Annual Report 2003

Nordea Bank Finland

Nordea Bank Finland Plc is a part of the Nordea Group. Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The Nordea Group has almost 11 million customers and 1,224 bank branches. The Nordea Group is a world leader in Internet banking, with 3.7 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

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Nordea Bank Finland – Five-year financial summary

Income statement [1]

Group, EUR million	2003	2002	2001	2000	1999
Net interest income	2,407	3,738	2,615	2,065	1,786
Commission income and expenses	760	1,218	1,027	1,037	822
Net income from securities transactions and foreign exchange dealing	224	214	314	179	105
Other operating income [2]	184	269	1,363	289	301
Total operating income	**3,575**	**5,439**	**5,319**	**3,570**	**3,014**
Personnel expenses	-1,205	-2,080	-1,219	-857	-761
Other administrative and operating expenses [3]	-1,212	-1,755	-1,376	-986	-949
Total operating expenses	**-2,417**	**-3,835**	**-2,595**	**-1,843**	**-1,710**
Profit before loan losses	**1,158**	**1,604**	**2,724**	**1,727**	**1,304**
Loan losses	-157	-263	-208	-50	-31
Write-downs on securities held as financial fixed assets	-	-1	-	-	-
Share of profit/loss from companies accounted for under the equity method	37	38	57	41	98
Operating profit	**1,038**	**1,378**	**2,573**	**1,718**	**1,371**
Extraordinary items	463	-292	-324	-8	-81
Taxes	55	-364	-58	-378	-217
Minority interest	-2	0	1	-3	-4
Net profit for the year	**1,554**	**722**	**2,192**	**1,329**	**1,069**

Balance sheet [1]

Group, EUR million	2003	2002	2001	2000	1999
Assets [4]					
Loans to credit institutions	32,123	22,260	19,884	14,920	9,095
Loans to the public and public sector organisations	35,877	146,341	137,830	92,743	68,236
Interest-bearing securities					
- current assets	4,213	27,739	31,319	8,952	8,469
- other assets	782	426	1,961	6,067	5,791
Other assets	21,250	29,308	24,858	13,524	12,448
Total assets	**94,245**	**226,074**	**215,852**	**136,206**	**104,039**
Liabilities and shareholders' equity [4]					
Due to credit institutions and central banks	12,566	25,865	30,089	16,319	13,354
Due to the public and public sector organisations	31,157	92,273	86,253	57,175	44,169
Debt securities outstanding	16,734	61,887	61,008	40,074	28,266
Other liabilities	20,724	29,033	21,869	10,426	8,653
Subordinated debts	1,864	5,750	5,336	4,908	3,420
Total liabilities	83,045	214,808	204,555	128,902	97,862
Shareholders' equity	11,200	11,266	11,297	7,304	6,177
Total liabilities and shareholders' equity	**94,245**	**226,074**	**215,852**	**136,206**	**104,039**
Contingent liabilities	**21,319**	**46,780**	**45,421**	**37,181**	**22,518**

[1] Comparison is affected by changes in the group structure. See "Comparison of financial statements and key ratios", page 4.
[2] Includes income from equity investments (dividends) and other operating income.
[3] Includes also depreciation and write-downs on tangible and intangible assets.
[4] Balance sheet items in the official balance sheet not separately presented in this table have been combined into items "Other assets" and "Other liabilities".

Nordea Bank Finland – Ratios and key figures

Group	2003	2002	2001	2000	1999
Return on equity (ROE), %, Nordea definition [1)]	8.2	10.6	29.3	-	-
Return on total assets (ROA), % [1)]	0.5	0.4	1.4	1.1 [2)]	1.1 [2)]
Overall interest margin, %	1.5	1.7	1.5	1.7	1.8
Cost/income ratio before loan losses , %	65	68	47	50	54
Cost/income ratio after loan losses, %	69	72	51	52	55
Loan loss level, %	0.1	0.1	0.2	0.1	0.0
Impaired loans level, %	0.6	0.8	0.6	0.8	1.2
Risk-weighted assets, EURm	54,005	135,226	135,941	95,213	68,518
Capital base (own funds), EURm	11,978	14,010	12,591	8,661	8,300
Tier 1 capital ratio, %	19.1	6.6	6.2	5.5	8.4
Total capital ratio (Capital adequacy), %	22.2	10.4	9.3	9.1	12.1
Average number of employees	22,785	34,748	25,861	19,284	19,296
Number of employees, 31 December	10,415	34,919	35,776	19,449 [3)]	18,891
Branches in the Nordic and Baltic Sea region, 31 December	416	1,240	1,245	900	747
Branches outside the Nordic and Baltic Sea region, 31 December	8	8	9	9	5
Key figures in accordance with the regulations of the Finnish Financial Supervision					
Turnover, EURm	7,293	12,390	12,345	9,646	7,482
Operating profit, EURm	1,038	1,378	2,573	1,718	1,371
% of turnover	14.2	11.1	20.8	17.8	18.3
Profit before appropriations and taxes, EURm	1,501	1,086	2,249	1,710	1,290
% of turnover	20.6	8.8	18.2	17.7	17.2
Return on equity (ROE), % [1)]	7.5	9.3	28.3 [4)]	21.9 [2)]	21.4 [2)]
Return on total assets (ROA), % [1)]	0.5	0.4	1.4 [5)]	1.1 [2)]	1.1 [2)]
Equity to total assets, %	11.9	4.5	4.9	4.8	5.3
Income/cost ratio	1.4	1.4	2.0	1.9	1.7

The ratios have been calculated in accordance with formulas presented in "Definitions and exchange rates", next page.

