

Copenhagen, Helsinki, Oslo, Stockholm, 17 July 2014

Second Quarter Results 2014

CEO Christian Clausen's comments on the results:

"The second quarter of 2014 was characterised by a continued inflow of customers and strong activity, particularly in our savings area and corporate advisory business. Income is holding up well, despite low lending demand, low interest rates and low volatility, and we continue to execute on our cost and capital efficiency programmes. Underlying costs are down in local currencies and cost to income ratio is 49%. The Common equity tier 1 capital ratio improved by 60 basis points to 15.2%.

We are proud that still more households and corporates trust us with their banking business and savings. Our sector is transforming, with swiftly changing customer behaviour in the direction of using services and receiving advice online. We continue the work of adapting to the new demands to earn our customers' trust as a relationship bank also in the future."

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

First half year 2014 vs. First half year 2013 (Second quarter 2014 vs. First quarter 2014)¹:

- Total operating income -1%, in local currencies +2% (-2%)
- Total expenses -4% excluding restructuring costs, in local currencies 0% (-3%)
- Total expenses +4% including restructuring costs of EUR 190m in the second quarter (+12%)
- Operating profit +7%¹, in local currencies +10%¹ (+2%¹)
- Common equity tier 1 capital ratio 15.2%, up from 13.1%² (up to 15.2% from 14.6%)
- Cost/income ratio down to 49%¹ from 51% (down 0.8 %-point to 49%¹)
- Loan loss ratio of 17 basis points, down from 23 basis points (down to 16 bps from 18 bps)
- Return on equity 11.7%¹, up from 11.3% (up to 12.0%¹ from 11.4%)

Summary key figures, continuing operations ³ , EURm	Q2			Q1			Q2			H1		
	2014	2014	ch %	2013	ch %	loc.curr Q2/Q2 %	2014	2013	ch %	loc.curr H1/H1 %		
Net interest income	1,368	1,362	0	1,391	-2	1	2,730	2,749	-1	3		
Total operating income	2,456	2,501	-2	2,490	-1	1	4,957	4,996	-1	2		
Profit before loan losses	1,070	1,264	-15	1,234	-13	-11	2,334	2,473	-6	-3		
Net loan losses	-135	-158	-15	-186	-27	-26	-293	-384	-24	-22		
Loan loss ratio (ann.), bps	16	18		22			17	23				
Operating profit ¹	1,125	1,106	2	1,048	7	10	2,231	2,089	7	10		
Operating profit	935	1,106	-15	1,048	-11	-8	2,041	2,089	-2	1		
Risk-adjusted profit ¹	876	880	0	853	3	6	1,756	1,707	3	6		
Diluted EPS (cont. oper.), EUR	0.18	0.21		0.20			0.39	0.39				
Diluted EPS (total oper.), EUR	0.17	0.21		0.19			0.38	0.39				
Return on equity ¹ , %	12.0	11.4		11.5			11.7	11.3				
Return on equity, %	10.0	11.4		11.5			10.7	11.3				

Exchange rates used for Q2 2014 for income statement items are for DKK 7.46, NOK 8.28 and SEK 8.96, see also Note 1. Net impact from currency fluctuations between Q2 2014 and Q1 2014 was insignificant.

¹) Excluding restructuring costs in Q2 2014 of EUR 190m.

²) Previously estimated CET1 ratio.

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

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

www.nordea.com

CEO comment

We have seen continued strong activity in our savings area and in the corporate advisory business. However, interest rates continue to come down and the general level of economic activity as well as volatility is low. We expect a low-growth environment also going forward. Our cost efficiency programme is progressing as planned.

Second quarter 2014 report and business trends

Income was largely unchanged at EUR 2.5bn compared to the second quarter of 2013, however adjusted for currency effects income is up by 1%. The strong activity in the savings area and corporate advisory business is an important driver of our fee and commission income, whilst low interest rates and low volatility lead to a low activity in our fixed income operations. Low loan growth and interest rates also put pressure on our net interest income.

Euromoney early July awarded us the Best Bank in the Nordic and Baltics and the Best Investment Bank in the Nordic and Baltics 2014.

In Retail Banking we welcomed 45,600 new relationship customers in the first half year, up 5% compared to the inflow in the first half year 2013.

In Wholesale Banking we have strengthened our position as the leading provider to large corporates and institutions and we have improved our digital offering. We were the largest arranger of syndicated loans, and topped the league tables within Equity Capital Markets and Nordic Corporate Bonds. We were also awarded Best Equity Research House in the Nordics by Starmine.

In Wealth Management, the net inflow increased to a record level of EUR 4.8bn, up 26% compared to the previous quarter, and total assets under management increased to a record level of EUR 248.3bn. In Private Banking, we welcomed 700 new relationship customers in the first half year.

Credit quality continues to improve and for the first time since the third quarter 2011, net loan losses are at the 10-year average of 16 basis points. The impaired loans ratio is down to 170 basis points.

Return on equity improved by 60 basis points to 12.0%.

Cost and capital

Our cost efficiency programme is progressing as planned and we expect to see its net cost reduction effects by the end of 2014 and onwards. We are increasing efficiency in the product and IT platform, optimising processes and reducing costs in central functions. Distribution is also adjusted to better reflect changed customer behaviour as manual transactions continue to decrease. In this quarter we report a restructuring charge of EUR 190m. We will reduce costs by 5% by 2015 compared to 2013.

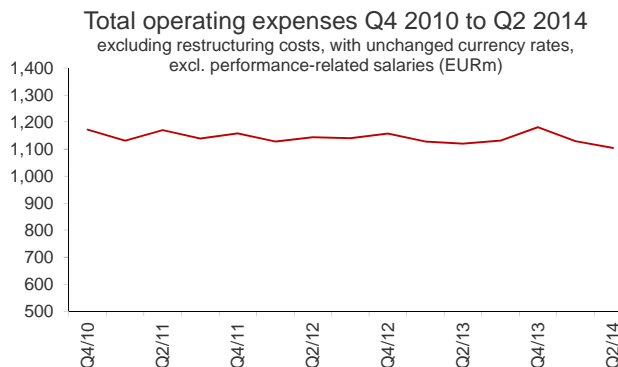
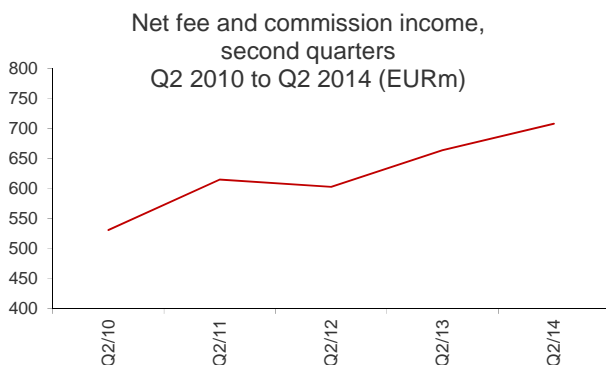
The Common equity tier 1 ratio improved in the second quarter by 60 basis points to 15.2%, due to increased efficiencies. On 8 May, the Swedish FSA published a consultative paper on the treatment of capital buffers and Pillar 2 requirements. Based on what we know today, we assess that we need a Common equity tier 1 ratio at approx. 15%, including a management buffer. The Board's ambition to increase the payout ratio in 2014 and 2015 is reconfirmed.

Continued transformation driven by customer needs

The banking sector is transforming, with swiftly changing customer behaviour towards increased use of online services. This changing behaviour and our customers' future needs are the main drivers of the changes in Nordea as we transform the relationship bank and follow them online to deliver service and advice on the platforms and in the channels they prefer.

As a prerequisite to becoming more agile in response to the rapidly changing customer needs, we have also embarked on a process of simplification. We are reviewing our processes, products, legal structure and IT systems with the aim of reducing complexity and innovating our business model to the benefit of our customers.

Christian Clausen
President and Group CEO



Income statement

EURm	Q2	Q1	Change	Q2	Change	Jan-Jun	Jan-Jun	Change
	2014	2014	%	2013	%	2014	2013	%
Net interest income	1,368	1,362	0	1,391	-2	2,730	2,749	-1
Net fee and commission income	708	704	1	664	7	1,412	1,287	10
Net result from items at fair value	356	411	-13	416	-14	767	860	-11
Equity method	3	9	-67	9	-67	12	44	-73
Other operating income	21	15	40	10		36	56	-36
Total operating income	2,456	2,501	-2	2,490	-1	4,957	4,996	-1
Staff costs	-907	-756	20	-753	20	-1,663	-1,507	10
Other expenses	-415	-426	-3	-453	-8	-841	-914	-8
Depreciation of tangible and intangible assets	-64	-55	16	-50	28	-119	-102	17
Total operating expenses¹	-1,386	-1,237	12	-1,256	10	-2,623	-2,523	4
Profit before loan losses	1,070	1,264	-15	1,234	-13	2,334	2,473	-6
Net loan losses	-135	-158	-15	-186	-27	-293	-384	-24
Operating profit	935	1,106	-15	1,048	-11	2,041	2,089	-2
Operating profit excl. restructuring costs	1,125	1,106	2	1,048	7	2,231	2,089	7
Income tax expense	-219	-266	-18	-248	-12	-485	-506	-4
Net profit for period from continuing operations	716	840	-15	800	-11	1,556	1,583	-2
Net profit for the period from discontinued operations, after tax	-30	-9		-29	3	-39	-16	
Net profit for the period	686	831	-17	771	-11	1,517	1,567	-3

Business volumes, key items²

EURbn	30 Jun	31 Mar	Change	30 Jun	Change
	2014	2014	%	2013	%
Loans to the public	347.1	346.4	0	340.4	2
Deposits and borrowings from the public	201.6	203.7	-1	196.3	3
Assets under management	248.3	238.7	4	217.8	14
Equity	28.8	28.2	2	27.9	3
Total assets	636.7	636.4	0	621.9	2

Ratios and key figures

	Q2	Q1	Q2	Jan-Jun	Jan-Jun
	2014	2014	2013	2014	2013
Diluted earnings per share, EUR - Total operations	0.17	0.21	0.19	0.38	0.39
EPS, rolling 12 months up to period end, EUR	0.76	0.78	0.77	0.76	0.77
Share price ² , EUR	10.28	10.26	8.54	10.28	8.54
Total shareholders' return, %	7.0	10.3	5.3	13.3	25.2
Equity per share ² , EUR	7.16	7.01	6.94	7.16	6.94
Potential shares outstanding ² , million	4,050	4,050	4,050	4,050	4,050
Weighted average number of diluted shares, million	4,027	4,026	4,019	4,027	4,019
Return on equity, % - Cont. operations	10.0	11.4	11.5	10.7	11.3
Return on equity, % - Cont. operations excl. restructuring costs	12.0	11.4	11.5	11.7	11.3
Cost/income ratio, % - Cont. operations excl. restructuring costs	49	49	50	49	51
Loan loss ratio, basis points	16	18	22	17	23
Common Equity Tier 1 capital ratio, % ³	15.2	14.6	14.0	15.2	14.0
Tier 1 capital ratio ^{3,4} , %	16.2	15.6	14.8	16.2	14.8
Total capital ratio ^{3,4} , %	19.0	18.4	17.4	19.0	17.4
Tier 1 capital ^{3,4} , EURm	24,728	24,847	23,912	24,728	23,912
Risk exposure amount incl transition rules ^{3,4} , EURbn	217	221	212	217	212
Number of employees (FTEs) - Cont. Operations ²	29,717	29,459	29,255	29,717	29,255
Risk-adjusted profit, EURm - Cont. operations	876	880	853	1,756	1,707
Economic profit, EURm - Cont. operations	273	286	238	559	475
Economic capital ² , EURbn - Total operations	24.2	24.9	25.3	24.2	25.3
Economic capital ² , EURbn - Cont. operations	24.2	24.0	24.5	24.2	24.5
EPS, risk-adjusted, EUR - Cont. operations	0.18	0.21	0.20	0.39	0.39
RAROCAR, % - Continuing operations	14.7	15.0	13.9	14.8	14.0

¹ Including restructuring costs in Q2 2014 of EUR 190m.

² End of period.

³ The Q4 2013 ratios are reported under the Basel II regulation framework and the Q2 2014 ratios are reported using the Basel III (CRR/CRDIV) framework.

⁴ Including the result for the period. According to CRR (excluding profit): Common Equity Tier 1 capital EUR 22,633m (30 Jun 2013: EUR 21,611m), Tier 1 capital EUR 24,189m (30 Jun 2013: EUR 22,973m), Own Funds EUR 28,328m (30 Jun 2013: EUR 27,200m). Capital Ratios excluding impact of transitional rules, Common Equity Tier 1 capital ratio 14.9% (30 Jun 2013: 13.4%), Tier 1 capital ratio 15.9% (30 Jun 2013: 14.2%), total capital ratio 18.6% (30 Jun 2013: 16.8%).

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Macroeconomy and financial markets

The second quarter was characterised by a continuation of the falling interest rates and volatility, while equities continued to grind higher and credit spreads contracted further. Interest rates were driven lower by subdued inflation particularly in Europe and the associated reaction from ECB to ease monetary policy further and cut deposit rates to negative territory (-0.1%). This, in combination with continued accommodation from the Federal Reserve, caused 10-year yields to fall 32 basis points in Germany and 19 basis points in the US, with German 10-year yields reaching the all-time lowest level towards the end of the quarter at 1.25%. Equities also extended the gradually increasing trend from the first quarter in a market that was mostly shaped by low volatility. In the US, equities rose 4.7% while European equities rose only 2.1% in the second quarter. Global growth was mixed, with Europe reporting slight positive growth in the first quarter of 0.2% while US surprised negatively with a set-back of -2.9% in the first quarter, which was seen largely as driven by bad weather over the winter and not a sign of underlying weakness in the US economy. Overall, economic indicators in both US, Europe and Asia however continued to signal gradual improvement. Similarly, the peripheral debt markets in Europe continued to suggest regional improvement.

Denmark

In the second quarter the Danish economy continued the improving trend although slightly below expectations as the economy grew 1.3% in the first quarter compared to the first quarter last year. Both industrial production and consumer confidence surveys indicated strengthening of sentiment in the quarter. Similarly, retail sales have improved and housing prices continued the gradual increase seen in 2013, driven particularly by apartment prices in larger cities. Inflation, as in Europe, remains subdued just above deflationary territory. In contrast to ECB, the Danish central bank in the second quarter increased the policy rate by 15 basis points, taking the deposit rate back to a positive level at 5 basis points to stabilise the krona. The improving economic data and diverging central bank action caused Danish 10-year yields to remain flat over the quarter at 1.6% in contrast to the significant fall in European yields. Danish equities extended the outperformance to the broader European development and rose 7.1% in the second quarter, taking the full-year increase to 18.3%.

Finland

Finland continued to report weak overall economic data, in line with market expectations. First quarter GDP was reported contracting -0.6% compared to last year. Unemployment rose, however partially driven by seasonal factors. Both industrial production and retail sales data were mixed and have yet to show indication of robust improvement. Equities rose 3.1% to end the first half of 2014 in line with Europe and 10-year yields similarly fell 32 basis points, staying around 15 basis points above Germany at 1.4%.

Norway

The Norwegian economy grew by 0.5% in the second quarter and 1.8% for the full year. Sentiment indicators were somewhat mixed with the purchasing manager survey for manufacturing falling slightly below expectations while the service survey surprised positively. Additionally, industrial production and retail sales data were mixed while unemployment remained stable below 3%. Inflation grinded lower to 1.8%, but was still significantly above regional and European levels. Equities similarly outperformed the broader Europe and rose 10.4% over the quarter taking the full year increase to 12.6%. Meanwhile 10-year yields fell dramatically by 44 basis points, driven in part by Norges Bank, the central bank of Norway, who lowered the rate path at the June meeting.

Sweden

The economic picture in Sweden was supportive in the second quarter. Growth reported for the first quarter was marginally negative at -0.1%, but with the full-year growth at 1.8% the economy is still advancing relatively strongly in the European and regional context. Economic sentiment indicators continue to indicate expansion both in manufacturing and service sectors. Industrial production surprised negatively while unemployment and retail sales signalled continued improvement. Housing prices were also reported to extend increases. Focus was on inflation data, which stayed in deflationary territory for a second quarter in a row. Swedish equities rose only slightly (+0.9%) in the second quarter, but still ended the first half of the year 3.3% higher. Swedish 10-year yields meanwhile fell 27 basis points to 1.85% driven by the broader European trend for lower yields and the expectation that the Riksbank would cut rates to address deflation.

Group results and performance

Second quarter 2014

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

Net interest income

Net interest income was largely unchanged compared to the previous quarter at EUR 1,368m, mainly due to lower net interest income in Group Corporate Centre, partly offset by one banking day more in the second quarter compared to the previous one. Net interest margin* was largely unchanged at 1.09% in the second quarter. Deposit margins were largely unchanged while underlying corporate and household lending margins were under pressure.

Corporate lending

Corporate lending volumes, excluding reverse repurchase agreements, were up 1% in local currencies compared to the previous quarter.

Household lending

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

Corporate and household deposits

Total deposits from the public were largely unchanged in local currencies excluding repurchase agreements. The average deposit volume in the business areas was up 1% in household and largely unchanged in corporate from the previous quarter in local currencies excluding repurchase agreements.

Group Corporate Centre

Net interest income decreased to EUR 70m compared to the strong income of EUR 91m in the previous quarter, mainly due to lower yields on fixed income holdings.

Net interest income per business area

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Loc.curr Q2/Q2
Retail Banking	951	941	949	954	957	1%	-1%	2%
Wholesale Banking	279	272	267	288	280	3%	0%	5%
Wealth Management	40	38	33	33	35	5%	14%	15%
Group Corporate Centre	70	91	102	75	91	-23%	-23%	n.m
Other and eliminations	28	20	39	36	28	40%	0%	n.m
Total Group	1,368	1,362	1,390	1,386	1,391	0%	-2%	1%

Change in net interest income

EURm	Q2/Q1	H1/H1
Margin driven NII	-7	94
Lending margin	-23	129
Deposit margin	1	-46
Fees & other NII in BAs	15	11
Volume driven NII	11	39
Lending volume	10	35
Deposit volume	1	3
Increased liquidity cost (incl.liqu.buff.)	3	-51
Day count	15	0
GCC incl. Treasury	-23	12
Other**	5	-113
Total NII change	5	-19

** of which FX 2 -107

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

Net fee and commission income

Net fee and commission income increased 1% compared to the previous quarter to EUR 708m, with a maintained stable and strong contribution from savings and investments and a somewhat lower net income in lending-related commissions.

