
Subordinated liabilities	7,856	6,154	6,256
Total liabilities	146,144	124,455	124,375
Untaxed reserves	5	5	6
Equity			
Share capital	4,050	4,047	4,047
Share premium reserve	1,080	1,080	1,080
Other reserves	25	-13	-3
Retained earnings	11,069	11,807	10,398
Total equity	16,224	16,921	15,522
Total liabilities and equity	162,373	141,381	139,903
Assets pledged as security for own liabilities	4,486	3,530	3,277
Other assets pledged	6,009	7,264	6,395
Contingent liabilities	25,880	24,720	23,951
Credit commitments ¹	25,397	25,098	25,925
Other commitments	-	-	1,518

¹ Including unutilised portion of approved overdraft facilities of EUR 11,851m (31 Dec 2011: EUR 12,259m, 30 Sep 2011: EUR 12,085m).

Note 1 Capital adequacy**Capital Base**

EURm	30 Sep 2012	31 Dec 2011	30 Sep 2011
Core Tier 1 capital	14,589	15,170	14,092
Tier 1 capital	16,602	17,134	16,008
Total capital base	21,303	20,304	19,469

Capital requirement

EURm	30 Sep 2012 Capital requirement	30 Sep 2012 RWA requirement	31 Dec 2011 Capital requirement	31 Dec 2011 RWA requirement	30 Sep 2011 Capital requirement	30 Sep 2011 RWA
Credit risk	4,861	60,765	4,595	57,441	4,619	57,733
IRB	2,209	27,618	2,186	27,328	2,280	28,496
- of which corporate	1,813	22,664	1,764	22,051	1,875	23,439
- of which institutions	173	2,162	198	2,477	184	2,293
- of which retail	195	2,440	201	2,518	198	2,471
- of which other	28	352	23	282	23	293
Standardised	2,652	33,147	2,409	30,113	2,339	29,237
- of which sovereign	1	8	0	0	0	0
- of which other	2,651	33,139	2,409	30,113	2,339	29,237
Market risk¹	93	1,160	92	1,158	96	1,210
- of which trading book, Internal Approach	20	246	30	376	22	279
- of which trading book, Standardised Approach	16	198	11	143	14	177
- of which banking book, Standardised Approach	57	716	51	639	60	754
Operational risk	219	2,739	190	2,375	190	2,375
Standardised	219	2,739	190	2,375	190	2,375
Sub total	5,173	64,664	4,877	60,974	4,905	61,318
Adjustment for transition rules						
Additional capital requirement according to transition rules	-	-	-	-	-	-
Total	5,173	64,664	4,877	60,974	4,905	61,318

Capital ratio

	30 Sep 2012	31 Dec 2011	30 Sep 2011
Core Tier I ratio, %, incl profit	22.6	24.9	23.0
Tier I ratio, %, incl profit	25.7	28.1	26.1
Capital ratio, %, incl profit	32.9	33.3	31.8

Analysis of capital requirements

Exposure class, 30 Sep 2012	Average risk weight (%)	Capital requirement (EURm)
Corporate	53%	1,813
Institutions	12%	173
Retail IRB	33%	195
Sovereign	0%	1
Other	32%	2,679
Total credit risk		4,861

¹ Note that the comparison figures for Q3 2011 are not restated with respect to CRD III.

For further information:

- A press and analyst conference with management will be arranged on 24 October at 09.30 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be arranged on 24 October at 14.30 CET. (Please dial +44 20 7136 2051, confirmation code 6439229#, latest ten minutes in advance.) The telephone conference can be monitored live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will also be available through 31 October, by dialling +44 20 3427 0598, access code 6439229#.
- An analyst and investor presentation will be arranged in London on 25 October at 08.00 local time at The Broadway Room at The Westbury Hotel, Bond Street (corner of Conduit Street), Mayfair, London W1S 2YF. To attend, please contact Ann Nunn: ann.nunn@abgsc.com, +44 20 7905 5662.
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.

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Financial calendar

30 January 2013 – fourth quarter and year-end report 2012
24 April 2013 – first quarter report 2013
17 July 2013 – second quarter report 2013
23 October 2013 – third quarter report 2013

Stockholm 24 October 2012

Christian Clausen
President and Group CEO

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

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

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

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

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