1) Equity does not include the balance sheet item "Capital loans" and no deduction has been made for anticipated dividend. Excluding group contribution reported under income statement item "Share of profit from companies accounted for under the equity method".
2) Extraordinary expenses have been deducted from operating profit.
3) Excluding Nordea Bank Norge ASA.
4) Without the profit on the sale of Nordea Asset Management AB the ratio would be 15.5%.
5) Without the profit on the sale of Nordea Asset Management AB the ratio would be 0.8%.

Comparison of financial statements and key ratios

Due to the development in the Nordea Group structure the composition of Nordea Bank Finland Group (NBF) has significantly changed during 2000-2003. The most significant changes affecting the comparability of the financial figures presented above are:

Year 2003

- Nordea Bank Finland Plc sold in June 2003 its wholly-owned subsidiaries Nordea Bank Danmark A/S (NBD), Nordea Bank Norge ASA (NBN) and Nordea Bank Sweden AB (publ) (NBS) to Nordea AB (publ). The income statements of these companies are incorporated in the consolidated financial statements of NBF until 30 June 2003.

Year 2002

- In connection with the demerger on 1 January 2002, seven companies operating in investment banking, asset management or insurance operations were transferred outside the NBF Group.
- LG Petro Bank, a new company in the Nordea Group, was included in the consolidated financial statements of NBS as from October 2002.

Year 2001

- NBD, formerly owned by Nordea AB (publ), and Postgirot Bank, a new company in the Nordea Group, were included in the consolidated financial statements of NBF as from 1 December 2001.
- The income statement of NBN was included in the consolidated income statement of NBF as from January 2001.

Year 2000

- The balance sheet of NBN, a new company in the Nordea Group, was incorporated in the consolidated balance sheet of NBF as from December 2000.

Definitions and exchange rates

Return on equity (ROE), % (Nordea definition)
Net profit before minority interests as a percentage of average shareholders´ equity including minority interests and adjusted for new share issues and dividends. Average equity is calculated as the mean of equity at the beginning and end of the year.

Return on total assets (ROA), %
See below.

Overall interest margin, %
Net interest income as a percentage of average total assets, calculated as the mean of total assets at the beginning and end of the year.

Cost/income ratio before loan losses, %
Operating expenses before goodwill as a percentage of operating income and share of profit/loss from companies accounted for under the equity method.

Cost/income ratio after loan losses, %
Operating expenses before goodwill plus loan losses (including change in value of property taken over for protection of loans and profit/loss on long-term securities) as a percentage of operating income and share of profit/loss from companies accounted for under the equity method.

Loan loss level, %
Loan losses net as a percentage of opening balance of lending and contingent liabilities.

Impaired loans level, %
Impaired loans (ie problem loans) net (ie impaired loans less provisions) as a percentage of the closing balance of lending.

Risk-weighted assets
Total assets and off-balance-sheet items valued on the basis of credit and market risks in accordance with regulations governing capital adequacy.

Capital base (own funds)
Capital base is the sum of core capital (Tier 1) and supplementary capital (Tier 2, consisting of subordinated loans) after deduction of certain holdings in companies that conduct insurance or finance operations. Core capital comprises shareholders' equity (including the part of non-restricted reserves and depreciation difference included in the equity capital) deducted with intangible assets. Subject to the approval by supervisory authorities, core capital may also include certain qualified forms of subordinated loans.

Tier 1 (core capital) capital ratio, %
Tier 1 capital as a percentage of risk-weighted assets.

Total capital ratio (capital adequacy), %
Capital base as a percentage of risk-weighted assets.

Key figures in accordance with the regulations of the Finnish Financial Supervision

Turnover
Interest income, income from equity investments (dividends) and commission income, net interest income from securities trading and foreign exchange dealing and other operating income.

Return on equity (ROE), %
Operating profit less taxes as a percentage of average shareholders' equity and minority interest. Average equity is the mean of equity at the beginning and end of the year.

Return on total assets (ROA), %
Operating profit less taxes as a percentage of average total assets. Average total assets are calculated as the mean of total assets at the beginning and end of the year.

Equity to total assets, %
Total shareholders' equity and minority interests as a percentage of total assets at year-end.

Income/cost ratio
Total of net interest income, income from equity investments (dividends), commission income, net income from securities trading and foreign exchange dealing and other operating income in relation to total of commission expenses, administrative expenses, depreciation and other operating expenses.

Exchange rates 31 December, 2003

(European Central Bank rates of exchange for key currencies)

EUR	1.0000	**CHF**	1.5579	**DKK**	7.445	**EEK**	15.6466
GBP	0.7048	**JPY**	135.05	**LTL**	3.4524	**LVL**	0.6725
NOK	8.4141	**PLN**	4.7019	**SEK**	9.08	**SGD**	2.145
USD	1.263						

Report of the Board of Directors

Throughout this report the terms “Nordea Bank Finland”, “NBF” and “ Bank Group” refer to Nordea Bank Finland Plc and its subsidiaries. Nordea Bank Finland Plc is a wholly-owned subsidiary of Nordea Bank AB (publ), formerly Nordea AB (publ), the parent company in the Nordea Group.