Savings and investments commissions

Net fee and commission income from savings and investments increased 8% in the second quarter to EUR 430m, from the strong first quarter, mainly in asset

management commissions as well as in custody and issuer services. Assets under Management (AuM) increased 4% to EUR 248.3bn following a sustained positive net inflow and a positive investment performance.

Payments and cards and lending-related commissions

Payments and cards net fee and commission income was up 1% to EUR 148m. Lending-related net fee and commission income decreased 6% to EUR 168m.

Net fee and commission income per business area

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Loc.curr Q2/Q2
Retail Banking	273	280	266	262	263	-3%	4%	7%
Wholesale Banking	153	170	149	149	143	-10%	7%	12%
Wealth Management	286	267	289	256	254	7%	13%	14%
Group Corporate Centre	-2	-4	-2	-4	-2	n.m	n.m	n.m
Other and eliminations	-2	-9	1	-11	6	n.m	n.m	n.m
Total Group	708	704	703	652	664	1%	7%	10%

Net fee and commission income per category

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Loc.curr Q2/Q2
Savings and investments, net	430	398	411	364	383	8%	12%	14%
Payments and cards, net	148	147	145	150	143	1%	3%	6%
Lending-related, net	168	178	166	171	176	-6%	-5%	-1%
Other commissions, net	-5	15	15	1	-5	n.m	n.m	n.m
State guarantee fees	-32	-35	-33	-33	-32	n.m	n.m	n.m
Total Group	708	704	703	652	664	1%	7%	10%

Assets under Management (AuM), volumes and net inflow

EURbn	Q2 2014	Q2 2014 Net inflow	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Nordic Retail funds	44.9	2.0	43.0	41.7	41.2	38.8
Private Banking	81.2	0.3	79.1	77.3	74.9	71.9
Institutional sales	61.0	2.3	57.3	54.4	53.0	50.5
Life & Pensions	61.2	0.2	59.3	58.7	57.7	56.6
Total	248.3	4.8	238.7	232.1	226.8	217.8

Net result from items at fair value

The net result from items at fair value decreased 13% from the previous quarter to EUR 356m, due to lower net result for Group Corporate Centre, in Other and eliminations and for Wholesale Banking other. Results increased for the Capital Markets income for customers in Wholesale Banking and Retail Banking compared to the previous quarter.

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

The customer-driven capital markets activities generated higher income in the customer business compared to the previous quarter, albeit still at subdued levels, due to low corporate activity. The net fair value result for the business units was EUR 211m, compared to EUR 196m in the previous quarter.

Life & Pensions

The net result from items at fair value for Life & Pensions was EUR 53m in the second quarter (EUR 46m).

Wholesale Banking other

The net fair value result for Wholesale Banking other, ie income from managing the risks inherent in customer transactions, decreased to EUR 114m compared to EUR 142m in the previous quarter.

Group Functions and Other and eliminations

The net fair value result of Group Corporate Centre was EUR 19m compared to EUR 23m in the first quarter and was mainly related to equities. In Other and eliminations, the net result from items at fair value was EUR -41m in the second quarter (EUR 4m in the first quarter).

Net result from items at fair value per area

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2
Retail Banking	87	87	80	68	86	0%	1%
Wholesale Banking excl. Other	91	71	80	72	103	28%	-12%
Wealth Management excl. Life & Pensions	33	38	35	23	35	-13%	-6%
Wholesale Banking Other	114	142	141	149	149	-20%	-23%
Life & Pensions	53	46	55	59	49	15%	8%
Group Corporate Centre	19	23	-9	35	25	-17%	-24%
Other and eliminations	-41	4	-49	-60	-31	n.m	n.m
Total Group	356	411	333	346	416	-13%	-14%

Equity method

Income from companies accounted for under the equity method was EUR 3m, compared to EUR 9m in the previous quarter. Income related to the holding in the Norwegian export agency Eksportfinans was EUR 1m (EUR 4m).

Other operating income

Other operating income was EUR 21m compared to EUR 15m in the previous quarter.

Total income**Total operating income**

Total income decreased 2% from the previous quarter to EUR 2,456m.

Currency fluctuation impact

Currency fluctuations had net an insignificant impact on

income and expenses for the second quarter compared to the first quarter and a reducing effect of 3 %-points on income and expenses for the second quarter compared to the second quarter of the previous year. The effect on loan and deposit volumes was approx. -1% compared to the previous quarter and -3 %-points compared to one year ago.

Total operating income per business area

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Loc.curr Q2/Q2
Retail Banking	1,319	1,320	1,313	1,310	1,326	0%	-1%	2%
Wholesale Banking	638	656	638	660	672	-3%	-5%	-2%
Wealth Management	417	397	417	378	384	5%	9%	11%
Group Corporate Centre	89	111	95	110	119	-20%	-25%	n.m
Other and eliminations	-7	17	6	-32	-11	n.m	n.m	n.m
Total Group	2,456	2,501	2,469	2,426	2,490	-2%	-1%	1%

Currency fluctuation effects

%-points	Q2/Q1	Q2/Q2	H1/H1
Income	0	-3	-3
Expenses	0	-3	-3
Operating profit	0	-2	-3
Loan and deposit volumes	-1	-3	-3

Total expenses

Total expenses amounted to EUR 1,386m, including restructuring costs for the cost efficiency programme of EUR 190m in the second quarter. Excluding restructuring costs, total expenses were down 3% from the previous quarter to EUR 1,196m. Staff costs were down 1% and other expenses were down 8% from the previous quarter. Compared to the second quarter last year, total expenses were down 2% excluding restructuring costs and in local currencies.

The number of employees (FTEs) at the end of the second quarter was up 1% compared to at the end of the previous quarter and also compared to the end of the second quarter of 2013, due to insourcing of IT services. Excluding

this, the number of employees (FTEs) was down compared to the previous quarter.

The cost/income ratio was 49%, excluding the restructuring costs, down 0.8 %-point from previous quarter.

Provisions for performance-related salaries in the second quarter were EUR 80m, compared to EUR 84m in the previous quarter.

Cost efficiency

Cost-efficiency measures have proceeded according to plan in the second quarter. An annualised gross reduction in total expenses of EUR 45m has been conducted in the second quarter and EUR 300m from the beginning of 2013.

Total operating expenses

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Loc.curr Q2/Q2
Staff cost	-907	-756	-739	-732	-753	20%	20%	24%
Other expenses	-415	-426	-480	-441	-453	-3%	-8%	-6%
Depreciations	-64	-55	-64	-61	-50	16%	28%	34%
Total Group	-1,386¹	-1,237	-1,283	-1,234	-1,256	12%	10%	14%

¹ Including restructuring costs for the cost efficiency programme of EUR 190m.

Total operating expenses per business area

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Loc.curr Q2/Q2
Retail Banking	-714	-718	-754	-721	-744	-1%	-4%	-1%
Wholesale Banking	-218	-213	-237	-210	-229	2%	-5%	0%
Wealth Management	-197	-198	-221	-189	-195	-1%	1%	3%
Group Corporate Centre	-67	-67	-86	-63	-68	0%	-1%	n.m
Other and eliminations	-190 ¹	-41	15	-51	-20	n.m	n.m	n.m
Total Group	-1,386¹	-1,237	-1,283	-1,234	-1,256	12%	10%	14%

¹ Including restructuring costs for the cost efficiency programme of EUR 190m.

Net loan losses

Net loan loss provisions were EUR 135m in the continuing operations and the loan loss ratio was 16 basis points (EUR 158m or 18 basis points in the previous quarter). As expected, loan loss provisions in Denmark decreased slightly from the previous quarter, but remained at elevated levels, and provisions in shipping continued down. In other areas, the losses were relatively stable, with normal volatility between quarters.

Collective provisions were increased by EUR 5m in the second quarter (decrease in collective provisions of EUR 1m in the previous quarter).

In Banking Denmark, net loan loss provisions were EUR 59m, 12% lower than the previous quarter (EUR 67m). The loan loss ratio was 36 basis points (42 basis points in the previous quarter).

In Shipping, Offshore & Oil Services, net reversals of EUR 27m were reported in the second quarter (net reversals of EUR 5m in the previous quarter), as asset values continued to stabilise or improve and as a result of sale of loans in the secondary loan market.

Credit portfolio

Total lending, excluding reversed repurchase agreements, amounted to EUR 305bn, which was up 1% compared to the previous quarter in local currencies. Overall, the credit quality of the loan portfolio remained solid in the second quarter, with a largely stable effect from migration in both the corporate and retail portfolios.

The impaired loans ratio decreased to 170 basis points of total loans (171 basis points). Total impaired loans gross increased 1% compared to the previous quarter and non-performing impaired loans decreased 3% compared to the previous quarter. The provisioning ratio decreased somewhat compared to the end of the first quarter to 44% (45%).

Loan loss ratios and impaired loans

Basis points of loans	Q214	Q114	Q413	Q313	Q213
Loan loss ratios annualised					
Group	16	18	21	20	22
of which individual	15	18	20	18	24
of which collective	1	0	1	2	-2 ¹
Banking Denmark	36	42	45	46	48
Banking Finland	16	6	18	12	7
Banking Norway	15	12	14	7	-11 ¹
Banking Sweden	4	4	8	7	11
Banking Baltic countries	63	140	72	-20 ¹	34
Corporate & Institutional					
Banking (CIB)	43	39	38	41	50
Shipping, Offshore & Oil Services	-102 ¹	-19 ¹	4	68	111
Impaired loans ratio					
gross, Group (bps)	170	171	178	182	185
- performing	64%	62%	60%	57%	57%
- non-performing	36%	38%	40%	43%	43%
Total allowance ratio,					
Group (bps)	75	76	77	79	79
Provisioning ratio,					
Group ²	44%	45%	43%	43%	43%

¹ Net reversals

² Total allowances in relation to gross impaired loans

Profit

Operating profit

Operating profit excluding restructuring costs was up 2% to EUR 1,125m for the continuing operations. Including restructuring costs, operating profit was down 15% to EUR 935m.

Taxes

Income tax expense was EUR 219m for the continuing operations, including the bank tax in Finland of EUR 15m. The effective tax rate was 23.4%, compared to 24.1% in the previous quarter and 23.7% in the second quarter last year.

Net profit

Net profit from the continuing operations decreased 15% compared to the previous quarter to EUR 716m, due to the restructuring costs. Return on equity including restructuring costs was 10.0% and excluding restructuring costs 12.0%. Profit from discontinued operations was EUR -30m, due to restructuring charges related to the closing of the divestment of the Polish operations. Net profit from the total operations was down 17% to EUR 686m.

Diluted earnings per share were EUR 0.18 for the continuing operations (EUR 0.21 in the previous quarter).

Operating profit per business area

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Loc.curr Q2/Q2
Retail Banking	486	478	414	482	487	2%	0%	4%
Wholesale Banking	407	409	365	388	357	0%	14%	15%
Wealth Management	219	199	197	189	185	10%	18%	20%
Group Corporate Centre	22	44	9	47	51	-50%	-57%	n.m
Other and eliminations	-199	-24	21	-85	-32	n.m	n.m	n.m
Total, including restructuring costs	935	1,106	1,006	1,021	1,048	-15%	-11%	-8%
Total, excluding restructuring costs	1,125	1,106	1,006	1,021	1,048	2%	7%	10%

First half year 2014 compared to the first half year 2013

Total income was down 1% compared to the first half year last year and operating profit was up 7% compared to the last year excluding restructuring costs. In local currencies, total income increased 2% from the first half year last year.

Income

Net interest income was down 1% compared to last year. Lending volumes were up 3% excluding reversed repurchase agreements in local currencies. Corporate and household lending margins were higher, while deposit margins overall were down from one year ago.

Net fee and commission income increased 10% and the net result from items at fair value decreased by 11% compared to the first half of last year.

Expenses

Total expenses were largely unchanged compared to the first half year 2013 excluding restructuring costs and in

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

Net loan losses

Net loan loss provisions decreased to EUR 293m for the continuing operations, corresponding to a loan loss ratio of 17 basis points (23 basis points in the first half year last year).

Net profit

Net profit including restructuring costs decreased 2% to EUR 1,556m.

Currency fluctuation impact

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

Other information

Capital position and risk exposure amount (REA)

The Group's fully loaded Basel III Common equity tier 1 (CET1) capital ratio increased to 15.2% at the end of the second quarter from 14.6% at the end of the first quarter, following the divestment of Nordea Bank Polska, strong profit generation and the continued focus on REA initiatives.

As of April 2014, Nordea Bank Polska has been parted from the Nordea Group. The divestment had a positive impact on CET1 ratio by 25 basis points. Total decrease in risk exposure amount (REA) related to the divestment amounted to EUR 2.8 bn.

The tier 1 capital ratio increased to 16.2% and the total capital ratio increased to 19.0%.

REA was EUR 152.2bn, a decrease of EUR 6.7bn compared to the previous quarter. A reduction in REA of approx. EUR 6bn was realised in the quarter following the continued focus on REA initiatives.

The CET1 capital was EUR 23.2bn, the tier 1 capital was EUR 24.7bn and the own funds were EUR 28.9bn. The capital requirement based on the Basel 1 floor was EUR 217.1bn and the adjusted own funds were EUR 29.1bn.

The Capital Requirements Regulation (CRR) leverage ratio was stable at 4.3%.

Economic Capital (EC) was at the end of the second quarter EUR 24.2bn, a decrease of EUR 0.7bn from the end of the previous quarter. The decrease was mainly driven by the divestment of the Polish operations, market risk and REA initiatives.

Regulatory development

On 8 May 2014, the Swedish FSA published a consultative paper on the treatment of capital buffers and pillar 2 requirements and how these should interact with each other. The proposal clarifies the treatment of systemic risk buffer and pillar 2. In the proposal the systemic risk buffer (SRB) is set to 3% CET1 from 1 January 2015. From September 2014, there will also be a SRB requirement of 2% to be met with CET1 within pillar 2. The FSA proposal is that, under normal circumstances, there will be no formal decision on pillar 2 (in the same way as it is done today). The pillar 2 requirement will thus not affect the level where

the automatic restrictions on distribution will come into effect (MDA level). Within pillar 2, the risk weight floor for residential mortgages will be increased from today's 15% to 25% from September 2014. This is in line with the communication from November last year.

Based on an average 5.0% risk weight pursuant to pillar 1 in Nordea's Swedish mortgage portfolio as per 30 June, and given the new proposal of a 25% risk weight floor, the Group needs to hold pillar 2 capital corresponding to a risk exposure amount of EUR 8.9bn. Assuming a CET1 capital requirement of 13.5%, this means that Nordea will need to hold CET1 capital under pillar 2 amounting to approx. EUR 1.2bn for its Swedish mortgage portfolio, which is equivalent to a common equity tier 1 capital ratio impact of approx. 80 basis points.

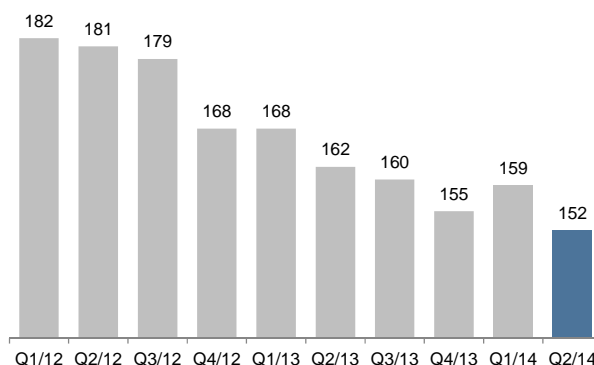
On 12 June 2014, the Swedish FSA published a draft regulation stating that the countercyclical capital buffer is to be activated and set to 1%. The final decision on the setting of the buffer is expected to be taken by the board of the FSA at their meeting 8 September 2014.

Capital ratios

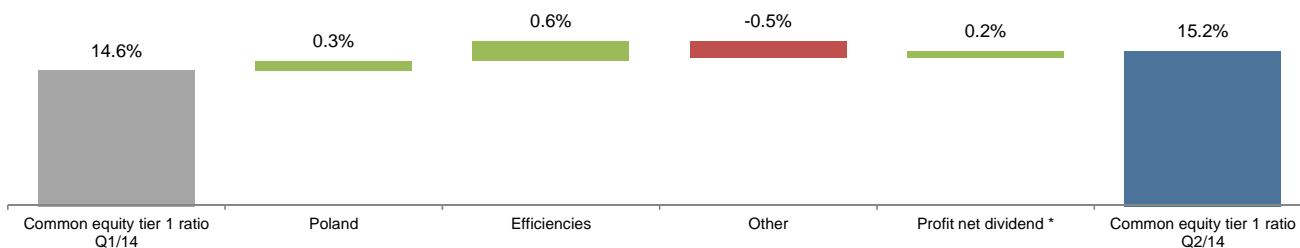
%	Q214	Q114	Q413	Q313	Q213
CRR/CRDIV (Basel III)					
Common equity tier 1 capital ratio	15.2	14.6	13.9*		
Tier 1 capital ratio	16.2	15.6	14.9*		
Total capital ratio	19.0	18.4	17.8*		
CRDIII (Basel II)					
Core tier 1 capital ratio			14.9	14.4	14.0
Tier 1 capital ratio			15.7	15.3	14.8
Total capital ratio			18.1	17.5	17.4

* Previously estimated ratios

Risk exposure amount, REA (EURbn), quarterly development



Common equity tier 1 capital ratio, changes in the quarter



*) Assuming 56% payout ratio.

Balance sheet

Total assets in the balance sheet were largely unchanged compared to the end of the previous quarter at EUR 637bn.

Balance sheet data

EURbn	Q214	Q114	Q413	Q213
Loans to credit institutions	15.0	11.9	10.7	11.6
Loans to the public	347.1	346.4	342.5	340.4
Derivatives	78.6	69.9	71.0	78.9
Interest-bearing securities	89.4	87.5	87.3	83.1
Other assets	106.6	120.7	118.9	107.9
Total assets	636.7	636.4	630.4	621.9
Deposits from credit institutions	53.8	53.0	59.1	62.9
Deposits from the public	201.6	203.7	200.7	196.3
Debt securities in issue	185.5	186.3	185.6	173.2
Derivatives	70.4	64.0	65.9	73.0
Other liabilities	96.6	101.2	89.9	88.6
Total equity	28.8	28.2	29.2	27.9
Total liabilities and equity	636.7	636.4	630.4	621.9

Nordea's funding and liquidity operations

Nordea issued approx. EUR 6.3bn in long-term funding in the second quarter excluding Danish covered bonds, of which approx. EUR 2.1bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in domestic and international markets. With value date in the second quarter, Nordea issued a CHF 5.5-year fixed rate note, a USD 2.25bn triple-tranche 3 and 5-year note in fixed and floating rate format and a JPY 100bn 3 and 5-year transaction in the Japanese Samurai market in fixed and floating rate format.

Nordea has in the past years extended its average maturity of long-term funding, as well as the long-term funding portion of total funding, which at the end of the second quarter was approx. 74% (62% in 2008). Structural liquidity risk in Nordea has decreased compared to the situation a couple of years ago.

Short-term liquidity risk is measured using several metrics and Liquidity Coverage Ratio (LCR) is one such metric. LCR for the Nordea Group was according to the Swedish FSA's LCR definition 140% at the end of the second quarter. The LCR in EUR was 134% and in USD 159% at the end of the second quarter. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even higher. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV liquid assets and amounted to EUR 62bn at the end of the second quarter (EUR 61bn at the end of the first quarter).

Funding and liquidity data

	Q214	Q114	Q413	Q313	Q213
Long-term funding portion	74%	76%	73%	73%	75%
LCR total	140%	114%	117%	134%	134%
LCR EUR	134%	159%	140%	194%	121%
LCR USD	159%	127%	127%	158%	133%

Market risk

Interest-bearing securities were EUR 98bn at the end of the second quarter, of which EUR 20bn were in the life insurance operations and the remainder in the liquidity buffer and trading portfolios. 31% of the portfolio comprises government or municipal bonds and 34% mortgage bonds, when excluding EUR 8bn of pledged securities.

Total market risk measured as Value at Risk decreased by EUR 33m to EUR 57m in the second quarter 2014 compared to the first quarter, mainly due to decreased interest rate VaR.

Market risk

EURm	Q214	Q114	Q413	Q313	Q213
Total risk, VaR	57	90	148	71	84
Interest rate risk, VaR	59	95	153	76	93
Equity risk, VaR	8	5	6	4	4
Foreign exchange risk, VaR	11	18	7	7	6
Credit spread risk, VaR	7	10	18	16	17
Diversification effect	33%	29%	20%	31%	31%

2015 plan and cost efficiency programme

Nordea's cost efficiency programme is progressing as planned and the net cost reduction effects are expected to be seen by the end of 2014 and onwards. An annualised gross reduction in total expenses of EUR 45m has been conducted in the second quarter and EUR 300m from the beginning of 2013.

The plans to reduce costs by 5% by the end of 2015 vs 2013 are now in place:

The main initiatives driving these cost reductions are: Customer behaviour driven adaptations, e.g. distribution optimisation including reduced cash handling; In-sourcing of IT-services; Simplification actions, e.g. stream-lining of product offering and centralised and improved processes; Off-shoring and automation; and Continued and reinforced tight cost management. As a consequence, the number of positions within the Group will be reduced with approximately 5%. The process is still ongoing, and we expect the vast majority of the reductions to be achieved through natural turnover, internal job matching and voluntary solutions.

Restructuring costs for the cost efficiency programme were made with EUR 190m in the second quarter.

The focus on capital efficiency will continue. In the second quarter, efficiencies of approximately EUR 6bn have been achieved. Of the remaining efficiencies, the focus is on delivering process efficiencies.

Divestment of the Polish banking, life and financing businesses completed

The sale of Nordea Bank Polska was completed on 1 April 2014, following that the Polish Financial Supervision Authority (PFSA) on 3 March 2014 issued a decision stating that there were no grounds for objections to the acquisition as announced on 12 June 2013 by PKO Bank Polski of the shares of Nordea Bank Polska, which satisfied the last condition precedent for the closing of the transaction. The financial effects of the transaction are as previously communicated.

The Polish operations are in the reporting separated as discontinued operations and included only as one line in net profit.

Nordea to divest all shares in Nets Holding A/S

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

Nordea share

In the second quarter, Nordea's share price on the NASDAQ OMX Nordic Exchange appreciated from SEK 91.30 to SEK 94.30.

Quarterly development, Group

EURm	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Jan-Jun 2014	Jan-Jun 2013
Net interest income	1,368	1,362	1,390	1,386	1,391	2,730	2,749
Net fee and commission income	708	704	703	652	664	1,412	1,287
Net result from items at fair value	356	411	333	346	416	767	860
Equity method	3	9	21	14	9	12	44
Other operating income	21	15	22	28	10	36	56
Total operating income	2,456	2,501	2,469	2,426	2,490	4,957	4,996
General administrative expenses:							
Staff costs	-907	-756	-739	-732	-753	-1,663	-1,507
Other expenses	-415	-426	-480	-441	-453	-841	-914
Depreciation of tangible and intangible assets	-64	-55	-64	-61	-50	-119	-102
Total operating expenses	-1,386	-1,237	-1,283	-1,234	-1,256	-2,623	-2,523
Profit before loan losses	1,070	1,264	1,186	1,192	1,234	2,334	2,473
Net loan losses	-135	-158	-180	-171	-186	-293	-384
Operating profit	935	1,106	1,006	1,021	1,048	2,041	2,089
Income tax expense	-219	-266	-246	-257	-248	-485	-506
Net profit for the period from continuing operations	716	840	760	764	800	1,556	1,583
Net profit for the period from discontinued operations, after tax	-30	-9	13	12	-29	-39	-16
Net profit for the period	686	831	773	776	771	1,517	1,567
Diluted earnings per share (DEPS), EUR							
- Total operations	0.17	0.21	0.19	0.19	0.19	0.38	0.39
DEPS, rolling 12 months up to period end, EUR							
- Total operations	0.76	0.78	0.77	0.79	0.77	0.76	0.77

Business areas

Nordea Group - continuing operations																		
EURm	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
	Q2	Q1	Chg	Q2	Q1	Chg	Q2	Q1	Chg	Q2	Q1	Chg	Q2	Q1	Chg	Q2	Q1	Chg
	2014	2014		2014	2014		2014	2014		2014	2014		2014	2014		2014	2014	
Net interest income	951	941	1%	279	272	3%	40	38	5%	70	91	-23%	28	20	40%	1,368	1,362	0%
Net fee and commission income	273	280	-3%	153	170	-10%	286	267	7%	-2	-4		-2	-9		708	704	1%
Net result from items at fair value	87	87	0%	205	213	-4%	86	84	2%	19	23	-17%	-41	4		356	411	-13%
Equity method	1	9	-89%	0	0		0	0		0	0		2	0		3	9	-67%
Other income	7	3	133%	1	1	0%	5	8	-38%	2	1	100%	6	2		21	15	40%
Total operating income	1,319	1,320	0%	638	656	-3%	417	397	5%	89	111	-20%	-7	17		2,456	2,501	-2%
Staff costs	-336	-338	-1%	-199	-198	1%	-121	-120	1%	-70	-55	27%	-181	-45		-907	-756	20%
Other expenses	-350	-353	-1%	-10	-7	43%	-75	-76	-1%	16	-1		4	11	-64%	-415	-426	-3%
Depreciations	-28	-27	4%	-9	-8	13%	-1	-2	-50%	-13	-11	18%	-13	-7	86%	-64	-55	16%
Total operating expenses	-714	-718	-1%	-218	-213	2%	-197	-198	-1%	-67	-67	0%	-190	-41		-1,386	-1,237	12%
Net loan losses	-119	-124	-4%	-13	-34	-62%	-1	0		0	0		-2	0		-135	-158	-15%
Operating profit	486	478	2%	407	409	0%	219	199	10%	22	44	-50%	-199	-24		935	1,106	-15%
Cost/income ratio, %	54	54		34	32		47	50		75	60					56	49	
RAROCAR, %	14	14		14	15		31	29								15	15	
Economic capital (EC)	11,308	11,566	-2%	8,385	8,566	-2%	2,181	2,116	3%	806	913	-12%	1,517	877		24,197	24,038	1%
Risk exposure amount (REA)	72,168	74,712	-3%	58,011	59,307	-2%	4,795	4,827	-1%	6,427	6,566	-2%	10,802	13,492		152,203	158,904	-4%
Number of employees (FTEs)	17,088	17,257	-1%	6,008	6,048	-1%	3,502	3,489	0%	2,162	1,768	22%	957	897		29,717	29,459	1%
Volumes, EURbn:																		
Lending to corporates	81.8	82.2	0%	98.8	96.5	2%							7.2	8.6		187.8	187.3	0%
Household mortgage lending	125.1	124.9	0%	0.5	0.5	0%	6.1	6.0	2%							131.7	131.4	0%
Consumer lending	24.1	24.3	-1%				3.5	3.4	3%							27.6	27.7	0%
Total lending	231.0	231.4	0%	99.3	97.0	2%	9.6	9.4	2%				7.2	8.6		347.1	346.4	0%
Corporate deposits	46.7	44.0	6%	69.0	70.7	-2%							-0.6	3.9		115.1	118.6	-3%
Household deposits	74.9	73.7	2%	0.2	0.2	0%	11.4	11.2	2%							86.5	85.1	2%
Total deposits	121.6	117.7	3%	69.2	70.9	-2%	11.4	11.2	2%				-0.6	3.9		201.6	203.7	-1%

Nordea Group - continuing operations																		
EURm	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
	Jan-Jun	2013	Chg	Jan-Jun	2013	Chg	Jan-Jun	2013	Chg	Jan-Jun	2013	Chg	Jan-Jun	2013	Chg	Jan-Jun	2013	Chg
	2014	2014		2014	2014		2014	2014		2014	2014		2014	2014		2014	2014	
Net interest income	1,892	1,913	-1%	551	557	-1%	78	67	16%	161	165	-2%	48	47	2%	2,730	2,749	-1%
Net fee and commission income	553	526	5%	323	270	20%	553	492	12%	-6	-4		-11	3		1,412	1,287	10%
Net result from items at fair value	174	180	-3%	418	475	-12%	170	172	-1%	42	44	-5%	-37	-11		767	860	-11%
Equity method	7	16	-56%	0	0		0	0		0	0		5	28	-82%	12	44	-73%
Other income	13	40	-68%	2	1	100%	13	18	-28%	3	10	-70%	5	-13		36	56	-36%
Total operating income	2,639	2,675	-1%	1,294	1,303	-1%	814	749	9%	200	215	-7%	10	54	-81%	4,957	4,996	-1%
Staff costs	-674	-689	-2%	-397	-402	-1%	-241	-237	2%	-125	-111	13%	-226	-68		-1,663	-1,507	10%
Other expenses	-703	-745	-6%	-17	-36	-53%	-151	-150	1%	15	-1		15	18	-17%	-841	-914	-8%
Depreciations	-55	-50	10%	-17	-19	-11%	-3	-2	50%	-24	-17	41%	-20	-14	43%	-119	-102	17%
Total operating expenses	-1,432	-1,484	-4%	-431	-457	-6%	-395	-389	2%	-134	-129	4%	-231	-64		-2,623	-2,523	4%
Net loan losses	-243	-226	8%	-47	-154	-69%	-1	-4	-75%	0	0		-2	0		-293	-384	-24%
Operating profit	964	965	0%	816	692	18%	418	356	17%	66	86	-23%	-223	-10		2,041	2,089	-2%
Cost/income ratio, %	54	56		33	35		49	52		67	60					53	51	
RAROCAR, %	14	13		15	14		30	25								15	14	
Economic capital (EC)	11,308	11,994	-6%	8,385	8,771	-4%	2,181	2,223	-2%	806	593	36%	1,517	896		24,197	24,477	-1%
Risk exposure amount (REA)	72,168	78,468	-8%	58,011	62,633	-7%	4,795	2,812	71%	6,427	4,409	46%	10,802	13,309		152,203	161,631	-6%
Number of employees (FTEs)	17,088	17,315	-1%	6,008	5,941	1%	3,502	3,439	2%	2,162	1,628	33%	957	932		29,717	29,255	2%
Volumes, EURbn:																		
Lending to corporates	81.8	82.4	-1%	98.8	94.2	5%							7.2	6.7		187.8	183.3	2%
Household mortgage lending	125.1	122.7	2%	0.5	0.4	25%	6.1	5.7	7%							131.7	128.8	2%
Consumer lending	24.1	25.0	-4%				3.5	3.3	6%							27.6	28.3	-2%
Total lending	231.0	230.1	0%	99.3	94.6	5%	9.6	9.0	7%				7.2	6.7		347.1	340.4	2%
Corporate deposits	46.7	43.4	8%	69.0	60.7	14%							-0.6	5.0		115.1	109.1	5%
Household deposits	74.9	75.8	-1%	0.2	0.2	0%	11.4	11.2	2%							86.5	87.2	-1%
Total deposits	121.6	119.2	2%	69.2	60.9	14%	11.4	11.2	2%				-0.6	5.0		201.6	196.3	3%

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

Retail Banking

The business area consists of the retail banking business in the Nordic region and the Baltic countries and includes all parts of the value chain except the Private Banking segment. Approx. 10 million customers are offered a wide range of products. Customers are served from a total of 784 branch locations and contact centres as well as through the online banking channels.

Business development

Customer meetings amounted to 452,000 supporting a continued high inflow of externally acquired customers, 21,700, which resulted in a total of 3.13 million Gold and Premium customers. The activity towards the corporate sector was high and initiatives are taken to further strengthen the customer offer, with tailored solutions for the different segments. The focus is on increasing ancillary business and improving capital efficiency. The number of corporate customers in the Nordic and Baltic countries increased to 510,000 during the quarter.

Customers' preferences evolve fast and Nordea continuously develops and adjusts a wide-range of touch points to efficiently meet customer expectations and build strong customer relationships through all channels. Nordea prioritises providing easy and convenient daily banking solutions as well as flexible access to competent advice.

The daily banking offerings have during the latest quarters been enhanced in several ways. In Norway, customers are now able to open several deposit products in the netbank and their access to handle their personal finances has been improved through a new mobile app. Customers in Denmark now have easier access to a fast, efficient and simple loan process through the netbank. In Finland, customers benefited from a more user-friendly authentication solution to view their account balances and to make transfers between their own accounts. In Sweden Nordea has launched mobile access to savings and investments.

It is the customer who chooses where, how and when to interact with Nordea. Today a third of Nordea's customers prefer to get advice without visiting a branch. Customers in all Nordic countries can now meet an adviser in a remote meeting with a shared screen. Remote meetings are both more efficient and flexible for the customers and for Nordea. Nordea will continue to expand the remote meeting capacity and competence.

Customers are increasingly embracing the mobile offerings as the number of mobile logons increased by 13% during the quarter and now exceed the amount of netbank logons in most Nordic countries. So far, Nordea's mobile development has focused on providing the customers access to a broad range of daily banking features. The next development phase is to expand mobile banking into a relationship channel which supports the personal dialogue and provides customers with a better opportunity to access Nordea's new offerings. The first deliveries in this area are expected before the end of 2014.

The average number of manual transactions per Nordic household customer has decreased by 17% compared to the same period last year. The change of the way the customers use the bank is also visible in the branch network. Nordea had 4% fewer branch locations in the end of second quarter than compared to one year ago.

Result

The second quarter was characterised by a competitive environment where the demand for bank financing in the corporate sector was modest. Despite this, lending volumes in local currencies increased slightly while the growth in deposits was strong. Even with the price pressure, net interest income improved by 1% from the previous quarter. Compared to the same quarter last year, net interest income as well as total income increased by 2% in local currencies.

Net fee and commission income was down 3% from the high level in the first quarter. Compared to the second quarter last year, especially savings commissions developed positively and the cards business grew. Net result from items at fair value remained at the high level from the first quarter.

The cost efficiency programme was detailed and initiated during the quarter and will be fully executed in the coming four quarters. The plan covers the whole value chain, from optimising processes and reducing costs in central functions to optimisation of the distribution network in line with changed customer behaviour. Expenses were down 1% from the previous quarter and decreased by 4% compared to the same period last year.

Risk exposure amount (REA) was impacted by the continued execution of capital efficiency initiatives and decreased by 3% in the second quarter.

Credit quality

Net loan losses decreased from the previous quarter and the loan loss ratio was 21 basis points (22 basis points in the first quarter).

Banking Denmark

Despite the challenging market conditions with customers decreasing their balances, Banking Denmark maintained stable lending volumes while deposits increased, not least due to continued inflow of both household and corporate customers. Staff costs and the number of employees continued downwards. The use of digital channels is steadily increasing and in the second quarter, the number of visits to Nordea's mobile bank solution exceeded the number of visits to the netbank.

Banking Finland

For the seventh consecutive quarter, Banking Finland showed top-line growth and improving profitability. High quality in investment advisory for mass affluent customers as well as being a proactive partner for SMEs were the key elements to the positive income development. Loan losses showed normal quarterly fluctuations, but remained on a moderate level, reflecting Nordea's prudent risk approach.

Banking Norway

Banking Norway continued to grow business volumes in local currency and welcomed 4,000 new Premium and Gold customers during the quarter. The pressure on lending margins was more than compensated by higher ancillary income, such as income from cards and trading products. Efficiency initiatives resulted in a reduction in the number of FTEs by 30. The weakening of the NOK had a substantial impact on the reported income and expense development from the last year.

Banking Sweden

Banking Sweden continues to acquire new relationship customers. The number of new Premium and Gold customers amounted to 7,700 in the second quarter, 13% higher than in the same period last year. Improved lending margins supported the income growth from the previous quarter. In the quarter, there has been high focus on optimising processes and services in the branch network as well as securing an efficient capital usage. This resulted in a lower number of FTEs and lower REA.

Banking Baltic countries

The strengthening of the relationship strategy with focus on affluent and mass affluent customers has resulted in increased ancillary income and substantially higher deposit volumes, supporting the effort to build a long term sustainable balance sheet while at the same time delivering a double digit income growth. The lower expenses compared to previous year reflects continuous focus on efficiency and some quarterly fluctuations.