Nordea Bank Finland Plc is domiciled in Helsinki and its business identity code is 1680235-8.

Composition of the Group and business development

Nordea operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. Group Processing and Technology, Group Corporate Center and Group Staffs support the business areas.

As part of the Nordea Group NBF operates in the Banking business. All the operations of NBF are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the business areas, encompasses the operations of NBF in their entirety.

Legal restructuring

On 19 June 2003 the Board of Directors of Nordea AB (publ) decided to initiate a process of change in the Nordea Group's legal structure. The aim is to establish a one-bank structure, with one legal entity, Nordea Bank AB (publ), conducting business in all local markets through branches.

The process of change began in June 2003 when Nordea AB (publ) acquired Nordea Bank Danmark A/S (NBD), Nordea Bank Norge ASA (NBN) and Nordea Bank Sweden AB (publ) (NBS) from Nordea Bank Finland Plc. The share purchase agreements were signed on 19 June 2003.

The next step was to transform Nordea AB (publ) into an operational banking company. The banking licence and the amendments to Nordea’s Articles of Association were registered on 30 January 2004. From that date the parent company of the Nordea Group is an operational banking company by the name of Nordea Bank AB (publ).

The intention is that Nordea Bank AB (publ) will later be converted into a European company, according to the European Company Statute coming into force in late 2004. In connection with the conversion of Nordea Bank AB (publ) into a European company, the operations currently carried out in the other banking units in the Group are planned to be transferred to local branches of Nordea Bank AB (publ). The process of change is expected to be finalised in 2005.

Partnership with IBM

In September 2003 Nordea signed a 10-year IT service agreement with IBM to transform and consolidate the Nordea Group IT production services into an on-demand infrastructure. As part of the solution, Nordea together with IBM formed a single-purpose joint venture, Nordic Processor AB. It employs about 900 employees transferred from Nordea of which about 130 were previously employed by NBF. Nordic Processor started operations on 1 November 2003.

Subsidiaries and foreign branches

NBF has subsidiaries in Finland and abroad. The most significant subsidiary is Nordea Finance Finland Ltd.

Nordea Finance Finland is responsible for the Group’s finance company operations in Finland and in the Baltic countries. The Nordea Finance Finland Group comprises a number of Finnish financial institutions and real estate companies as well as three subsidiaries operating in the Baltic Market: Nordea Finance Estonia Ltd, Nordea Finance Latvia Ltd and Nordea Finance Lithuania Ltd.

NBF has foreign branches in Frankfurt, London, New York, Riga, Singapore, Tallinn and Vilnius and on Grand Cayman. After the sales of banking subsidiaries and some closedowns of representative offices, NBF had no foreign representative offices at year-end.

Comments to the financial statements

The above-mentioned changes in the group structure (hereafter "structural changes") weaken the comparability of NBF's consolidated financial statements for 2003 and 2002. The balance sheets of NBD, NBN and NBS are not included in NBF's consolidated accounts as at December 31, 2003. The income statements of the banks have been consolidated in the accounts of NBF until 30 June 2003. See also "Changes in group structure", page 12.

Focusing and integration

As part of Nordea's integration decisions, Markets derivative portfolios in NBD and NBN were transferred during the year to NBF at their market value. The transfer affects the comparability of balance sheet and income statement figures for years 2003 and 2002.

In line with Nordea's strategy to focus on core business, NBF's portfolio of real estate holdings, mainly comprising of properties in own use, was considerably reduced in 2003. In addition, a write-down was booked at the year-end following the decision to sell the main part of the remaining Finnish property portfolio in the first quarter of 2004 (see "Important events after the end of the financial year"). The non-recurring capital losses on these sales increased expenses in 2003 significantly.

Result

NBF's result in 2003 was highly affected by the above-mentioned structural changes. In total, o*perating profit* amounted to EUR 1,038m (1,378). *Profit for the year* amounted to EUR 1,554m (722), corresponding to return on equity of 7.5% (9.3).

Income

Total operating income decreased to EUR 3,575m (5,439). Excluding the impact of the structural changes the development in income was favourable.

Net interest income decreased to EUR 2,407m (3,738). Excluding the impact of the changes in the group structure, the development was positive. The unfavourable impact of the declining interest rates on net interest income was compensated by the growth of volumes of loans and deposits. Low interest rates supported the demand for housing loans.

Dividends, or income from equity investments, were EUR 21m (29).

Net commission income amounted to EUR 760m (1,218). Excluding the impact of the changes in the group structure, commission income was slightly higher than in the preceding year. As a consequence of growth in volumes, commissions on lending and on payment transactions increased. Commission expenses increased due to the integration of Markets derivative operations.

Net income from securities transactions amounted to EUR 261m (0). Income from interest-bearing securities, EUR 208m, was EUR 199m higher than in the previous year. Main part of the increase derived from banking subsidiaries transferred to Nordea in the first half of the year.

Net income from equity-related transactions, EUR 69m (-16m), included EUR 45m net gains on the disposal of equity holdings. The most significant sales profit, EUR 27m, was received from the shares in Hex Oyj.

Income from other securities transactions decreased to EUR -16m (6).The decrease arose mainly from the Swedish operations in the first half of the year.

Net income from foreign exchange dealing decreased to EUR -37m (214) due both to the structural changes and the integration of the Markets derivative operations.