Retail Banking

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Chg local curr.		H1 14	H1 13	H1/ H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	951	941	949	954	957	1%	-1%	1%	2%	1,892	1,913	-1%	2%
Net fee and commission income	273	280	266	262	263	-3%	4%	-2%	7%	553	526	5%	8%
Net result from items at fair value	87	87	80	68	86	0%	1%	0%	4%	174	180	-3%	0%
Equity method & other income	8	12	18	26	20	-33%	-60%	-30%	-57%	20	56	-64%	-63%
Total income incl. allocations	1,319	1,320	1,313	1,310	1,326	0%	-1%	0%	2%	2,639	2,675	-1%	2%
Staff costs	-336	-338	-334	-339	-345	-1%	-3%	0%	0%	-674	-689	-2%	1%
Other exp. excl. depreciations	-350	-353	-393	-356	-374	-1%	-6%	0%	-4%	-703	-745	-6%	-52%
Total expenses incl. allocations	-714	-718	-754	-721	-744	-1%	-4%	0%	-1%	-1,432	-1,484	-4%	0%
Profit before loan losses	605	602	559	589	582	0%	4%	1%	7%	1,207	1,191	1%	5%
Net loan losses	-119	-124	-145	-107	-95	-4%	25%	-4%	24%	-243	-226	8%	7%
Operating profit	486	478	414	482	487	2%	0%	2%	4%	964	965	0%	4%
Cost/income ratio, %	54	54	57	55	56					54	56		
RAROCAR, %	14.1	13.9	12.5	13.1	12.9					14.0	13.1		
Economic capital (EC)	11,308	11,566	11,627	12,012	11,994	-2%	-6%	-1%	-3%	11,308	11,994	-6%	-3%
Risk exposure amount (REA)	72,168	74,712	75,911	77,623	78,468	-3%	-8%	-3%	-6%	72,168	78,468	-8%	-6%
Number of employees (FTEs)	17,088	17,257	17,304	17,409	17,315	-1%	-1%			17,088	17,315	-1%	
Volumes, EURbn:													
Lending to corporates	81.8	82.2	81.7	82.7	82.4	0%	-1%	1%	2%	81.8	82.4	-1%	2%
Household mortgage lending	125.1	124.9	123.9	124.0	122.7	0%	2%	1%	5%	125.1	122.7	2%	5%
Consumer lending	24.1	24.3	24.6	24.9	25.0	-1%	-4%	0%	-3%	24.1	25.0	-4%	-3%
Total lending	231.0	231.4	230.2	231.6	230.1	0%	0%	1%	3%	231.0	230.1	0%	3%
Corporate deposits	46.7	44.0	45.1	43.4	43.4	6%	8%	7%	11%	46.7	43.4	8%	11%
Household deposits	74.9	73.7	74.6	74.8	75.8	2%	-1%	3%	1%	74.9	75.8	-1%	1%
Total deposits	121.6	117.7	119.7	118.2	119.2	3%	2%	4%	4%	121.6	119.2	2%	4%

Historical numbers have been restated following changes in the allocation principles

Banking Denmark

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	308	306	309	310	308	1%	0%	614	622	-1%
Net fee and commission income	51	54	44	38	45	-6%	13%	105	85	24%
Net result from items at fair value	18	29	18	11	12	-38%	50%	47	45	4%
Equity method & other income	1	3	6	7	9	-67%	-89%	4	20	-80%
Total income incl. allocations	378	392	377	366	374	-4%	1%	770	772	0%
Staff costs	-72	-74	-75	-76	-75	-3%	-4%	-146	-150	-3%
Other exp. excl. depreciations	-123	-126	-126	-124	-129	-2%	-5%	-249	-256	-3%
Total expenses incl. allocations	-199	-204	-205	-203	-208	-2%	-4%	-403	-414	-3%
Profit before loan losses	179	188	172	163	166	-5%	8%	367	358	3%
Net loan losses	-59	-67	-73	-74	-77	-12%	-23%	-126	-163	-23%
Operating profit	120	121	99	89	89	-1%	35%	241	195	24%
Cost/income ratio, %	53	52	54	56	56			52	54	
RAROCAR, %	12	14	13	12	12			13	13	
Economic capital (EC)	3,559	3,614	3,298	3,416	3,330	-2%	7%	3,559	3,330	7%
Risk exposure amount (REA)	24,460	24,932	22,613	22,996	23,244	-2%	5%	24,460	23,244	5%
Number of employees (FTEs)	3,351	3,367	3,411	3,464	3,509	0%	-5%	3,351	3,509	-5%
Volumes, EURbn:										
Lending to corporates	22.0	21.8	21.9	22.0	22.0	1%	0%	22.0	22.0	0%
Household mortgage lending	31.1	31.0	30.9	30.8	30.5	0%	2%	31.1	30.5	2%
Consumer lending	11.6	11.6	11.9	12.0	12.1	0%	-4%	11.6	12.1	-4%
Total lending	64.7	64.4	64.7	64.8	64.6	0%	0%	64.7	64.6	0%
Corporate deposits	9.9	9.3	9.1	8.8	8.6	6%	15%	9.9	8.6	15%
Household deposits	23.5	23.0	23.2	23.0	23.4	2%	0%	23.5	23.4	0%
Total deposits	33.4	32.3	32.3	31.8	32.0	3%	4%	33.4	32.0	4%

Historical numbers have been restated following changes in the allocation principles

Banking Finland

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	190	184	180	174	165	3%	15%	374	311	20%
Net fee and commission income	94	93	92	89	86	1%	9%	187	173	8%
Net result from items at fair value	23	22	22	16	26	5%	-12%	45	46	-2%
Equity method & other income	1	0	1	4	1		0%	1	9	-89%
Total income incl. allocations	308	299	295	283	278	3%	11%	607	539	13%
Staff costs	-56	-58	-57	-59	-55	-3%	2%	-114	-112	2%
Other exp. excl. depreciations	-102	-101	-108	-101	-103	1%	-1%	-203	-205	-1%
Total expenses incl. allocations	-159	-161	-166	-162	-160	-1%	-1%	-320	-320	0%
Profit before loan losses	149	138	129	121	118	8%	26%	287	219	31%
Net loan losses	-20	-7	-22	-14	-8	186%	150%	-27	-21	29%
Operating profit	129	131	107	107	110	-2%	17%	260	198	31%
Cost/income ratio, %	52	54	56	57	58			53	59	
RAROCAR, %	21	19	17	16	16			20	15	
Economic capital (EC)	1,978	2,002	2,016	2,048	2,055	-1%	-4%	1,978	2,055	-4%
Risk exposure amount (REA)	13,174	13,389	14,237	14,057	14,223	-2%	-7%	13,174	14,223	-7%
Number of employees (FTEs)	3,864	3,923	3,949	3,946	3,986	-2%	-3%	3,864	3,986	-3%
Volumes, EURbn:										
Lending to corporates	15.2	15.0	14.6	14.4	14.3	1%	6%	15.2	14.3	6%
Household mortgage lending	27.1	27.0	26.9	26.7	26.5	0%	2%	27.1	26.5	2%
Consumer lending	6.4	6.3	6.3	6.3	6.2	2%	3%	6.4	6.2	3%
Total lending	48.7	48.3	47.8	47.4	47.0	1%	4%	48.7	47.0	4%
Corporate deposits	9.8	9.4	9.7	9.3	9.2	4%	7%	9.8	9.2	7%
Household deposits	21.4	21.3	21.6	21.8	22.3	0%	-4%	21.4	22.3	-4%
Total deposits	31.2	30.7	31.3	31.1	31.5	2%	-1%	31.2	31.5	-1%

Historical numbers have been restated following changes in the allocation principles

Banking Norway

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Chg local curr.		H1 14	H1 13	H1/ H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	192	198	201	210	209	-3%	-8%	-5%	-1%	390	407	-4%	5%
Net fee and commission income	43	37	37	39	38	16%	13%	14%	23%	80	76	5%	17%
Net result from items at fair value	19	14	18	18	23	36%	-17%	33%	-8%	33	41	-20%	-9%
Equity method & other income	0	0	1	1	2		-100%	-312%	-104%	0	4	-100%	-101%
Total income incl. allocations	254	249	257	268	272	2%	-7%	0%	1%	503	528	-5%	5%
Staff costs	-37	-38	-38	-38	-40	-3%	-8%	-3%	0%	-75	-81	-7%	3%
Other exp. excl. depreciations	-71	-70	-74	-74	-77	1%	-8%	0%	-1%	-141	-157	-10%	-1%
Total expenses incl. allocations	-110	-110	-114	-113	-119	0%	-8%	-1%	-1%	-220	-241	-9%	0%
Profit before loan losses	144	139	143	155	153	4%	-6%	2%	2%	283	287	-1%	9%
Net loan losses	-17	-14	-16	-8	13	21%		24%		-31	2		
Operating profit	127	125	127	147	166	2%	-23%	-1%	-17%	252	289	-13%	-4%
Cost/income ratio, %	43	44	44	42	44					44	46		
RAROCAR, %	17	15	15	16	15					16	14		
Economic capital (EC)	2,360	2,440	2,617	2,779	2,754	-3%	-14%	-1%	-9%	2,360	2,754	-14%	-9%
Risk exposure amount (REA)	16,037	16,636	17,951	18,611	18,896	-4%	-15%	-2%	-10%	16,037	18,896	-15%	-10%
Number of employees (FTEs)	1,395	1,425	1,405	1,419	1,407	-2%	-1%			1,395	1,407	-1%	
Volumes, EURbn:													
Lending to corporates	19.6	19.6	19.1	19.7	20.1	0%	-2%	2%	4%	19.6	20.1	-2%	4%
Household mortgage lending	25.1	25.0	24.4	25.0	25.6	0%	-2%	2%	5%	25.1	25.6	-2%	5%
Consumer lending	0.6	0.7	0.7	0.7	0.7	-14%	-14%	-5%	1%	0.6	0.7	-14%	1%
Total lending	45.3	45.3	44.2	45.4	46.4	0%	-2%	2%	4%	45.3	46.4	-2%	4%
Corporate deposits	11.5	10.4	10.4	10.5	11.1	11%	4%	13%	11%	11.5	11.1	4%	11%
Household deposits	8.6	8.1	7.9	8.0	8.6	6%	0%	9%	8%	8.6	8.6	0%	8%
Total deposits	20.1	18.5	18.3	18.5	19.7	9%	2%	11%	10%	20.1	19.7	2%	10%

Historical numbers have been restated following changes in the allocation principles

Banking Sweden

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Chg local curr.		H1 14	H1 13	H1/ H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	255	254	251	251	264	0%	-3%	3%	3%	509	551	-8%	-3%
Net fee and commission income	88	95	92	94	90	-7%	-2%	-6%	3%	183	185	-1%	4%
Net result from items at fair value	29	25	24	25	27	16%	7%	18%	13%	54	53	2%	6%
Equity method & other income	1	1	1	6	1	0%	0%	4%	-14%	2	6	-67%	-67%
Total income incl. allocations	373	375	368	376	382	-1%	-2%	2%	3%	748	795	-6%	-1%
Staff costs	-71	-73	-70	-71	-73	-3%	-3%	-1%	2%	-144	-149	-3%	2%
Other exp. excl. depreciations	-129	-136	-144	-142	-146	-5%	-12%	-3%	-7%	-265	-291	-9%	-5%
Total expenses incl. allocations	-203	-213	-220	-217	-224	-5%	-9%	-3%	-4%	-416	-449	-7%	-3%
Profit before loan losses	170	162	148	159	158	5%	8%	8%	14%	332	346	-4%	1%
Net loan losses	-6	-6	-13	-11	-18	0%	-67%	-5%	-67%	-12	-29	-59%	-59%
Operating profit	164	156	135	148	140	5%	17%	8%	24%	320	317	1%	6%
Cost/income ratio, %	54	57	60	58	59					56	57		
RAROCAR, %	18	16	14	15	16					17	17		
Economic capital (EC)	2,678	2,752	2,886	3,004	2,977	-3%	-10%	0%	-6%	2,678	2,977	-10%	-6%
Risk exposure amount (REA)	13,585	14,557	16,039	16,651	16,700	-7%	-19%	-4%	-15%	13,585	16,700	-19%	-15%
Number of employees (FTEs)	3,206	3,264	3,250	3,291	3,263	-2%	-2%			3,206	3,263	-2%	
Volumes, EURbn:													
Lending to corporates	19.7	20.5	20.6	21.4	21.0	-4%	-6%	-1%	-1%	19.7	21.0	-6%	-1%
Household mortgage lending	39.2	39.4	39.1	39.0	37.5	-1%	5%	2%	9%	39.2	37.5	5%	9%
Consumer lending	5.1	5.2	5.4	5.5	5.5	-2%	-7%	1%	-3%	5.1	5.5	-7%	-3%
Total lending	64.0	65.1	65.1	65.9	64.0	-2%	0%	1%	5%	64.0	64.0	0%	5%
Corporate deposits	12.6	12.3	13.2	12.2	12.1	2%	4%	5%	9%	12.6	12.1	4%	9%
Household deposits	20.4	20.3	20.9	21.1	20.7	0%	-1%	3%	4%	20.4	20.7	-1%	4%
Total deposits	33.0	32.6	34.1	33.3	32.8	1%	1%	4%	6%	33.0	32.8	1%	6%

Historical numbers have been restated following changes in the allocation principles

Banking Baltic countries

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	36	34	34	33	32	6%	13%	70	63	11%
Net fee and commission income	10	8	11	10	10	25%	0%	18	19	-5%
Net result from items at fair value	-3	-2	-1	-1	-1	50%	200%	-5	-2	
Equity method & other income	2	0	0	0	0			2	0	
Total income incl. allocations	45	40	44	42	41	13%	10%	85	80	6%
Staff costs	-6	-5	-6	-5	-6	20%	0%	-11	-12	-8%
Other exp. excl. depreciations	-15	-13	-17	-16	-15	15%	0%	-28	-29	-3%
Total expenses incl. allocations	-21	-18	-23	-21	-22	17%	-5%	-39	-42	-7%
Profit before loan losses	24	22	21	21	19	9%	26%	46	38	21%
Net loan losses	-13	-29	-15	4	-7	-55%	86%	-42	-11	282%
Operating profit	11	-7	6	25	12		-8%	4	27	-85%
Cost/income ratio, %	47	45	52	50	54			46	53	
RAROCAR, %	8	7	6	6	5			8	5	
Economic capital (EC)	715	745	737	752	789	-4%	-9%	715	789	
Risk exposure amount (REA)	4,913	5,197	5,071	5,307	5,404	-5%	-9%	4,913	5,404	
Number of employees (FTEs)	722	728	727	752	770	-1%	-6%	722	770	-6%
Volumes, EURbn:										
Lending to corporates	5.3	5.3	5.3	5.2	5.2	0%	2%	5.3	5.2	2%
Household lending	3.0	3.0	3.0	3.0	3.0	0%	0%	3.0	3.0	0%
Total lending	8.3	8.3	8.3	8.2	8.2	0%	1%	8.3	8.2	1%
Corporate deposits	2.8	2.7	2.8	2.6	2.4	4%	17%	2.8	2.4	17%
Household deposits	1.0	1.0	0.9	0.9	0.9	0%	11%	1.0	0.9	11%
Total deposits	3.8	3.7	3.7	3.5	3.3	3%	15%	3.8	3.3	15%

Historical numbers have been restated following changes in the allocation principles

Retail Banking Other

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	-30	-35	-26	-24	-21	-14%	43%	-65	-41	59%
Net fee and commission income	-13	-7	-10	-8	-6	86%	117%	-20	-12	67%
Net result from items at fair value	1	-1	-1	-1	-1			0	-3	-100%
Equity method & other income	3	8	9	8	7	-63%	-57%	11	17	-35%
Total income incl. allocations	-39	-35	-28	-25	-21	11%	86%	-74	-39	90%
Staff costs	-94	-90	-88	-90	-96	4%	-2%	-184	-185	-1%
Other exp. excl. depreciations	90	93	76	101	96	-3%	-6%	183	193	-5%
Total expenses incl. allocations	-22	-12	-26	-5	-11	83%	100%	-34	-18	89%
Profit before loan losses	-61	-47	-54	-30	-32	30%	91%	-108	-57	89%
Net loan losses	-4	-1	-6	-4	2			-5	-4	25%
Operating profit	-65	-48	-60	-34	-30	35%	117%	-113	-61	85%
Economic capital (EC)	18	13	73	13	89	38%	-80%	18	89	-80%
Number of employees (FTEs)	4,550	4,550	4,562	4,537	4,380	0%	4%	4,550	4,380	4%

Historical numbers have been restated following changes in the allocation principles

Wholesale Banking

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

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

Wholesale Banking focuses on increasing returns through continuous improvements and strict resource management. Effective business selection and a strengthened customer service model support income development and capital allocation. The newly approved Advanced Internal Rating-Based approach supports future capital optimisation.

Business development

Wholesale Banking continued to strengthen and to further consolidate its leading market position. The market environment and strong competition continued to affect customer activity.

Nordea is well-placed to offset the negative impact from low interest rates and limited market volatility by leveraging its extended advisory role and strong product offering. Capital markets financing capabilities and a clear focus on ancillary income compensate for lower risk management income and support Nordea's position as the preferred corporate adviser.

Wholesale Banking's resilient business platform and successful relationship-driven strategy was recognised externally. Euromoney awarded Nordea Best Bank and Best Investment Bank in the Nordics and Baltics, and for the third consecutive year Nordea received the Thomson Reuters Starmine Award for Best Equity Research House in the Nordics.

Banking

Corporate customer activity remained moderate in the second quarter. Daily business was stable with largely unchanged margins and transaction flows at normal levels. Lending volume continued to be affected by the disintermediation of banks in the loan market, but was compensated by strong capital market activities.

Institutional customer activity remained affected by the low interest rate environment, and the market sentiment for risk management products.

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

In Russia, customer activity was stable and the sanctions implemented had no direct effect on business

in the second quarter. Nordea is continuously monitoring the situation.

Capital markets

The low interest rates and low financial market volatility influenced customer activity in the fixed income market, where demand was relatively weak during the second quarter of 2014. In the foreign exchange area, the intense price competition continued to put pressure on margins. Despite challenging market conditions, the business model proved its resiliency and the demand for credit products remained strong.

Loan capital markets activities remained high, especially in leveraged finance towards the end of the quarter. Primary bond issuance continued to be supported by strong investor liquidity. In particular, the high-yield market benefited from investors' continued search for yield. In line with the remaining Europe and the US, the Nordic IPO window remained open in the second quarter and momentum held up. M&A activity was at moderate levels.

Equities continued a strong performance, with increasing market shares and improved ratings from customers, strengthening Nordea's position as a top Nordic equity house. The UK unit has proven its strong market penetration and further advanced Nordea's placing power as confirmed by the primary transactions.

Credit quality

Net loan losses decreased to EUR 13m. The loan loss ratio was 5 basis points (14 basis points in the previous quarter). Conditions in the shipping industry further improved.

Result

Total income was EUR 638m, a decrease of 3% from the previous quarter. The shift in income composition from items at fair value to fee and commission income was underlined by the year-to-date development.

Total expenses increased by 2% from the previous quarter and decreased by 5% compared to the second quarter of last year.

Continued strict resource management resulted in lower REA and a competitive cost/income ratio.

Operating profit amounted to EUR 407m, up 14% from the second quarter last year. The business area RAROCAR amounted to 14%.

Corporate & Institutional Banking

Total income was at the same level as in the previous quarter. The event-driven business remained at high levels, mainly in the equities and fixed income areas. Daily business was moderate, with stable transaction flows, which continued to be challenged by reduced hedging activity and pressure on pricing. Lending volumes continued to be affected by the high market

liquidity and intense competition. Institutional customer activity was generally low with exceptions across the Nordics.