Other operating income decreased to EUR 163m (240) mainly due to the structural changes. Non-recurring capital gains on shares totalled EUR 59m (60). The most significant sales profit, EUR 31m, was realised in connection with the sale of the shares in Nordisk Renting AB. The sale of shares in collection company Spontant Oy generated a profit of EUR 25m. The sales profit from NBD's residential properties amounted to EUR 41m in the first half of the year.

Expenses

Total expenses decreased to EUR 2,417m (3,835) following the changes in the group structure, although capital losses on real estate increased other operating expenses.

Personnel expenses amounted to EUR 1,205m (2,080), a decrease of EUR 875m. The average number of employees was approximately 12,000 lower than in the previous year particularly as a result of the sale of NBD, NBN and NBS.

Other administrative expenses decreased to EUR 611m (1,060). Excluding the structural changes, total administrative expenses were slightly lower than in the preceding year. IT expenses were somewhat higher than in the preceding year due to the IT development cost relating to Trading Infrastructure Programme in Markets.

Depreciation and write-downs on tangible and intangible assets amounted to EUR 163m (307). The decrease is mainly due to the changes in the group structure.

Other operating expenses grew by EUR 50m to EUR 438m (388). The increase is due to the capital losses, EUR 191m, arising from the decision to sell the main part of the Finnish property portfolio. This amount is composed of EUR 71m losses realised in December 2003 and EUR 120m write-downs on properties, mainly in own use, to be sold in the first quarter of 2004 (see “Important events after the end of the financial year”).

In 2003 the cost/income ratio before loan losses was 65% (68).

Loan losses

Loan losses remained on a low level and amounted to EUR 157m (263). Net loan losses in the Finnish group companies were EUR 42m positive. Consolidated figures for six months from other banking subsidiaries amounted to EUR 199m, of which the major part related the Norwegian fish farming industry.

Previously booked loan losses were recovered and provisions were reversed in the amount of EUR 369m (489).

Loan losses correspond to 0.1% of total opening balance of lending and contingent liabilities.

The provision for country risks pertaining mainly to countries outside the OECD amounted to EUR 42m at year-end (130). The decrease, EUR 88m, was primarily due to changes in the group structure.

Share of profit from companies accounted for under the equity method

The Bank Group’s share of profit in companies accounted for under the equity method was EUR 37m (38). The most significant profit share was EUR 9m from International Moscow Bank. The sales profit (EUR 30m net after tax) from the real estate brokerage business of Huoneistokeskus Oy in the first half of the year was paid as group contribution to other Nordea group companies.

Extraordinary items

The sales profit realised in connection with the sale of the shares in NBD and NBS, amounting to EUR 1,123m, as well as the sales loss from NBN shares, amounting to EUR 660m, are presented under extraordinary items.

Taxes

Profit before taxes amounted to EUR 1,501m (1,086). Taxes for the year 2003 had a positive impact on the result, as NBF received an advance ruling from the Finnish tax authorities in August 2003. Based on the ruling a deferred tax asset originating from the tax-loss carry forward arising from the sale of the shares in NBD, NBN and NBS was booked. The booked amount is based on consideration for realistic utilisation of the tax loss carry forward.

In total, the deferred tax assets amounted to EUR 377m at the end of 2003.

Financial structure

Consolidated total assets amounted to EUR 94.2bn at year-end 2003, a decrease of EUR 131.8bn compared to the previous year-end. The previously mentioned changes in the group structure affected significantly most balance sheet items. That is why the changes are not separately mentioned in the following chapters. Excluding the impact of these structural changes, the balance sheet total increased roughly by 20%.

Lending

Loans to the public decreased in 2003 to EUR 35.9bn (146.3), of which 88% pertained to borrowers in Finland and other Nordic countries. Excluding the changes in the group structure, there was an increase of approximately 5%. Lending to the corporate sector accounted for 52% of the exposure. The household sector’s percentage of exposure was 46%, while the public sector accounted for 2%.

Lending to the corporate sector amounted to EUR 18.7bn at the end of 2003. Real estate management companies accounted for a major part of the exposure, 25%, of which housing financing accounted for a significant portion. Relatively large and financially strong companies dominate this portfolio, which has a high level of collateral coverage. In corporate lending, the share of the manufacturing industry was 22% and consulting and service companies, including rental operations, accounted for 11%.

Lending to the household sector amounted to EUR 16.6bn, of which 73% consisted of mortgage loans. Lending to the public sector amounted to EUR 0.6bn, of which major part was to municipalities.

Loans to credit institutions, EUR 32.1bn, were mainly in the form of interbank deposits.

Impaired loans

Following the changes in the group structure, gross impaired loans decreased during the year to EUR 0.6.bn (3.3), of which 0.5bn (2.7) were corporate loans and EUR 0.1bn (0.6) loans to private persons. The net amount, after a EUR 0.4bn (2.2) deduction for provision for impaired loans, was EUR 0.2bn (1.1), corresponding to 0.6% (0.8) of the total volume of loans outstanding.

Impaired loans and property taken over for protection of claims [1)]

31 Dec, EURm	2003	2002
Impaired loans, gross	604	3 260
Provisions for impaired loans	393	2 153
Impaired loans	**211**	**1 107**
Provisions/impaired loans, gross, %	65	66
Impaired loans, net / lending, %	0.6	0.8
Property taken over for protection of claims, EURm	1	29

1) Excluding country risk provisions

Debt securities

Interest-bearing current assets consist of trading and treasury debt securities. At year-end 2003, holdings of debt securities, reported at market value, amounted to EUR 4.2bn (27.7).

Holdings of interest-bearing securities to be held to maturity are reported as financial fixed assets. These securities, which are carried at cost, amounted to EUR 0.8bn (0.4).

Shares and participations

The book value of shares in current assets decreased to EUR 75m (455) as main part of Nordea's shareholdings under current assets are in the books of NBD. Other shares amounted to EUR 5m (52).

Real estate

The book value of NBF's real estate portfolio decreased to EUR 0.2 bn (1.2) following sales and write-downs due to the decision to dispose the remaining portfolio.

Other assets

Other assets, prepaid expenses and accrued income amounted to EUR 19.5bn (20.0) comprising positive valuation items and accrued income pertaining to derivatives for EUR 17.8bn.

Deposits

Deposits from the public constitute the Bank Group's prime source of funding, representing 31% of balance sheet total at year-end. Deposits from the public amounted to EUR 29.1bn.

Other funding

In addition to deposits from the public and shareholders' equity, NBF's funding is primarily in the form of money market instruments and bonds.

At year-end, outstanding debt securities amounted to EUR 18.6bn (67.6) including subordinated loans for EUR 1.9bn (5.8). Loans from credit institutions are also an essential source of funds, especially for short-term needs. At year-end, these totalled EUR 12.6bn (25.9).

Other liabilities

Other liabilities, accrued expenses and prepaid income amounted to EUR 20.6bn (28.2), of which EUR 18.0bn (14.6) consisted of valuation items pertaining to derivative instruments.

Shareholders' equity

At 1 January 2003, shareholders' equity amounted to EUR 11.3bn of which EUR 400m was utilised for payment of the dividend for 2002 approved by the Annual General Meeting. A capital loan amounting to EUR 800m issued to Nordea AB (publ) was prematurely paid back in July and a capital loan amounting to EUR 42m in December. A decrease of EUR 336m in capital loans related to changes in the group structure. Subsequently, shareholders' equity at the end of the year was EUR 11.2bn, including the profit for the year, EUR 1.6bn.

The Board of Directors proposes to the Annual General Meeting that a dividend totalling EUR 875m be paid to the parent company.

Off-balance sheet commitments

The bank's business operations include a considerable proportion of off-balance-sheet items. These include commercial products such as guarantees, documentary credits, credit commitments etc, as well as derivatives. The latter concern particularly agreements to exchange currencies (currency forwards), contracts to purchase and sell interest-bearing securities at a future date (interest-rate forwards) and agreements on exchange of interest payments (swaps, FRAs).

Credit commitments and unutilised credit lines amounted to EUR 8.2bn (30.2), whereas guarantees and granted but not utilised documentary credits amounted to EUR 13.2bn (16.6).

Total exposure to counterparty risk pertaining to off-balance-sheet commitments amounted to EUR 12.5bn (13.5) at the end of 2003, measured as a risk-weighted amount in accordance with capital adequacy rules.

The impact of the structural changes on the volumes of derivatives was largely compensated by the transfer of NBD's and NBN's derivatives to NBF.

Capital adequacy and rating

At year-end 2003, the Bank Group's capital adequacy ratio was 22.2% (10.4) and the tier 1 capital ratio was 19.0% (6.6). The rise in the ratios is due to changes in the group structure, which lowered risk-weighted assets to EUR 54bn (135).

The minimum level set by the authorities for the capital adequacy ratio is 8%.

The above-mentioned capital loans (EUR 842m) under tier 1 own funds and one subordinated loan amounting to EUR 1m were prematurely paid back with the permission of the Finnish Financial Supervision Authority.

The credit ratings of NBF Plc shown in the accompanying table were unchanged during 2003.

Nordea Bank Finland Group – Capital adequacy

31 Dec, EUR million [1)]	**2003**	**2002**	**2001**	**2000**	**1999**
Tier 1	10,287	8,862	8,398	5,254	5,753
Tier 2	1,770	5,434	4,774	3,744	2,698
./.deductions	79	286	581	337	151
Total own funds	11,978	14,010	12,591	8,661	8,300
Risk-weighted assets	54,005	135,226	135,941	95,213	68,518
Capital adequacy, %	22.2	10.4	9.3	9.1	12.1
Tier 1/ risk-weighted assets, %	19.0	6.6	6.2	5.5	8.4
Nordea Bank Finland Plc capital adequacy, % [2)]	23.5	26.0	-	-	-

[1)] See "Comparison of financial statements and key ratios", page 4.
[2)] The parent company Nordea Bank Finland Plc was founded on 1 January 2002.

Rating of Nordea Bank Finland Plc, 31 Dec 2003

Moody's		S & P		Fitch	
Short-term	Long-term	Short-term	Long-Term	Short-term	Long-term
P-1	Aa3	A-1	A+	F1+	AA-

Risk management

NBF is entirely integrated with Nordea's risk management system. The Board of Directors of Nordea has the ultimate responsibility for limiting and monitoring the Group's risk exposure. Risks in Nordea are measured and reported according to common principles and policies approved by the Board.

The Board of Directors has set the following operative targets:

- The average loan loss provisions over a business cycle should not exceed 0.40% of the loan and guarantee portfolio.
- Investment risk (market risk related to investment activities) should not lead to an accumulated loss in investment earnings exceeding one quarter's normalised earnings at any time in a calendar year.
- Operational risk must be kept within manageable limits at reasonable costs.