Shipping, Offshore & Oil Services

Total income was down 5% compared to the previous quarter, mainly due to somewhat lower activity in the loan market affecting net interest income. Net result from items at fair value together with commissions from savings and investment products was stable. Compared to the second quarter last year, income remained at the same level.

Banking Russia

Total income increased 9% compared to the previous quarter, up 15% from the second quarter 2013, mainly driven by items at fair value. Net interest income remained stable at a high level. Business volumes and margins were stable during the first half of the year.

Operating profit continued to be strong, up 12% from the previous quarter and up 21% from the same quarter last year.

Wholesale Banking other (including Capital Markets unallocated)

Wholesale Banking other total income was down 17% from the previous quarter. Wholesale Banking other is the residual result not allocated to customer units. This includes the unallocated income from Capital Markets, Transaction Products, International Units and the IT division. It also includes the additional liquidity premium for the funding cost of long-term lending and deposits in Wholesale Banking. Optimisation of the business takes place in the relevant customer and product units.

Wholesale Banking

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Chg local curr.		H1 14	H1 13	H1/ H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	279	272	267	288	280	3%	0%	3%	5%	551	557	-1%	5%
Net fee and commission income	153	170	149	149	143	-10%	7%	-9%	12%	323	270	20%	25%
Net result from items at fair value	205	213	221	221	252	-4%	-19%	-6%	-19%	418	475	-12%	-12%
Equity method & other income	1	1	1	2	-3	0%				2	1	100%	100%
Total income incl. allocations	638	656	638	660	672	-3%	-5%	-3%	-2%	1294	1303	-1%	3%
Staff costs	-199	-198	-202	-185	-204	1%	-2%	1%	1%	-397	-402	-1%	3%
Other exp. excl. depreciations	-10	-7	-27	-17	-16	43%	-38%	17%	-25%	-17	-36	-53%	-40%
Total expenses incl. allocations	-218	-213	-237	-210	-229	2%	-5%	2%	0%	-431	-457	-6%	-1%
Profit before loan losses	420	443	401	450	443	-5%	-5%	-6%	-3%	863	846	2%	5%
Net loan losses	-13	-34	-36	-62	-86	-62%	-85%	-60%	-84%	-47	-154	-69%	-68%
Operating profit	407	409	365	388	357	0%	14%	-1%	15%	816	692	18%	21%
Cost/income ratio, %	34	32	37	32	34					33	35		
RAROCAR, %	14	15	13	15	14					15	14		
Economic capital (EC)	8,385	8,566	8,441	8,515	8,771	-2%	-4%			8,385	8,771	-4%	
Risk exposure amount (REA)	58,011	59,307	59,023	61,303	62,633	-2%	-7%			58,011	62,633	-7%	
Number of employees (FTEs)	6,008	6,048	6,048	6,029	5,941	-1%	1%			6,008	5,941	1%	
Volumes, EURbn:													
Lending to corporates	98.8	96.5	96.5	95.9	94.2	2%	5%			98.8	94.2	5%	
Lending to households	0.5	0.5	0.5	0.5	0.4	0%	25%			0.5	0.4	25%	
Total lending	99.3	97.0	97.0	96.4	94.6	2%	5%	3%	7%	99.3	94.6	5%	7%
Corporate deposits	69.0	70.7	66.5	67.2	60.7	-2%	14%			69.0	60.7	14%	
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%			0.2	0.2	0%	
Total deposits	69.2	70.9	66.7	67.4	60.9	-2%	14%	2%	15%	69.2	60.9	14%	15%

Historical numbers have been restated following changes in the allocation principles

Corporate & Institutional Banking

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	179	169	177	175	171	6%	5%	348	336	4%
Net fee and commission income	136	163	139	132	144	-17%	-6%	299	262	14%
Net result from items at fair value	75	59	72	62	92	27%	-18%	134	173	-23%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	390	391	388	369	407	0%	-4%	781	771	1%
Staff costs	-11	-11	-9	-9	-10	0%	10%	-22	-20	10%
Other exp. excl. depreciations	-92	-97	-96	-96	-96	-5%	-4%	-189	-194	-3%
Total expenses incl. allocations	-103	-108	-105	-105	-106	-5%	-3%	-211	-214	-1%
Profit before loan losses	287	283	283	264	301	1%	-5%	570	557	2%
Net loan losses	-42	-38	-37	-41	-50	11%	-16%	-80	-95	-16%
Operating profit	245	245	246	223	251	0%	-2%	490	462	6%
Cost/income ratio, %	26	28	27	28	26			27	28	
RAROCAR, %	19	18	16	15	16			19	15	
Economic capital (EC)	4,387	4,450	4,913	5,079	5,221	-1%	-16%	4,387	5,221	-16%
Risk exposure amount (REA)	30,900	31,283	34,816	35,888	36,752	-1%	-16%	30,900	36,752	-16%
Number of employees (FTEs)	212	205	169	169	165	3%	28%	212	165	28%
Volumes, EURbn:										
Total lending	39.0	38.5	38.7	40.1	39.9	1%	-2%	39.0	39.9	-2%
Total deposits	34.7	35.8	33.6	34.9	35.0	-3%	-1%	34.7	35.0	-1%

Historical numbers have been restated following changes in the organisation and the allocation principles

Shipping, Offshore & Oil Services

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	62	66	65	69	67	-6%	-7%	128	132	-3%
Net fee and commission income	16	16	12	14	13	0%	23%	32	27	19%
Net result from items at fair value	10	11	6	7	8	-9%	25%	21	19	11%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	88	93	83	90	88	-5%	0%	181	178	2%
Staff costs	-5	-5	-6	-6	-5	0%	0%	-10	-12	-17%
Other exp. excl. depreciations	-11	-11	-10	-10	-9	0%	22%	-22	-20	10%
Total expenses incl. allocations	-16	-16	-16	-16	-14	0%	14%	-32	-32	0%
Profit before loan losses	72	77	67	74	74	-6%	-3%	149	146	2%
Net loan losses	27	5	-1	-20	-34			32	-74	
Operating profit	99	82	66	54	40	21%	148%	181	72	151%
Cost/income ratio, %	18	17	19	18	16	6%	13%	18	18	
RAROCAR, %	18	19	14	15	14	-5%	29%	18	13	
Economic capital (EC)	1,154	1,162	1,314	1,349	1,437	-1%	-20%	1,154	1,437	-20%
Risk exposure amount (REA)	8,409	8,457	9,065	9,052	9,444	-1%	-11%	8,409	9,444	-11%
Number of employees (FTEs)	86	84	87	86	84	2%	2%	86	84	2%
Volumes, EURbn:										
Total lending	10.6	10.7	11.4	11.8	12.2	-1%	-13%	10.6	12.2	-13%
Total deposits	4.4	4.1	4.3	3.7	3.5	7%	26%	4.4	3.5	26%

Historical numbers have been restated following changes in the allocation principles

Banking Russia

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	60	60	60	57	55	0%	9%	120	116	3%
Net fee and commission income	4	3	3	3	3	33%	33%	7	6	17%
Net result from items at fair value	6	1	2	3	3		100%	7	7	0%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	70	64	65	63	61	9%	15%	134	129	4%
Staff costs	-16	-15	-18	-17	-14	7%	14%	-31	-33	-6%
Other exp. excl. depreciations	-7	-6	-9	-8	-7	17%	0%	-13	-14	-7%
Total expenses incl. allocations	-24	-22	-29	-27	-22	9%	9%	-46	-50	-8%
Profit before loan losses	46	42	36	36	39	10%	18%	88	79	11%
Net loan losses	0	-1	-1	0	-1	-100%	-100%	-1	8	
Operating profit	46	41	35	36	38	12%	21%	87	87	0%
Cost/income ratio, %	34	34	45	43	36			34	39	
RAROCAR, %	29	25	22	21	23			27	24	
Economic capital (EC)	470	493	475	496	499	-5%	-6%	470	499	-6%
Risk exposure amount (REA)	3,182	3,332	3,372	5,948	5,877	-5%	-46%	3,182	5,877	-46%
Number of employees (FTEs)	1,383	1,399	1,405	1,402	1,385	-1%	0%	1,383	1,385	0%
Volumes, EURbn:										
Lending to corporates	5.6	5.7	5.8	6.0	6.1	-2%	-8%	5.6	6.1	-8%
Lending to households	0.5	0.5	0.5	0.5	0.4	0%	25%	0.5	0.4	25%
Total lending	6.1	6.2	6.3	6.5	6.5	-2%	-6%	6.1	6.5	-6%
Corporate deposits	1.2	1.3	1.7	1.7	1.8	-8%	-33%	1.2	1.8	-33%
Household deposits	0.2	0.2	0.2	0.2	0.2	0%	0%	0.2	0.2	0%
Total deposits	1.4	1.5	1.9	1.9	2.0	-7%	-30%	1.4	2.0	-30%

Historical numbers have been restated following changes in the allocation principles

Wholesale Banking Other

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	-22	-23	-35	-13	-13	-4%	69%	-45	-27	67%
Net fee and commission income	-3	-12	-5	0	-17	-75%	-82%	-15	-25	-40%
Net result from items at fair value	114	142	141	149	149	-20%	-23%	256	276	-7%
Equity method & other income	1	1	1	2	-3	0%		2	1	100%
Total income incl. allocations	90	108	102	138	116	-17%	-22%	198	225	-12%
Staff costs	-167	-167	-169	-153	-175	0%	-5%	-334	-337	-1%
Other exp. excl. depreciations	100	107	88	97	96	-7%	4%	207	192	8%
Total expenses incl. allocations	-75	-67	-87	-62	-87	12%	-14%	-142	-161	-12%
Profit before loan losses	15	41	15	76	29	-63%	-48%	56	64	-13%
Net loan losses	2	0	3	-1	-1			2	7	-71%
Operating profit	17	41	18	75	28	-59%	-39%	58	71	-18%
Economic capital (EC)	2,374	2,461	1,739	1,591	1,614	-4%	47%	2,374	1,614	47%
Risk exposure amount (REA)	15,520	16,235	11,770	10,415	10,560	-4%	47%	15,520	10,560	47%
Number of employees (FTEs)	4,327	4,360	4,387	4,372	4,307	-1%	0%	4,327	4,307	0%
Volumes, EURbn:										
Total lending	43.6	41.1	40.2	37.6	35.6	6%	22%	43.6	35.6	22%
Total deposits	28.7	29.5	26.9	26.9	20.4	-3%	41%	28.7	20.4	41%

Historical numbers have been restated following changes in the organisation and the allocation principles

Wealth Management

Wealth Management provides high quality investment, savings and risk management products. It manages customers' assets and gives financial advice to affluent and high net worth individuals as well as institutional investors. The area consists of the businesses: Private Banking serving customers from 80 branches in the Nordics as well as from offices in Luxembourg, Zürich and Singapore; Asset Management responsible for actively managed investment funds and mandates and for serving institutional asset management customers; Life & Pensions serving customers with a full range of pension, endowment and risk products. Additionally the area consists of the service units Savings & Wealth Offerings and Strategy, Support & Control. Wealth Management is the largest Nordic private bank, life & pensions provider and asset manager.

Business development

Nordea's Assets under Management (AuM) increased to EUR 248.3bn, up EUR 9.6bn or 4% from the previous quarter and 14% from the same quarter last year. The increase in AuM was due to a positive market appreciation of EUR 4.8bn, and net inflow of EUR 4.8bn ending the quarter with AuM at an all-time high.

The second quarter net flow is the highest quarterly net flow in more than 10 years; gained by continuing strong business momentum. For the third quarter in a row all businesses contributed positively to the quarter's inflow.

Private Banking customers' interest in discretionary management solutions continues to be strong again with an all-time-high quarterly inflow. The discretionary solutions allow customers to benefit from Nordea's investment process in which risk levels are closely managed to match future possible returns with client expectations and risk profiles.

The Private Banking customer base was at the end of the first half year 109,500. A sustained strong focus is held on customer acquisition besides aligning the Private Banking service and advisory model with the characteristics and needs of the customers' and the regulatory changes in the market. Net inflow in Private Banking amounted to EUR 0.3bn, mainly due to flow from newly acquired customers.

Asset Management maintains its strong momentum in sales and revenues in all client segments.

Net flows into the Nordic retail funds across all four Nordic countries remained high in the second quarter where net flow was EUR 2.0bn. The quarter was the 10th consecutive quarter, with positive net flows into retail funds.

Net flow from institutional clients and Global Fund Distribution was EUR 2.3bn. The institutional segment had positive net flows with especially high net flows in Germany and Sweden and continued the strong development in value of AuM. Global Fund Distribution

has very strong momentum with record-high net flow of EUR 1.2bn in the quarter. The net flow was well diversified in terms of products with our Multi-Asset and Equity solutions gaining strong traction during the quarter. The growth remains strong across all countries of distribution during the quarter, with record flows in Germany and Benelux.

Nordea recently received a quota for investments in mainland China, and is now ready to launch the first products to utilise this. In addition hereto a handful of new offerings have been launched aiming to complement our existing product range.

Investment performance was satisfactory in the second quarter with 77% of composites outperforming benchmarks. The 3-year performance is strong with 68% of all composites outperforming benchmarks.

Life & Pensions' gross written premiums continued on an exceptionally high level, reaching EUR 1,818m in the second quarter which is 15% higher than in the corresponding quarter in 2013.

A solid sales momentum of market return products in the Nordea Bank channel continues to be the main driver behind the strong sales. The Nordea branches generated two-thirds of total sales during the second quarter.

In the second quarter, market return and risk products accounted for 90% of total gross written premiums, which is an increase of 3 %-points compared to the previous quarter, and an all-time high level. Assets in market return products continued to increase and amounted at the end of the second quarter to 51% of total AuM in Life & Pensions.

Result

Second quarter income was EUR 417m, up 5% from the previous quarter and up 9% from the same quarter last year. The increase from last quarter is mainly due to increase in income in Life & Pensions and Asset Management.

Costs have decreased 1% compared to the previous quarter and increased 1% from the same quarter last year, and as a consequence of successful cost management and stronger underlying business momentum, operating profit was EUR 219m, up 10% from the previous quarter and up 18% from the same quarter last year.

Private Banking

Total income for the second quarter was EUR 141m, up 1% compared to the previous quarter. The income level was supported by stronger net interest income as a result of increased margins as well as high ancillary income driven by recurring income items such as investment funds and life products income. Combined with a continuous strict cost focus, cost efficiency and simplification initiatives, the operating profit ended at EUR 53m. Working actively with decreasing the REA, supports a RAROCAR level of 37%.

Asset Management

Asset Management income was EUR 142m in the second quarter, up 4% from the previous quarter and up 14% from the same quarter last year. The latter was mainly the result of an increase in AuM due to positive net inflow and investment performance. Operating profit was EUR 85m, up 21% compared to the second quarter last year.

Life & Pensions

Operating profit in the second quarter amounted to EUR 84m, up 20% compared to the first quarter. The increase is attributable to strong AuM growth driven profit increase from market return products, combined with an increased profit contribution from the traditional portfolios driven by strengthened financial buffers.

Wealth Management other

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

Wealth Management

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	Loc. curr Q2/Q2	H1 14	H1 13	H1/ H1 EUR	Local
Net interest income	40	38	33	33	35	5%	14%	15%	78	67	16%	18%
Net fee and commission income	286	267	289	256	254	7%	13%	14%	553	492	12%	15%
Net result from items at fair value	86	84	90	82	84	2%	2%	5%	170	172	-1%	2%
Equity method & other income	5	8	5	7	11	-38%	-55%	-54%	13	18	-28%	-31%
Total income incl. allocations	417	397	417	378	384	5%	9%	11%	814	749	9%	11%
Staff costs	-121	-120	-130	-115	-118	1%	3%	5%	-241	-237	2%	4%
Other exp. excl. depreciations	-75	-76	-89	-73	-76	-1%	-1%	2%	-151	-150	1%	4%
Total expenses incl. allocations	-197	-198	-221	-189	-195	-1%	1%	3%	-395	-389	2%	4%
Profit before loan losses	220	199	196	189	189	11%	16%	18%	419	360	16%	19%
Net loan losses	-1	0	1	0	-4		-75%	-82%	-1	-4	-75%	-67%
Operating profit	219	199	197	189	185	10%	18%	20%	418	356	17%	20%
Cost/income ratio, %	47	50	53	50	51	-5%	-7%		49	52		
RAROCAR, %	31	29	28	25	26	7%	19%		30	25		
Economic capital (EC)	2,181	2,116	2,019	2,270	2,223	3%	-2%	-2%	2,181	2,223	-2%	-2%
Risk exposure amount (REA)	4,795	4,827	2,827	2,818	2,812	-1%	71%	71%	4,795	2,812	71%	72%
Number of employees (FTEs)	3,502	3,489	3,452	3,480	3,439	0%	2%	2%	3,502	3,439	2%	2%
Volumes, EURbn:												
AuM	248.3	238.7	232.1	226.8	217.8	4%	14%	14%	248.3	217.8	14%	14%
Total lending	9.6	9.4	9.4	9.2	9.0	2%	7%	6%	9.6	9.0	7%	6%
Total deposits	11.4	11.2	11.4	11.2	11.2	2%	2%	1%	11.4	11.2	2%	1%

Historical numbers have been restated following changes in the allocation principles

Assets under Management (AuM), volumes and net inflow

EURbn	Q2 2014	Q2 2014 Net inflow	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Nordic Retail funds	44.9	2.0	43.0	41.7	41.2	38.8
Private Banking	81.2	0.3	79.1	77.3	74.9	71.9
Institutional sales	61.0	2.3	57.3	54.4	53.0	50.5
Life & Pensions	61.2	0.2	59.3	58.7	57.7	56.6
Total	248.3	4.8	238.7	232.1	226.8	217.8