Risk management and control

Group Credit and Risk Control is responsible for the risk management framework. The framework consists of policies, instructions and guidelines, and is applicable for the whole Group. For structured interest income risk and liquidity risk, the framework is developed in co-operation with Group Treasury, which is responsible for the asset and liability management and for the allocation of liquidity risk limits to business areas.

In business areas, the risk management process consists of identification, analysis, measurement, monitoring and control, and reporting of the risk. Each business area is primarily responsible for identification and control of the risks in their operations. Credit risks are monitored and controlled by the customer responsible unit, which on an ongoing basis assesses the customer's ability to fulfil its commitment and identifies deviations from agreed conditions and weaknesses in customer performance.

Credit risk

Credit risk is defined as the risk that counterparties of Nordea fail to fulfil their agreed obligations and that pledged collateral does not cover the claims.

The credit risks in Nordea arise mainly from various forms of lending, but also from guarantees, documentary credits and unutilised credit commitments. Furthermore, credit risk includes credit risk in derivatives, country risk and settlement risk.

The Group has a special decision-making process to establish credit limits. For most engagements, a credit limit is set, establishing conditions for lending, the effect of which is to limit the credit risk.

Credit risk is also controlled through the application of limits to industry sectors.

Credit risk is controlled partly through monitoring the customer's compliance with the agreement and partly in that any lessening of the customer's ability to pay triggers measures that restrict credit risk.

Country risk is assessed with the help of an external institution that continuously assesses different countries' economic and political status.

Market risk

Market price risk is defined as the risk of loss in market value as a result of movements in financial market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. All material portfolios in Nordea are marked to market.

The Board of Directors decides risk levels, methods of risk measurement and limits regarding total market risk, while the Asset and Liability Management Committee decides how to distribute market risk limits among the business areas. The business area limits are established to comply with business strategies.

Market risk is assessed using the Value at Risk method (VaR), various standardised sensitivity measures, various combined scenario simulations and stress testing.

Operational risk

In the Operational Risk Policy for the Nordea Group operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or from external events. Legal and compliance risks constitute sub-groups to operational risk.

Operational risks are inherent in all activities within the organisation, in outsourced activities and in all interaction with external parties.

Solid internal control and quality management, consisting of a risk-management framework, leadership and skilled personnel, is the key to successful operational risk management.

Environmental concerns

In accordance with Nordea Group corporate citizenship principles NBF is committed to sustainable development by combining financial performance with environmental and social responsibility, caring for the environment and working to reduce the negative and to increase the positive environmental impact of its business activities.

The Nordea Group has adopted an environmental policy that provides guidance on how the group entities will manage and control environmental issues in their own operations, supporting the reduction of related costs and business risks to the Group.

The policy also guides decision- making and business initiatives regarding financial involvement by business units and co-operation with suppliers.

Legal proceedings

Within the framework of the normal business operations the companies in the Bank Group face a number of claims in lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Bank's or the Group's financial position.

IFRS implementation

Nordea will move to International Financial Reporting Standards (IFRS) as basis for the Group's accounting policies when preparing the consolidated financial statements for 2005.

For 2003 and for 2004 NBF's Annual report is and will be prepared in accordance with the local rules as explained in the notes to the financial statements.

In NBF, as a part of Nordea, the preparation of the transition to IAS/ IFRS is organised in a project under three themes:

- theory, ie the development of the accounting policies for the Group,
- production, ie implementing the changes in the production flows of the consolidated financial statements, and
- training, ie building the new competencies within the accounting and controlling units.

The major adjustments to be included in NBF's accounting policies in 2005 include implications of the final version of IFRS 32 and 39 on financial instruments, implication of IAS 19 on employee benefits and IAS 17 on leases as well as implications on capitalisation of IT development costs according to IAS 38.

In addition, the adjustments will include a full scale line-by-line consolidation of certain subsidiaries, which according to present rules are accounted for under the equity method.

The International Accounting Standards Board IASB has indicated that the standards to be used in 2005 should be final at the end of the first quarter of 2004. Nordea expects to participate in an ongoing alignment process of the more detailed implementation of the standards into the accounting policies of the European financial sector. This alignment process is expected to go beyond 2005.

Analyses on the financial implications of the major adjustments will be finalised during 2004.

Changes in group structure

Disposals and dissolutions

Nordea Bank Finland Plc sold its subsidiaries NBD, NBN and NBS to Nordea AB (publ). The sales of NBD and NBS were completed in June 2003 and the sale of NBN in October 2003. The sale of NBD realised a profit of EUR 335m and the sale of NBS a profit of EUR 788m in the Bank Group. From the sale of NBN shares a loss of EUR 660m was booked. Subsidiaries disposed in connection with these sales are shown in the notes to the financial staments (note58).

At the same time with the above-mentioned legal structure arrangements, the wholly-owned subsidiary of NBF, Nordea North America Inc, was sold to Nordea AB (publ). No sales profit was realised from the sale.

In the beginning of 2003, NBF acquired the remaining 60% of the shares in Nordisk Renting AB, which became a wholly-owned subsidiary of NBF. In May 2003 NBF sold all the shares in Nordisk Renting. The deal resulted in a net gain of EUR 31 million.