Private Banking

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	40	38	33	33	35	5%	14%	78	67	16%
Net fee and commission income	67	64	74	65	69	5%	-3%	131	131	0%
Net result from items at fair value	32	36	34	22	35	-11%	-9%	68	75	-9%
Equity method & other income	2	1	1	0	1	100%	100%	3	2	50%
Total income incl. allocations	141	139	142	120	140	1%	1%	280	275	2%
Staff costs	-44	-42	-44	-41	-42	5%	5%	-86	-84	2%
Other exp. excl. depreciations	-43	-45	-47	-43	-44	-4%	-2%	-88	-87	1%
Total expenses incl. allocations	-87	-89	-93	-86	-87	-2%	0%	-176	-173	2%
Profit before loan losses	54	50	49	34	53	8%	2%	104	102	2%
Net loan losses	-1	0	1	0	-4		-75%	-1	-4	-75%
Operating profit	53	50	50	34	49	6%	8%	103	98	5%
Cost/income ratio, %	62	64	65	72	62	-4%	-1%	63	63	0%
RAROCAR, %	37	37	38	26	39	0%	-5%	37	38	-3%
Economic capital (EC)	428	428	379	383	392	0%	9%	428	392	9%
Risk exposure amount (REA)	2,698	2,736	2,497	2,501	2,497	-1%	8%	2,698	2,497	8%
Number of employees (FTEs)	1,237	1,226	1,216	1,220	1,207	1%	2%	1,237	1,207	2%
Volumes, EURbn:										
AuM	81.2	79.1	77.3	74.9	71.9	3%	13%	81.2	71.9	13%
Household mortgage lending	6.1	6.0	5.9	5.9	5.7	2%	7%	6.1	5.7	7%
Consumer lending	3.5	3.4	3.5	3.3	3.3	3%	6%	3.5	3.3	6%
Total lending	9.6	9.4	9.4	9.2	9.0	2%	7%	9.6	9.0	7%
Household deposits	11.4	11.2	11.4	11.2	11.2	2%	2%	11.4	11.2	2%
Total deposits	11.4	11.2	11.4	11.2	11.2	2%	2%	11.4	11.2	2%

Historical numbers have been restated following changes in the allocation principles

Asset Management

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	141	132	148	125	119	7%	18%	273	229	19%
Net result from items at fair value	2	2	1	0	0	0%		4	-1	
Equity method & other income	-1	2	1	2	6			1	8	-88%
Total income incl. allocations	142	136	150	127	125	4%	14%	278	236	18%
Staff costs	-29	-30	-32	-26	-27	-3%	7%	-59	-57	4%
Other exp. excl. depreciations	-28	-25	-30	-25	-27	12%	4%	-53	-52	2%
Total expenses incl. allocations	-57	-55	-62	-51	-55	4%	4%	-112	-110	2%
Profit before loan losses	85	81	88	76	70	5%	21%	166	126	32%
Net loan losses	0	0	0	0	0			0	0	
Operating profit	85	81	88	76	70	5%	21%	166	126	32%
Cost/income ratio, %	40	40	41	40	44			40	47	
Income, spread (basis points)	36	36	41	36	36	0%	0%	36	34	6%
Economic capital (EC)	124	108	107	118	124	15%	0%	124	124	0%
Risk exposure amount (REA)	303	297	330	317	315	2%	-4%	303	315	-4%
AuM, EURbn	159.8	152.8	146.2	142.7	136.3	5%	17%	159.8	136.3	17%
Number of employees (FTEs)	581	572	564	556	560	2%	4%	581	560	4%

Historical numbers have been restated following changes in the allocation principles

Life & Pensions

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	77	71	67	67	66	8%	17%	148	132	12%
Net result from items at fair value	53	46	55	59	49	15%	8%	99	98	1%
Equity method & other income	5	5	4	5	4	0%	25%	10	8	25%
Total income incl. allocations	135	122	126	131	119	11%	13%	257	238	8%
Staff costs	-29	-29	-34	-31	-29	0%	0%	-58	-59	-2%
Other exp. excl. depreciations	-22	-23	-20	-22	-23	-4%	-4%	-45	-47	-4%
Total expenses incl. allocations	-51	-52	-54	-53	-52	-2%	-2%	-103	-106	-3%
Profit before loan losses	84	70	72	78	67	20%	25%	154	132	17%
Net loan losses	0	0	0	0	0			0	0	
Operating profit	84	70	72	78	67	20%	25%	154	132	17%
Cost/income ratio, %	38	43	43	40	44	-11%	-14%	40	45	
Return on Equity YtD, %	16	14	13	14	12	14%	33%	15	12	
Equity	1,614	1,565	1,518	1,754	1,693	3%	-5%	1,614	1,693	-5%
AuM, EURbn	55.5	53.6	53.3	52.1	51.0	4%	9%	55.5	51.0	9%
Premiums	1,818	2,064	1,867	1,419	1,579	-12%	15%	3,882	3,358	16%
Risk exposure amount (REA)	1,794	1,794				0%		1,794		
Number of employees (FTEs)	1,110	1,118	1,130	1,157	1,147	-1%	-3%	1,110	1,147	-3%
Profit drivers										
Profit Traditional products	25	17	26	18	16	47%	56%	42	34	24%
Profit Market Return products	42	35	24	40	36	20%	17%	77	69	12%
Profit Risk products	15	16	21	18	13	-6%	15%	31	25	24%
Total product result	82	68	71	76	65	21%	26%	150	128	17%
Return on Shareholder equity, other profits and group adj.	2	2	1	2	2	0%	0%	4	4	0%
Operating profit	84	70	72	78	67	20%	25%	154	132	17%

Historical numbers have been restated following changes in the allocation principles

Wealth Management Other

EURm	Q214	Q114	Q413	Q313	Q213	Q2/Q1	Q2/Q2	H1 14	H1 13	H1/H1
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	1	0	0	-1	0			1	0	
Net result from items at fair value	-1	0	0	1	0			-1	0	
Equity method & other income	-1	0	-1	0	0			-1	0	
Total income incl. allocations	-1	0	-1	0	0			-1	0	
Staff costs	-19	-19	-20	-17	-20	0%	-5%	-38	-37	3%
Other exp. excl. depreciations	18	17	8	17	18	6%	0%	35	36	-3%
Total expenses incl. allocations	-2	-2	-12	1	-1	0%	100%	-4	0	
Profit before loan losses	-3	-2	-13	1	-1	50%	200%	-5	0	
Net loan losses	0	0	0	0	0			0	0	
Operating profit	-3	-2	-13	1	-1	50%	200%	-5	0	
Economic capital (EC)	15	15	15	15	14	0%	7%	15	14	7%
Number of employees (FTEs)	574	573	542	547	525	0%	9%	574	525	9%

Historical numbers have been restated following changes in the allocation principles

Group Functions and other

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

Group Corporate Centre

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

At the end of the second quarter, the proportion of long-term funding of total funding was approx. 74%, down from 76% at the end of the first quarter.

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

Short-term liquidity risk is measured using several metrics and Liquidity Coverage Ratio is one of the metrics. LCR was for the Nordea Group 140% at the end of the second quarter. The LCR in EUR was 134% and in USD 159% at the end of the second quarter, with the definition in accordance with the Swedish FSA’s LCR requirement. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even higher. The liquidity buffer comprises highly liquid, primarily Nordic government and covered bonds which are all central bank

eligible securities with characteristics similar to Basel III/CRD IV. The liquidity buffer amounted to EUR 62bn at the end of the second quarter (EUR 61bn at the end of the first quarter).

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

Nordea issued approx. EUR 6.3bn of long-term funding in the second quarter excluding Danish covered bonds, of which approx. EUR 2.1bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in the domestic and international markets.

With value date in the second quarter, Nordea issued a CHF 5.5-year fixed rate note, a USD 2,25bn triple tranche 3 and 5-year note in fixed and floating rate format and a JPY 100bn 3 and 5-year transaction in the Japanese Samurai market in fixed and floating rate format.

The market risk on Group Treasury’s interest-rate positions, calculated as average VaR, was EUR 66m in the second quarter. The risk related to equities, calculated as VaR, was EUR 2m and the risk related to credit spreads (VaR) was EUR 2m. Interest rate risk and credit spread risk decreased while the equity risk was unchanged compared to the first quarter.

Result

Total operating income was EUR 89m in the second quarter. Net interest income decreased to EUR 70m in the second quarter compared to the strong income of EUR 91m in the previous quarter, mainly due to lower yield on fixed income holdings. The net result from items at fair value was EUR 19m compared to EUR 23m in the first quarter and was mainly related to equities. Operating profit was EUR 22m.

	Group Corporate Centre					Group functions, Other & Eliminations									
EURm	Q214	Q114	Q413	Q313	Q213	H1 14	H1 13	Q214	Q114	Q413	Q313	Q213	H1 14	H1 13	
Net interest income	70	91	102	75	91	161	165	28	20	39	36	28	48	47	
Net fee and commission income	-2	-4	-2	-4	-2	-6	-4	-2	-9	1	-11	6	-11	3	
Net result from items at fair value	19	23	-9	35	25	42	44	-41	4	-49	-60	-31	-37	-11	
Equity method & other income	2	1	4	4	5	3	10	8	2	15	3	-14	10	15	
Total operating income	89	111	95	110	119	200	215	-7	17	6	-32	-11	10	54	
Staff costs	-70	-55	-54	-51	-59	-125	-111	-181	-45	-19	-42	-27	-226	-68	
Other exp. excl. depreciations	16	-1	-17	-2	0	15	-1	4	11	46	7	13	15	18	
Total operating expenses	-67	-67	-86	-63	-68	-134	-129	-190	-41	15	-51	-20	-231	-64	
Net loan losses	0	0	0	0	0	0	0	-2	0	0	-2	-1	-2	0	
Operating profit	22	44	9	47	51	66	86	-199	-24	21	-85	-32	-223	-10	
Economic capital (EC)	806	913	552	612	593	806	593	1,517	877	868	868	896	1,517	896	
Risk exposure amount (REA)	6,427	6,566	4,849	4,500	4,409	6,427	4,409	10,802	13,492	12,644	13,343	13,309	10,802	13,309	
Number of employees (FTEs)	2,162	1,768	1,681	1,644	1,628	2,162	1,628	957	897	938	939	932	957	932	

Historical numbers have been restated following changes in the allocation principles

Income statement

EURm	Note	Q2 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Operating income						
Interest income		2,549	2,686	5,077	5,379	10,604
Interest expense		-1,181	-1,295	-2,347	-2,630	-5,079
Net interest income		1,368	1,391	2,730	2,749	5,525
Fee and commission income		941	904	1,872	1,749	3,574
Fee and commission expense		-233	-240	-460	-462	-932
Net fee and commission income	3	708	664	1,412	1,287	2,642
Net result from items at fair value	4	356	416	767	860	1,539
Profit from companies accounted for under the equity method		3	9	12	44	79
Other operating income		21	10	36	56	106
Total operating income		2,456	2,490	4,957	4,996	9,891
Operating expenses						
General administrative expenses:						
Staff costs		-907	-753	-1,663	-1,507	-2,978
Other expenses	5	-415	-453	-841	-914	-1,835
Depreciation, amortisation and impairment charges of tangible and intangible assets		-64	-50	-119	-102	-227
Total operating expenses		-1,386	-1,256	-2,623	-2,523	-5,040
Profit before loan losses		1,070	1,234	2,334	2,473	4,851
Net loan losses	6	-135	-186	-293	-384	-735
Operating profit		935	1,048	2,041	2,089	4,116
Income tax expense		-219	-248	-485	-506	-1,009
Net profit for the period from continuing operations		716	800	1,556	1,583	3,107
Net profit for the period from discontinued operations, after tax	12	-30	-29	-39	-16	9
Net profit for the period		686	771	1,517	1,567	3,116
Attributable to:						
Shareholders of Nordea Bank AB (publ)		686	772	1,517	1,566	3,116
Non-controlling interests		-	-1	-	1	-
Total		686	771	1,517	1,567	3,116
Basic earnings per share, EUR - Total operations		0.17	0.19	0.38	0.39	0.77
Diluted earnings per share, EUR - Total operations		0.17	0.19	0.38	0.39	0.77

Statement of comprehensive income

EURm	Q2 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net profit for the period	686	771	1,517	1,567	3,116
Items that may be reclassified subsequently to the income statement					
Currency translation differences during the period	-108	-568	-138	-574	-999
Hedging of net investments in foreign operations:					
Valuation gains/losses during the period	109	272	95	304	464
Tax on valuation gains/losses during the period	-24	-60	-21	-67	-102
Available for sale investments: ¹					
Valuation gains/losses during the period	11	-24	22	10	31
Tax on valuation gains/losses during the period	-2	8	-5	-1	-6
Cash flow hedges:					
Valuation gains/losses during the period	-18	29	-49	27	-2
Tax on valuation gains/losses during the period	5	-7	11	-7	-1
Items that may not be reclassified subsequently to the income statement					
Defined benefit plans:					
Remeasurement of defined benefit plans	-102	-	-159	-	155
Tax on remeasurement of defined benefit plans	25	-	36	-	-39
Other comprehensive income, net of tax²	-104	-350	-208	-308	-499
Total comprehensive income	582	421	1,309	1,259	2,617
Attributable to:					
Shareholders of Nordea Bank AB (publ)	582	422	1,309	1,258	2,617
Non-controlling interests	-	-1	-	1	-
Total	582	421	1,309	1,259	2,617

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

² Of which EUR 27m for Q2 2014 and EUR 29m for Jan-Jun 2014 (Q2 2013: EUR -12m, Jan-Jun 2013: EUR -22m, Jan-Dec 2013: EUR -22m) related to discontinued operations.

Balance sheet

EURm	Note	30 Jun 2014	31 Dec 2013	30 Jun 2013
Assets				
Cash and balances with central banks		25,191	33,529	29,682
Loans to central banks	7	11,639	11,769	6,840
Loans to credit institutions	7	14,977	10,743	11,632
Loans to the public	7	347,076	342,451	340,354
Interest-bearing securities		89,438	87,314	83,137
Financial instruments pledged as collateral		8,430	9,575	7,289
Shares		35,950	33,271	30,064
Derivatives		78,644	70,992	78,875
Fair value changes of the hedged items in portfolio hedge of interest rate risk		234	203	265
Investments in associated undertakings		489	630	614
Intangible assets		3,284	3,246	3,336
Property and equipment		511	431	424
Investment property		3,457	3,524	3,293
Deferred tax assets		74	62	131
Current tax assets		147	31	162
Retirement benefit assets		322	321	128
Other assets		14,516	11,064	14,487
Prepaid expenses and accrued income		2,211	2,383	2,376
Assets held for sale	12	136	8,895	8,807
Total assets		636,726	630,434	621,896
<i>Of which assets customer bearing the risk</i>		<i>27,322</i>	<i>24,912</i>	<i>22,318</i>
Liabilities				
Deposits by credit institutions		53,753	59,090	62,887
Deposits and borrowings from the public		201,646	200,743	196,268
Liabilities to policyholders		50,667	47,226	45,380
Debt securities in issue		185,506	185,602	173,183
Derivatives		70,436	65,924	72,972
Fair value changes of the hedged items in portfolio hedge of interest rate risk		2,818	1,734	1,970
Current tax liabilities		416	303	396
Other liabilities		30,936	24,737	24,732
Accrued expenses and prepaid income		3,361	3,677	3,568
Deferred tax liabilities		881	935	1,042
Provisions		329	177	341
Retirement benefit obligations		491	334	338
Subordinated liabilities		6,604	6,545	7,223
Liabilities held for sale	12	36	4,198	3,725
Total liabilities		607,880	601,225	594,025
Equity				
Non-controlling interests		2	2	4
Share capital		4,050	4,050	4,050
Share premium reserve		1,080	1,080	1,080
Other reserves		-367	-159	32
Retained earnings		24,081	24,236	22,705
Total equity		28,846	29,209	27,871
Total liabilities and equity		636,726	630,434	621,896
Assets pledged as security for own liabilities		175,208	174,418	170,564
Other assets pledged		9,987	7,467	8,699
Contingent liabilities		21,749	20,870	22,544
Credit commitments ¹		78,358	78,332	82,069
Other commitments		1,028	1,267	1,306

¹ Including unutilised portion of approved overdraft facilities of EUR 44,485m (31 Dec 2013: EUR 44,053, 30 Jun 2013: EUR 44,228m).

Statement of changes in equity

Attributable to shareholders of Nordea Bank AB (publ)										
Other reserves:										
EURm	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2014	4,050	1,080	-613	-18	81	391	24,236	29,207	2	29,209
Total comprehensive income	-	-	-64	-38	17	-123	1,517	1,309	-	1,309
Share-based payments ³	-	-	-	-	-	-	11	11	-	11
Dividend for 2013	-	-	-	-	-	-	-1,734	-1,734	-	-1,734
Disposal of own shares ²	-	-	-	-	-	-	51	51	-	51
Balance at 30 Jun 2014	4,050	1,080	-677	-56	98	268	24,081	28,844	2	28,846

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

Attributable to shareholders of Nordea Bank AB (publ)										
Other reserves:										
EURm	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2013	4,050	1,080	24	-15	56	275	22,530	28,000	5	28,005
Total comprehensive income	-	-	-337	20	9	-	1,566	1,258	1	1,259
Share-based payments ³	-	-	-	-	-	-	9	9	-	9
Dividend for 2012	-	-	-	-	-	-	-1,370	-1,370	-	-1,370
Purchases of own shares ²	-	-	-	-	-	-	-30	-30	-	-30
Other changes	-	-	-	-	-	-	-	-	-2	-2
Balance at 30 Jun 2013	4,050	1,080	-313	5	65	275	22,705	27,867	4	27,871

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

² Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Jun 2014 were 24.5 million (31 Dec 2013: 31.8 million, 30 Jun 2013: 32.8 million).

³ The total holding of own shares related to Long Term Incentive Programme (LTIP) is 15.9 million (31 Dec 2013: 18.3 million, 30 Jun 2013: 18.3 million).

Cash flow statement, condensed - Total operations

EURm	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
<i>Operating activities</i>			
Operating profit	2,041	2,089	4,116
Profit for the period from discontinued operations, after tax	-39	-16	9
Adjustments for items not included in cash flow	4,563	1,829	4,492
Income taxes paid	-505	-614	-1,010
Cash flow from operating activities before changes in operating assets and liabilities	6,060	3,288	7,607
Changes in operating assets and liabilities	-15,698	-6,479	-1,292
Cash flow from operating activities	-9,638	-3,191	6,315
<i>Investing activities</i>			
Sale/acquisition of business operations	481	-	-
Property and equipment	-139	-47	-120
Intangible assets	-70	-91	-228
Net investments in debt securities, held to maturity	2,032	429	930
Other financial fixed assets	-1	-10	-10
Cash flow from investing activities	2,303	281	572
<i>Financing activities</i>			
Issued/amortised subordinated liabilities	-	-	-500
Divestment/repurchase of own shares incl change in trading portfolio	51	-30	-57
Dividend paid	-1,734	-1,370	-1,370
Cash flow from financing activities	-1,683	-1,400	-1,927
Cash flow for the period	-9,018	-4,310	4,960
Cash and cash equivalents at beginning of the period	45,670	42,808	42,808
Translation difference	61	-351	-2,098
Cash and cash equivalents at end of the period	36,713	38,147	45,670
Change	-9,018	-4,310	4,960
Cash and cash equivalents	30 Jun <u>2014</u>	30 Jun <u>2013</u>	31 Dec <u>2013</u>
The following items are included in cash and cash equivalents (EURm):			
Cash and balances with central banks	25,191	29,682	33,529
Loans to central banks	9,542	6,102	9,313
Loans to credit institutions	1,968	2,254	2,290
Assets held for sale	12	109	538

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

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

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

Notes to the financial statements

Note 1 Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1 "Supplementary Accounting Rules for Groups" and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, 2013:2 and 2013:24) have also been applied.