The domiciles, lines of business, results for the financial period and total assets of the above companies disposed and dissolved are shown in the notes to the financial statements (note 58).

In June 2003, NBF sold the real estate brokerage business and the brand of Huoneistokeskus to a newly established company. The deal resulted in an after tax gain of approximately EUR 30m.

In August 2003 NBF disposed its holding in Tunturi Oy, a non-consolidated company acquired for protection of claims. The sale resulted to a reversal of loan loss provisions totalling EUR 11m.

In addition, some small subsidiaries with limited activities have been disposed or dissolved during the year. These disposals had no material impact on the Group's result.

Real estate disposal mentioned above included several real estate subsidiaries. These sales resulted in a net sales loss of approximately EUR 72m.

Mergers

The wholly-owned subsidiary of NBF, Investa-Raha Oy, several real estate companies and some small group companies with limited activities were merged into Nordea Bank Finland during the year.

The mergers had no material impact on the non-restricted equity of NBF. The domiciles, lines of business, results for the financial period and total assets of the merged companies are shown in the notes to the financial statements (note 58).

Acquisitions

Nordea Finance Finland Ltd bought the shares of K-Luotto Oy in November 2003. The financial statements of K-Luotto Oy have been incorporated in the financial statements of NBF since 1 November 2003.

NBF bought the business activities of the NBD Frankfurt branch in the end of February. The acquisition had no impact on the Group's result.

Representative offices

NBF's Moscow and Shanghai representative offices were closed down at the end of July 2003. The agreements with the agents in Egypt and India were terminated at end June 2003.

Important events after the end of the financial year

Nordea has previously been one of the largest real estate owners in the Nordic region. In accordance with the strategy to focus on core business and increase capital efficiency it was decided to reduce the Group's real estate exposure and initiate a real estate disposal programme.

The process is continuing and the properties recently sold by NBF primarily consist of a number of single office buildings including, the former Finnish head office building in central Helsinki, and other owner-occupied properties as well as investment properties. The properties have been sold to Catella Investments, Varma Mutual Pension Insurance and Nordea Bank Finland's pension fund.

The net financial effect for the year 2004 of recent and ongoing NBF's real estate disposals is expected to be a gain of approx. EUR 26m. This follows as a result of a write-down of EUR 120m materialised in the year-end accounts 2003.

Outlook

Economic growth is expected to increase in the Nordic region in 2004.

The outlook for increased revenues is positive, although at a moderate level. A moderate increase in overall business volumes is expected, primarily stemming from the household sector. Higher business volumes are expected to compensate for depressed margins in the current low interest rate environment. NBF expects to benefit if short-term interest rates should increase during the year. To a certain extent, the Group's income also depends on the development in the capital markets.

A sharp attention on cost management will be maintained also going forward.

The credit portfolio is considered to have a good quality at a stable level

Nordea Bank Finland Plc
Income statement, 1 January - 31 December

		Group		Parent company	
EUR million	Note	2003	2002	2003	2002
Interest income		5,925	10,341	1,988	2,483
Interest expenses		-3,518	-6,603	-1,180	-1,772
Net interest income	1,2	**2,407**	**3,738**	**808**	**711**
Income from equity investments					
Group companies		-	-	151	435
Associated undertakings		-	-	4	15
Other companies		21	29	13	13
Commission income		933	1,482	391	381
Commission expenses		-173	-264	-66	-41
Net income from securities transactions and foreign exchange dealing					
Net income from securities transactions	3	261	0	62	18
Net income from foreign exchange dealing		-37	214	55	43
Other operating income	5	163	240	8	57
Total operating income		**3,575**	**5,439**	**1,426**	**1,632**
Administrative expenses					
Personnel expenses					
Salaries and fees		-917	-1,394	-350	-351
Staff-related expenses					
Pension expenses		-150	-451	-60	-56
Other staff-related expenses		-138	-235	-35	-22
Other administrative expenses		-611	-1,060	-245	-237
Depreciation and write-downs on tangible and intangible assets	6	-163	-307	-36	-47
Other operating expenses	5	-438	-388	-400	-135
Total operating expenses		**-2,417**	**-3,835**	**-1,126**	**-848**
Loan and guarantee losses	7	-157	-263	51	-5
Write-downs on securities held as financial fixed assets	7	-	-1	-27	-36
Share of profit/loss from companies accounted for under the equity method	58,60	37	38	-	-
Operating profit		**1,038**	**1,378**	**324**	**743**
Extraordinary income	8	1,123	-	2,587	-
Extraordinary expenses	8	-660	-292	-964	-
Profit before appropriations and taxes		**1,501**	**1,086**	**1,947**	**743**
Income taxes	44				
Taxes for the financial year and previous years		-255	-286	-5	-40
Change in deferred tax liabilities		310	-78	299	-90
Minority interest		-2	0	-	-
Net profit for the year		**1,554**	**722**	**2,241**	**613**

Comparability is affected by changes in the group structure, see page 12.