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2013 Annual Report.

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

The Swedish Financial Supervisory Authority has issued amendments to FFFS 2008:25 in FFFS 2013:24 and the Swedish Financial Reporting Board has issued amendments to RFR 1 "Supplementary Accounting Rules for Groups". These amendments are effective as from 1 January 2014 but have not had any significant impact on Nordea.

Forward starting bonds

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

Impact on capital adequacy from new or amended IFRS standards

IFRS 9 "Financial Instruments" covering classification and measurement (Phase I) and general hedging (Phase III) has been adopted by the IASB but has not yet been implemented by Nordea.

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

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

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

Exchange rates

	Jan-Jun 2014	Jan-Dec 2013	Jan-Jun 2013
EUR 1 = SEK			
Income statement (average)	8.9594	8.6524	8.5302
Balance sheet (at end of period)	9.1762	8.8591	8.7773
EUR 1 = DKK			
Income statement (average)	7.4627	7.4579	7.4572
Balance sheet (at end of period)	7.4557	7.4593	7.4588
EUR 1 = NOK			
Income statement (average)	8.2796	7.8091	7.5226
Balance sheet (at end of period)	8.4035	8.3630	7.8845
EUR 1 = PLN			
Income statement (average)	4.1766	4.1969	4.1777
Balance sheet (at end of period)	4.1568	4.1543	4.3376
EUR 1 = RUB			
Income statement (average)	48.0224	42.3269	40.7514
Balance sheet (at end of period)	46.3779	45.3246	42.8450

Note 2 Segment reporting

	Operating segments							Recon- ciliation	Total Group
	Retail Banking	Whole- sale Banking	Wealth Manage- ment	Group Corporate Centre	Other operating segments	Total operating segments			
Jan-Jun 2014									
Total operating income, EURm	2,871	1,303	817	201	6	5,198	-241	4,957	
- of which internal transactions ¹ , EURm	-795	-126	11	881	29	0	-	-	
Operating profit, EURm	1,115	822	420	66	1	2,424	-383	2,041	
Loans to the public ² , EURbn	221	57	9	-	-	287	60	347	
Deposits and borrowings from the public ² , EURbn	109	40	11	-	-	160	42	202	
Jan-Jun 2013									
Total operating income, EURm	2,809	1,265	733	200	4	5,011	-15	4,996	
- of which internal transactions ¹ , EURm	-818	-148	14	952	0	0	-	-	
Operating profit, EURm	1,056	679	351	81	-1	2,166	-77	2,089	
Loans to the public ² , EURbn	216	58	9	-	-	283	57	340	
Deposits and borrowings from the public ² , EURbn	106	42	11	-	-	159	37	196	

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

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

Breakdown of Retail Banking, Wholesale Banking and Wealth Management

	Retail Banking Nordic ¹		Retail Banking Baltic countries ²		Retail Banking Other ³		Retail Banking Jan-Jun	
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
	2014	2013	2014	2013	2014	2013	2014	2013
Total operating income, EURm	2,857	2,762	85	81	-71	-34	2,871	2,809
- of which internal transactions, EURm	-672	-735	-23	-23	-100	-60	-795	-818
Operating profit, EURm	1,223	1,092	2	19	-110	-55	1,115	1,056
Loans to the public, EURbn	213	208	8	8	-	-	221	216
Deposits and borrowings from the public, EURbn	105	103	4	3	-	-	109	106

	Corporate & Institutional Banking		Shipping, Offshore & Oil Services		Nordea Bank Russia		Capital Markets unallocated		Wholesale Banking Other ⁴		Wholesale Banking Jan-Jun	
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total operating income, EURm	782	748	181	168	141	117	204	214	-5	18	1,303	1,265
- of which internal transactions, EURm	-81	-109	-33	-41	-17	-22	52	64	-47	-40	-126	-148
Operating profit, EURm	490	453	183	66	90	79	93	103	-34	-22	822	679
Loans to the public, EURbn	39	40	11	12	7	6	-	-	-	-	57	58
Deposits and borrowings from the public, EURbn	35	37	4	4	1	1	-	-	-	-	40	42

	Private Banking		Asset Management		Life & Pension unallocated		Wealth Management Other ⁵		Wealth Management Jan-Jun	
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total operating income, EURm	410	372	279	232	258	231	-130	-102	817	733
- of which internal transactions, EURm	8	10	0	0	0	0	3	4	11	14
Operating profit, EURm	204	169	167	125	154	129	-105	-72	420	351
Loans to the public, EURbn	9	9	-	-	-	-	-	-	9	9
Deposits and borrowings from the public, EURbn	11	11	-	-	-	-	-	-	11	11

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

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

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

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

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

Note 2, continued

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Jun		30 Jun		30 Jun	
	2014	2013	2014	2013	2014	2013
Total operating segments	2,424	2,166	287	283	160	159
Group functions ¹	-70	-53	-	-	-	-
Unallocated items	-156	61	63	46	44	30
Differences in accounting policies ²	-157	-85	-3	11	-2	7
Total	2,041	2,089	347	340	202	196

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

² Impact from plan exchange rates used in the segment reporting. As from Q1 2014 the allocation principles has changed, which in addition leads to a difference between the measurement of the operating profit in the "Total operating segments" and the "Total Group". Comparative figures have been restated accordingly.

Measurement of operating segments' performance

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

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

Note 3 Net fee and commission income

EURm	Q2 2014	Q1 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Asset management commissions	292	273	244	565	476	1,000
Life insurance	88	91	82	179	166	350
Brokerage, securities issues and corporate finance	72	85	85	157	150	296
Custody and issuer services	53	22	35	75	57	124
Deposits	10	9	12	19	24	50
Total savings and investments	515	480	458	995	873	1,820
Payments	101	103	101	204	201	417
Cards	130	123	133	253	250	508
Total payment and cards	231	226	234	457	451	925
Lending	126	137	133	263	256	510
Guarantees and documentary payments	44	46	45	90	99	187
Total lending related commissions	170	183	178	353	355	697
Other commission income	25	42	34	67	70	132
Fee and commission income	941	931	904	1,872	1,749	3,574
Savings and investments	-85	-82	-75	-167	-150	-322
Payments	-21	-21	-23	-42	-45	-90
Cards	-62	-58	-68	-120	-125	-259
State guarantee fees	-32	-35	-32	-67	-65	-132
Other commission expenses	-33	-31	-42	-64	-77	-129
Fee and commission expenses	-233	-227	-240	-460	-462	-932
Net fee and commission income	708	704	664	1,412	1,287	2,642

Note 4 Net result from items at fair value

EURm	Q2 2014	Q1 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Shares/participations and other share-related instruments	841	55	77	896	1,028	2,630
Interest-bearing securities and other interest-related instruments	1,177	955	-328	2,132	-287	238
Other financial instruments	90	25	-3	115	128	90
Foreign exchange gains/losses	-318	-101	223	-419	513	876
Investment properties	4	161	39	165	62	145
Change in technical provisions ¹ , Life insurance	-1,239	-551	681	-1,790	-8	-1,519
Change in collective bonus potential, Life insurance	-213	-154	-278	-367	-599	-978
Insurance risk income, Life insurance	49	51	51	100	102	202
Insurance risk expense, Life insurance	-35	-30	-46	-65	-79	-145
Total	356	411	416	767	860	1,539

Of which Life insurance

EURm	Q2 2014	Q1 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Shares/participations and other share-related instruments	894	55	-7	949	932	2,418
Interest-bearing securities and other interest-related instruments	628	519	-406	1,147	-285	30
Other financial instruments	-5	0	0	-5	0	0
Foreign exchange gains/losses	-31	-5	19	-36	-23	66
Investment properties	8	163	37	171	61	144
Change in technical provisions ¹ , Life insurance	-1,239	-551	681	-1,790	-8	-1,519
Change in collective bonus potential, Life insurance	-213	-154	-278	-367	-599	-978
Insurance risk income, Life insurance	49	51	51	100	102	202
Insurance risk expense, Life insurance	-35	-30	-46	-65	-79	-145
Total	56	48	51	104	101	218

¹ Premium income amounts to EUR 547m for Q2 2014 and EUR 1,148 m for Jan-Jun 2014 (Q1 2014: EUR 601m, Q2 2013: EUR 513m, Jan-Jun 2013: 1,210m, Jan-Dec 2013: EUR 2,278m).

Note 5 Other expenses

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2014	2014	2013	2014	2013	2013
Information technology	-127	-144	-161	-271	-304	-671
Marketing and representation	-26	-28	-31	-54	-60	-116
Postage, transportation, telephone and office expenses	-42	-50	-49	-92	-104	-192
Rents, premises and real estate	-124	-87	-92	-211	-187	-373
Other	-96	-117	-120	-213	-259	-483
Total	-415	-426	-453	-841	-914	-1,835

Note 6 Net loan losses

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2014	2014	2013	2014	2013	2013
Loan losses divided by class						
Loans to credit institutions	0	0	0	0	0	1
Loans to the public	-121	-152	-189	-273	-402	-748
- of which provisions	-228	-269	-310	-497	-620	-1,131
- of which write-offs	-151	-158	-173	-309	-315	-709
- of which allowances used to cover write-offs	109	126	129	235	240	508
- of which reversals	129	132	149	261	257	508
- of which recoveries	20	17	16	37	36	76
Off-balance sheet items	-14	-6	3	-20	18	12
Total	-135	-158	-186	-293	-384	-735

Key ratios

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
	2014	2014	2013	2014	2013	2013
Loan loss ratio, basis points	16	18	22	17	23	21
- of which individual	15	18	24	17	22	20
- of which collective	1	0	-2	0	1	1

Note 7 Loans and impairment

EURm	Total			
	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Loans, not impaired	370,098	363,538	361,218	355,004
Impaired loans	6,409	6,317	6,564	6,677
- Performing	4,073	3,908	3,909	3,808
- Non-performing	2,336	2,409	2,655	2,869
Loans before allowances	376,507	369,855	367,782	361,681
Allowances for individually assessed impaired loans	-2,391	-2,407	-2,397	-2,454
- Performing	-1,418	-1,391	-1,372	-1,362
- Non-performing	-973	-1,016	-1,025	-1,092
Allowances for collectively assessed impaired loans	-424	-421	-422	-401
Allowances	-2,815	-2,828	-2,819	-2,855
Loans, carrying amount	373,692	367,027	364,963	358,826

EURm	Central banks and credit institutions				The public			
	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Loans, not impaired	26,619	20,646	22,515	18,476	343,479	342,892	338,703	336,528
Impaired loans	24	24	24	24	6,385	6,293	6,540	6,653
- Performing	-	-	-	-	4,073	3,908	3,909	3,808
- Non-performing	24	24	24	24	2,312	2,385	2,631	2,845
Loans before allowances	26,643	20,670	22,539	18,500	349,864	349,185	345,243	343,181
Allowances for individually assessed impaired loans	-24	-24	-24	-24	-2,367	-2,383	-2,373	-2,430
- Performing	-	-	-	-	-1,418	-1,391	-1,372	-1,362
- Non-performing	-24	-24	-24	-24	-949	-992	-1,001	-1,068
Allowances for collectively assessed impaired loans	-3	-3	-3	-4	-421	-418	-419	-397
Allowances	-27	-27	-27	-28	-2,788	-2,801	-2,792	-2,827
Loans, carrying amount	26,616	20,643	22,512	18,472	347,076	346,384	342,451	340,354

Allowances and provisions

EURm	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Allowances for items on the balance sheet	-2,815	-2,828	-2,819	-2,855
Provisions for off balance sheet items	-81	-67	-61	-70
Total allowances and provisions	-2,896	-2,895	-2,880	-2,925

Key ratios

	30 Jun 2014	31 Mar 2014	31 Dec 2013	30 Jun 2013
Impairment rate, gross, basis points	170	171	178	185
Impairment rate, net, basis points	107	106	113	117
Total allowance rate, basis points	75	76	77	79
Allowances in relation to impaired loans, %	37	38	37	37
Total allowances in relation to impaired loans, %	44	45	43	43
Non-performing, not impaired, EURm	334	360	418	346

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	25,191	-	-	-	-	-	25,191
Loans to central banks	10,699	-	940	-	-	-	11,639
Loans to credit institutions	7,286	-	7,625	66	-	-	14,977
Loans to the public	248,963	-	47,090	51,023	-	-	347,076
Interest-bearing securities	-	3,331	38,327	19,746	-	28,034	89,438
Financial instruments pledged as collateral	-	-	8,430	-	-	-	8,430
Shares	-	-	7,118	28,828	-	4	35,950
Derivatives	-	-	76,468	-	2,176	-	78,644
Fair value changes of the hedged items in portfolio hedge of interest rate risk	234	-	-	-	-	-	234
Other assets	7,200	-	-	6,048	-	-	13,248
Prepaid expenses and accrued income	1,613	-	61	16	-	-	1,690
Total 30 Jun 2014	301,186	3,331	186,059	105,727	2,176	28,038	626,517
Total 31 Dec 2013 ¹	304,996	5,359	166,073	105,551	1,947	28,006	611,932

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions		26,670	1,847	25,236	53,753
Deposits and borrowings from the public		29,434	6,126	166,086	201,646
Liabilities to policyholders, investment contracts		-	15,817	-	15,817
Debt securities in issue		8,057	39,009	138,440	185,506
Derivatives		69,060	-	1,376	70,436
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-	-	2,818	2,818
Other liabilities		11,136	6,985	10,479	28,600
Accrued expenses and prepaid income		12	374	1,674	2,060
Subordinated liabilities		-	-	6,604	6,604
Total 30 Jun 2014		144,369	70,158	351,337	567,240
Total 31 Dec 2013 ¹		132,375	68,001	356,619	558,331

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

Note 9 Fair value of financial assets and liabilities

EURm	30 Jun 2014		31 Dec 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	25,191	25,191	33,529	33,529
Loans	373,926	373,926	365,166	365,166
Interest-bearing securities	89,438	89,652	87,314	87,439
Financial instruments pledged as collateral	8,430	8,430	9,575	9,575
Shares	35,950	35,950	33,271	33,271
Derivatives	78,644	78,644	70,992	70,992
Other assets	13,248	13,248	10,179	10,179
Prepaid expenses and accrued income	1,690	1,690	1,906	1,906
Total	626,517	626,731	611,932	612,057
Financial liabilities				
Deposits and debt instruments	450,327	451,516	453,714	455,368
Liabilities to policyholders	15,817	15,817	13,737	13,737
Derivatives	70,436	70,436	65,924	65,924
Other liabilities	28,600	28,600	22,610	22,610
Accrued expenses and prepaid income	2,060	2,060	2,346	2,346
Total	567,240	568,429	558,331	559,985

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

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

EURm	Quoted prices in active markets for the same instrument		Valuation technique using observable data		Valuation technique using non-observable data		Total
	(Level 1)	Of which Life	(Level 2)	Of which Life	(Level 3)	Of which Life	
Assets at fair value on the balance sheet¹							
Loans to central banks	-	-	940	-	-	-	940
Loans to credit institutions	-	-	7,691	-	-	-	7,691
Loans to the public	-	-	98,113	-	-	-	98,113
Interest-bearing securities ²	55,478	11,118	38,630	6,976	353	68	94,461
Shares ³	30,433	21,878	1,634	1,632	3,959	2,987	36,026
Derivatives	75	3	77,070	81	1,499	-	78,644
Other assets	-	-	6,048	1	-	-	6,048
Prepaid expenses and accrued income	16	-	61	-	-	-	77
Total 30 Jun 2014	86,002	32,999	230,187	8,690	5,811	3,055	322,000
Total 31 Dec 2013	87,475	30,764	208,347	8,362	5,755	2,946	301,577
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	-	-	28,517	1,189	-	-	28,517
Deposits and borrowings from the public	-	-	35,560	-	-	-	35,560
Liabilities to policyholders	-	-	15,817	15,817	-	-	15,817
Debt securities in issue	39,009	-	8,057	-	-	-	47,066
Derivatives	68	-	68,419	33	1,949	-	70,436
Other liabilities	9,809	-	8,312	-	-	-	18,121
Accrued expenses and prepaid income	-	-	386	-	-	-	386
Total 30 Jun 2014	48,886	-	165,068	17,039	1,949	-	215,903
Total 31 Dec 2013	44,095	-	156,217	14,905	1,400	-	201,712

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

² Of which EUR 8,354m relates to the balance sheet item Financial instruments pledged as collateral.

³ Of which EUR 76m relates to the balance sheet item Financial instruments pledged as collateral.

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

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

Transfers between Level 1 and 2

During the period, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 521m from Level 1 to Level 2 and EUR 671m from Level 2 to Level 1 of the fair value hierarchy. Nordea also transferred other liabilities of EUR 180m from Level 2 to Level 1. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10, continued

Movements in Level 3

EURm	Fair value gains/losses recognised in the income statement during the year			Recognised in OCI	Purchases / Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Translation differences	30 Jun
	1 Jan	Realised	Un-realised								
Interest-bearing securities	478	7	8	-3	48	-183	-2	-	-	-	353
- of which Life	104	5	3	-	18	-62	-	-	-	-	68
Shares	3,841	246	7	-	359	-458	-9	-	-24	-3	3,959
- of which Life	2,842	190	20	-	331	-359	-13	-	-24	-	2,987
Derivatives (net)	37	96	-487	-	-	-	-96	-	-	-	-450
Other liabilities	1	-	-	-	-	-1	-	-	-	-	-
Total 2014, net	4,355	349	-472	-3	407	-640	-107	-	-24	-3	3,862
Total 2013, net	4,824	318	-222	-	132	-649	61	-21	-6	10	4,447

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. During the period Nordea transferred shares of EUR 24m from Level 3 to Level 2. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

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

Deferred day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information see, the Annual report 2013 Note G1 "Accounting policies". The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of how this aggregated difference has changed during the period (movement of deferred Day 1 profit).

Deferred day 1 profit - Derivatives, net

EURm	2014	2013
Opening balance at 1 Jan	38	24
Deferred profit on new transactions	4	22
Recognised in the income statement during the period	-6	0
Closing balance at 30 Jun	36	46

Note 10, continued

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

EURm	Fair value	Of which		Unobservable input	Range of fair value ⁴
		Life ¹	Valuation techniques		
Interest-bearing securities					
Mortgage and other credit institutions ²	269	8	Discounted cash flows	Credit spread	-11/11
Corporates	79	60	Discounted cash flows	Credit spread	-5/5
Other	5	-	-	-	-1/1
Total 30 Jun 2014	353	68			-17/17
Total 31 Dec 2013	478	104			-25/25
Shares					
Private equity funds	2,306	1,784	Net asset value ³		
Hedge funds	427	163	Net asset value ³		
Credit funds	452	371	Net asset value/market consensus ³		
Other funds	570	548	Net asset value/Fund prices ³		
Other	204	121	-		
Total 30 Jun 2014	3,959	2,987			-394/394
Total 31 Dec 2013	3,841	2,842			-381/381
Derivatives, net					
Interest rate derivatives	241	-	Option model	Correlations Volatilities	-7/7
Equity derivatives	-255	-	Option model	Correlations Volatilities Dividend	-17/10
Foreign exchange derivatives	-321	-	Option model	Correlations Volatilities	+/-0
Credit derivatives	-125	-	Credit derivative model	Correlations Recovery rates	-8/7
Other	10	-	Option model	Correlations Volatilities	+/-0
Total 30 Jun 2014	-450	-			-32/24
Total 31 Dec 2013	37	-			-31/25

¹ Investment in financial instruments is a major part of the life insurance business, acquired to fulfill the obligations behind the insurance- and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and do consequently not affect Nordea's equity.

² Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LIBOR) of 1.45% and a reasonable change of this credit spread would not affect the fair value due to callability features.

³ The fair values are based on prices and net asset values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of 0% to 95% compared to the values received from suppliers/custodians.

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

Note 11 Capital adequacy**Summary of items included in own funds**

EURm	30 Jun 2014	31 Dec 2013	30 Jun 2013
Calculation of own funds			
Equity ¹	27,953	28,429	26,934
Proposed/actual dividend	-781	-1,734	-626
Deferred tax assets	-	-68	-138
Intangible assets	-2,974	-2,987	-3,022
IRB provisions shortfall (-) ²	-263	-369	-433
Deduction for investments in credit institutions (50%) ³	-	-99	-95
Pension assets in excess of related liabilities ⁴	-86	-	-
Other items, net	-677	-60	-70
Common Equity Tier 1 capital (net after deduction)	23,172	23,112	22,550
Additional Tier 1 instruments	1,556	1,949	1,976
Deductions for investments in insurance companies	-	-616	-614
Tier 1 capital (net after deduction)	24,728	24,445	23,912
Tier 2 instruments	4,653	4,789	5,391
IRB provisions excess (+)/shortfall (-) ²	-	-369	-433
Deduction for investments in credit institutions (50%) ³	-	-99	-95
Deductions for investments in insurance companies	-514	-616	-614
Pension assets in excess of related liabilities	-	-190	-87
Other items, net	-	80	65
Own funds (net after deduction)⁵	28,867	28,040	28,139

¹ Equity has been restated to include NLP deduction for Q4 2013 and Q2 2013.

² Shortfall is now deducted 100% CET1, previously 50% T1, 50% T2.

³ CRD III deducted 50% T1, 50% T2, CRD IV risk weighted with 250%.

⁴ Based on conditional FSA approval.

⁵ Own Funds adjusted for IRB provision, i.e. Basel I Own funds equal EUR 29,131m by 30 June 2014.

EURm	30 Jun 2014 Minimum Capital requirement	30 Jun 2014 REA	31 Dec 2013 Minimum Capital requirement	31 Dec 2013 REA	30 Jun 2013 Minimum Capital requirement	30 Jun 2013 REA
Credit risk	9,779	122,241	10,376	129,705	11,006	137,582
IRB	8,486	106,083	8,965	112,061	9,243	115,551
- of which corporate	5,963	74,538	6,787	84,844	6,972	87,154
- of which advanced	4,386	54,824	-	-	-	-
- of which foundation	1,577	19,714	6,787	84,844	6,972	87,154
- of which institutions	736	9,202	468	5,848	524	6,554
- of which retail	1,646	20,581	1,588	19,848	1,631	20,388
- of which other	141	1,762	122	1,521	116	1,455
Standardised	1,293	16,158	1,411	17,644	1,763	22,031
- of which sovereign	66	825	34	428	24	303
- of which retail	689	8,610	862	10,776	845	10,556
- of which other	538	6,723	515	6,440	894	11,172
Credit Value Adjustment Risk	273	3,412	-	-	-	-
Market risk	777	9,708	700	8,753	580	7,253
- of which trading book, Internal Approach	449	5,609	410	5,131	328	4,114
- of which trading book, Standardised Approach	155	1,931	186	2,321	157	1,957
- of which banking book, Standardised Approach	173	2,168	104	1,301	95	1,182
Operational risk	1,347	16,842	1,344	16,796	1,344	16,796
Standardised	1,347	16,842	1,344	16,796	1,344	16,796
Sub total	12,176	152,203	12,420	155,254	12,930	161,631
Adjustment for Basel I floor						
Additional capital requirement	5,195	64,932	4,318	53,969	4,008	50,095
Total	17,371	217,135	16,738	209,223	16,938	211,726

Note 11, continued

Minimum Capital Requirement & Buffers

Percentage	Minimum Capital requirement	Buffers				Total
		CCB	CCCB	SIFI	SRB	
Common Equity Tier 1 capital	4.5	N/A	N/A	N/A	N/A	4.5
Tier 1 capital	6.0	N/A	N/A	N/A	N/A	6.0
Own funds	8.0	N/A	N/A	N/A	N/A	8.0
EURm						
Common Equity Tier 1 capital	6,849					6,849
Tier 1 capital	9,132					9,132
Own funds	12,176					12,176

Capital ratios

Percentage	30 Jun	31 Dec	30 Jun
	2014	2013	2013
Common Equity Tier 1 capital ratio, including profit	15.2	14.9	14.0
Tier 1 ratio, including profit	16.2	15.7	14.8
Total capital ratio, including profit	19.0	18.1	17.4

Note 12 Discontinued operations and disposal groups held for sale

EURm	Q2 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Net interest income	1	37	28	79	154
Net fee and commission income	-3	9	-1	18	38
Other operating income	4	-1	9	0	7
Total operating income	2	45	36	97	199
Total operating expenses	-6	-31	-41	-63	-118
Net loan losses	3	-10	-4	-11	-26
Operating profit	-1	4	-9	23	55
Income tax expense	0	0	-1	-6	-13
Net profit for the period from discontinued	-1	4	-10	17	42
Net result for the period recognised on the measurement at fair value	-19	1	-19	1	1
Transaction and transition cost (including cost to sell)	-10	-34	-10	-34	-34
Net profit for the period from discontinued operations after measurement at fair value less cost to sell	-30	-29	-39	-16	9

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

Balance sheet - Condensed

EURm	30 Jun 2014
Assets	
Investment in associated undertakings	95
Total other assets	41
Total assets held for sale	136
Liabilities	
Total other liabilities	36
Total liabilities held for sale	36

Discontinued operations and assets/liabilities held for sale relate to Nordea's earlier announced decision to divest its Polish banking, financing and life insurance operations, including Nordea Bank Polska S.A., Nordea Finance Polska S.A. and Nordea Polska Towarzystwo Ubezpieczen na Zycie S.A., to PKO Bank Polski. All regulatory approvals were received and the transaction closed during the second quarter 2014. The operations have consequently been derecognised. The disposal group is excluded from Note 2 "Segment reporting" as this is not part of the reporting to the Chief Operating Decision Maker (CODM). The majority of the business was previously reported in the Retail Banking Poland segment. The impact from discontinued operations on other comprehensive income can be found in the statement of comprehensive income.

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

Note 13 Risks and uncertainties

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

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

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

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

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

Business definitions

Return on equity

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

Total shareholders return (TSR)

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

Risk-adjusted profit

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

Tier 1 capital

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

Tier 1 capital ratio

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

Loan loss ratio

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

Impairment rate, gross

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

Impairment rate, net

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

Total allowance rate

Total allowances divided by total loans before allowances.

Allowances in relation to impaired loans

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

Total allowances in relation to impaired loans (provisioning ratio)

Total allowances divided by total impaired loans before allowances.

Non-performing, not impaired

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

Expected losses

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

Economic capital

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

RAROCAR

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

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

Nordea Bank AB (publ)

Accounting policies

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, 2013:2 and 2013:24). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments compared to IFRS.

The disclosures in this interim report follow the interim reporting requirements in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, 2013:2 and 2013:24). More information can be found in the Group's interim report.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2013 Annual Report.

The Swedish Financial Supervisory Authority has issued amendments to FFFS 2008:25 in FFFS 2013:24 and the Swedish Financial Reporting Board has issued amendments to RFR 2 "Accounting for Legal Entities". The new requirement in FFFS 2013:24 for disclosing maturity information was early adopted as from 1 January 2013. All other amendments have been adopted as from 1 January 2014 but have not had any significant impact on Nordea.

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

Nordea Bank AB (publ)

Income statement

EURm	Q2 2014	Q2 2013	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Operating income					
<i>Interest income</i>	526	541	1,020	1,107	2,140
<i>Interest expense</i>	-349	-369	-695	-760	-1,499
Net interest income	177	172	325	347	641
<i>Fee and commission income</i>	256	304	543	659	1,259
<i>Fee and commission expense</i>	-73	-75	-135	-128	-250
Net fee and commission income	183	229	408	531	1,009
Net result from items at fair value	35	12	91	41	131
Dividends	1	0	351	300	1,827
Other operating income	468	156	613	313	674
Total operating income	864	569	1,788	1,532	4,282
Operating expenses					
General administrative expenses:					
Staff costs	-292	-248	-544	-498	-982
Other expenses	-236	-254	-460	-478	-1,018
Depreciation, amortisation and impairment charges of tangible and intangible assets	-34	-24	-65	-48	-109
Total operating expenses	-562	-526	-1,069	-1,024	-2,109
Profit before loan losses	302	43	719	508	2,173
Net loan losses	-14	-30	-41	-55	-124
Impairment of securities held as financial non-current assets	-	-	-	-	-4
Operating profit	288	13	678	453	2,045
Appropriations	-	-	-	-	102
Income tax expense	-2	-8	-12	-42	-192
Net profit for the period	286	5	666	411	1,955

Nordea Bank AB (publ)

Balance sheet

EURm	30 Jun 2014	31 Dec 2013	30 Jun 2013
Assets			
Cash and balances with central banks	395	45	52
Treasury bills	4,951	4,953	4,894
Loans to credit institutions	89,283	80,917	71,205
Loans to the public	40,382	34,155	34,538
Interest-bearing securities	11,003	11,128	11,229
Financial instruments pledged as collateral	238	737	410
Shares	4,722	5,351	4,857
Derivatives	4,568	4,219	4,408
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-15	-11	6
Investments in group undertakings	17,514	17,723	17,664
Investments in associated undertakings	7	7	8
Intangible assets	798	729	701
Property and equipment	141	118	119
Deferred tax assets	25	28	17
Current tax assets	118	0	85
Other assets	1,413	2,533	1,549
Prepaid expenses and accrued income	1,100	1,291	1,139
Total assets	176,643	163,923	152,881
Liabilities			
Deposits by credit institutions	30,552	17,500	18,982
Deposits and borrowings from the public	49,259	47,531	48,180
Debt securities in issue	64,348	62,961	52,967
Derivatives	3,219	3,627	3,114
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,149	715	824
Current tax liabilities	2	11	2
Other liabilities	1,685	4,173	1,962
Accrued expenses and prepaid income	1,121	1,150	1,325
Deferred tax liabilities	0	10	9
Provisions	240	184	174
Retirement benefit obligations	163	166	176
Subordinated liabilities	6,011	5,971	6,643
Total liabilities	157,749	143,999	134,358
Untaxed reserves	3	3	106
Equity			
Share capital	4,050	4,050	4,050
Share premium reserve	1,080	1,080	1,080
Other reserves	-7	-2	23
Retained earnings	13,768	14,793	13,264
Total equity	18,891	19,921	18,417
Total liabilities and equity	176,643	163,923	152,881
Assets pledged as security for own liabilities	2,215	2,454	3,120
Other assets pledged	7,375	7,033	5,982
Contingent liabilities	70,679	70,385	86,126
Credit commitments ¹	24,000	26,713	25,408

¹ Including unutilised portion of approved overdraft facilities of EUR 13,539m (31 Dec 2013: EUR 12,845m, 30 Jun 2013: EUR 12,340m).

Note 1 Capital adequacy**Summary of items included in own funds**

EURm	30 Jun 2014	31 Dec 2013	30 Jun 2013
Calculation of own funds			
Equity	18,891	19,923	18,394
Proposed/actual dividend	-	-1,734	-626
Deferred tax assets	-	-28	-17
Intangible assets	-798	-729	-701
IRB provisions shortfall (-) ¹	-	-81	-39
Deduction for investments in credit institutions (50%) ²	-	-	-
Pension assets in excess of related liabilities ³	-	-	-
Other items, net	-258	-	-
Common Equity Tier 1 capital (net after deduction)	17,835	17,351	17,011
Additional Tier 1 instruments	1,577	1,949	1,976
Deductions for investments in insurance companies	-	-	-
Tier 1 capital (net after deduction)	19,412	19,300	18,987
Tier 2 instruments	4,435	4,143	4,693
IRB provisions excess (+)/shortfall (-) ¹	53	-81	-39
Deduction for investments in credit institutions (50%) ²	-	-	-
Deductions for investments in insurance companies	-514	-	-
Pension assets in excess of related liabilities	-	-	-
Other items, net	-	-	33
Own funds (net after deduction)⁴	23,386	23,362	23,674

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

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

³ Based on conditional FSA approval.

⁴ Own Funds adjusted for IRB provision, i.e. Basel I Own funds EUR 23,333m by 30 June 2014.

Own Funds

EURm	30 Jun 2014	31 Dec 2013	30 Jun 2013
Common Equity Tier 1 capital, including profit	17,835	17,351	17,011
Own Funds, including profit	23,386	23,362	23,674
Common equity tier 1 capital, excluding profit	17,170	17,130	16,600
Own funds, excluding profit	22,720	23,141	23,264

Note 1, continued

	30 Jun 2014 Minimum Capital requireme	30 Jun 2014 REA	31 Dec 2013 Minimum Capital requireme	31 Dec 2013 REA	30 Jun 2013 Minimum Capital requireme	30 Jun 2013 REA
EURm						
Credit risk	5,960	74,502	6,296	78,700	6,474	80,925
IRB	2,826	35,322	3,428	42,854	3,735	46,682
- of which corporate	2,368	29,601	3,100	38,749	3,397	42,457
- of which advanced	1,675	20,934	-	-	-	-
- of which foundation	693	8,667	3,100	38,749	3,397	42,457
- of which institutions	242	3,028	105	1,318	121	1,509
- of which retail	165	2,059	180	2,254	188	2,348
- of which other	51	634	43	533	29	368
Standardised	3,134	39,180	2,868	35,846	2,739	34,243
- of which sovereign	9	117	2	26	104	1,299
- of which retail	229	2,863	101	1,258	2	27
- of which other	2,896	36,200	2,765	34,562	2,633	32,917
Credit Value Adjustment Risk	14	171	-	-	-	-
Market risk	211	2,635	128	1,596	85	1,059
- of which trading book, Internal Approach	54	679	34	429	25	308
- of which trading book, Standardised Approach	11	133	5	59	7	87
- of which banking book, Standardised Approach	146	1,823	89	1,108	53	664
Operational risk	322	4,028	250	3,121	250	3,121
Standardised	322	4,028	250	3,121	250	3,121
Sub total	6,507	81,336	6,674	83,417	6,809	85,105
Adjustment for Basel I floor						
Additional capital requirement	-	-	-	-	-	-
Total	6,507	81,336	6,674	83,417	6,809	85,105

Minimum Capital Requirement & Buffers

Percentage	Minimum	Buffers				Total
	Capital requirement	CCB	CCCB	SIFI	SRB	
Common Equity Tier 1 capital	4.5	N/A	N/A	N/A	N/A	4.5
Tier 1 capital	6.0	N/A	N/A	N/A	N/A	6.0
Own funds	8.0	N/A	N/A	N/A	N/A	8.0
EURm						
Common Equity Tier 1 capital	3,660					3,660
Tier 1 capital	4,880					4,880
Own funds	6,507					6,507

Capital ratios

	30 Jun 2014	31 Dec 2013	30 Jun 2013
Percentage			
Common Equity Tier 1 capital ratio, including profit	21.9	20.8	20.0
Tier I ratio, including profit	23.9	23.1	22.3
Total Capital ratio, including profit	28.8	28.0	27.8
Common Equity Tier 1 capital ratio, excluding profit	21.1	20.5	19.5
Tier I ratio, excluding profit	23.0	22.9	21.8
Total Capital ratio, excluding profit	27.9	27.7	27.3

For further information:

- A press conference with management will be held on 17 July at 9.30 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be held on 17 July at 14.30 CET. Please dial +44 20 3427 1906, confirmation code 8591825#, no later than ten minutes in advance. The telephone conference can be viewed live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will be available through 25 July, by dialling +44 20 3427 0598, access code 8591825#.
- An analyst and investor presentation will be held in London on 18 July at 12.00 local time at InterContinental London Park Lane, 1 Hamilton Place, Park Lane, London W1J 7QY. To attend, please contact Claire Deane, UBS Investment Bank, claire.deane@ubs.com
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.

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Financial calendar

22 October 2014 – Third quarter results 2014 (silent period starts 7 October 2014)

The Board of Directors and the President and Group CEO certify that the half-year interim report provides a fair overview of the Parent Company's and the Group's operations, their financial position and result, and describes material risks and uncertainties that the Parent Company and other companies in the Group are facing.

Stockholm 17 July 2014

Björn Wahlroos
Chairman

Marie Ehrling
Vice Chairman

Kari Ahola
Board member¹

Elisabeth Grieg
Board member

Svein Jacobsen
Board member

Tom Knutzen
Board member

Robin Lawther
Board member

Lars G Nordström
Board member

Lars Oddestad
Board member¹

Hans Christian Riise
Board member¹

Sarah Russell
Board member

Kari Stadigh
Board member

Christian Clausen
President and Group CEO

¹ Employee representative

This report is published in one additional language version, in Swedish. In the event of any inconsistencies between the Swedish language version and this English version, the English version shall prevail.

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

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

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Report on Review of Interim Financial Information

Introduction

We have reviewed the half-year interim report of Nordea Bank AB (publ) as of June 30, 2014 and for the six-month period then ended. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this half-year interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies for the group and in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies for the parent company.

Stockholm 17 July 2014

KPMG AB

Hans Åkervall
Authorised public accountant