Nordea Bank Finland Plc
Balance sheet, 31 December

EUR million	Note	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Assets					
Liquid assets		777	4,533	775	2,071
Debt securities eligible for refinancing with central banks	13,20				
Treasury bills		-	-	-	-
Other		2,160	5,514	2,160	2,308
Loans to credit institutions	14				
Repayable on demand		9,318	2,626	9,452	2,359
Other		22,805	19,634	26,562	24,309
Loans to the public and public sector organisations	15,19	35,877	146,341	31,558	30,171
Debt securities	20				
Issued by public sector organisations		1,212	6,151	1,212	2,077
Other		1,623	16,500	1,622	2,093
Shares and participations	21,22,53	80	507	77	155
Shares and participations in associated undertakings	21,22,60,61	233	528	176	228
Shares and participations in group companies	21,22,58,59	11	11	270	8,486
Intangible assets					
Consolidation goodwill	23	27	1,909	-	-
Other long-term expenditure		17	101	15	15
Tangible assets	22				
Real estate and shares and participations in real estate companies	24	216	1,235	195	604
Other tangible assets		60	285	74	84
Other assets	26	18,657	18,179	18,649	2,365
Prepaid expenses and accrued income	27	795	1,842	754	741
Deferred tax receivables	63	377	178	370	71
Total assets		**94,245**	**226,074**	**93,921**	**78,137**

Comparability is affected by changes in the group structure, see page 12.

EUR million	Note	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Liabilities and shareholders' equity					
Liabilities					
Due to credit institutions and central banks					
Central banks		519	2,921	519	117
Credit institutions					
Repayable on demand		44	3,397	50	54
Other		12,003	19,547	11,993	12,758
Due to the public and public sector organisations					
Deposits					
Repayable on demand		19,843	59,858	19,862	18,031
Other		9,230	29,899	9,230	8,818
Other liabilities		2,084	2,516	2,077	2,322
Debt securities in issue	30				
Bonds		767	37,962	767	1,026
Other		15,967	23,925	15,971	19,150
Other liabilities	31	19,813	26,005	19,739	3,073
Accrued expenses and prepaid income	32	815	2,160	738	678
Provisions	10,33				
Pension provisions		13	295	13	13
Other provisions		58	92	55	26
Subordinated liabilities	34	1,864	5,750	1,864	2,027
Deferred tax liabilities	63	17	471	-	-
Minority interest		8	10	-	-
Total liabilities		**83,045**	**214,808**	**82,878**	**68,093**
Shareholders' equity	35				
Share capital		2,319	2,319	2,319	2,319
Share premium account		593	593	593	593
Other restricted reserves		-	451	-	-
Capital loans	40	-	1,178	-	842
Non-restricted reserves		2,884	2,889	2,848	2,848
Profit carried forward from previous years	37	3,850	3,114	3,042	2,829
Net profit for the year		1,554	722	2,241	613
Shareholders' equity		**11,200**	**11,266**	**11,043**	**10,044**
Total liabilities and shareholders' equity		**94,245**	**226,074**	**93,921**	**78,137**

	Note	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Off-balance-sheet commitments	48				
Commitments on behalf of customers in favour of third parties					
Guarantees and pledges		11,353	13,949	11,578	7,857
Other commitments		661	1,603	661	520
Irrevocable commitments in favour of customers					
Securities repurchase commitments		3	3	3	3
Other commitments		9,302	31,225	7,984	7,767
Total off-balance-sheet commitments		**21,319**	**46,780**	**20,226**	**16,147**

Comparability is affected by changes in the group structure, see page 12.

Notes to the financial statements

The notes are presented in the order prescribed by the Finnish Financial Supervision Authority. Notes 1–56 include corresponding consolidated figures.

Accounting policies

The financial statements of the parent company Nordea Bank Finland Plc have been prepared and are presented in accordance with the provisions of the Finnish Credit Institutions Act, the Decision of the Ministry of Finance on the financial statements and consolidated financial statements of credit institutions, the rules and regulations of the Finnish Financial Supervisory Authority and the statements of the Finnish Accounting Board. The financial statements of subsidiaries are, in all essential parts, included in the consolidated financial statements in conformity with the parent company's accounting policies.

Changes in accounting policies

In all material respects the accounting policies are unchanged in comparison with previous year´s annual report.

A disclosure of the transition to International Financial Reporting Standards (IFRS) is presented in the Board of Directors' report.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles in certain cases requires the use of estimates and assumptions by management, for instance in provision for loan losses and fair value adjustments. These estimates and assumptions affect the reported amounts of assets, liabilities and commitments, as well as income and expenses in the financial statements presented. Actual outcome may to some extent differ from the estimates and the assumptions made.

Principles of consolidation

The consolidated financial statements include the accounts of the parent company Nordea Bank Finland Plc and those companies in which the parent company owns, directly or indirectly through subsidiaries, more than 50% of the voting rights, or otherwise has power to exercise control over the operations. However, by permission of the Finnish Financial Supervision Authority, companies taken over to protect claims are not included in the consolidated financial statements, as they are temporary holdings, designated to be sold within a short period of time.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date on which control ceases.

Consolidation of subsidiaries that are financial or credit institutions, fund management or investment service companies, or whose operations are linked to a company in one of these categories, is prepared line-by-line. The equity method of accounting is used for other subsidiaries as well as for associated undertakings where the share of voting rights is between 20% and 50%.

Holdings in associated undertakings that constitute mutual property companies with separate property holding are not included in the consolidated financial statements.

Intra-group transactions, balances and gains on transactions between the consolidated group companies are eliminated. Gains from transactions between the Group and its associated undertakings are eliminated to the extent of the Groups' interest in the associated undertakings.

For further information of NBF's subsidiaries and associated undertakings see notes 58–61.

Goodwill

Goodwill represents the excess of the purchase cost over the fair value of assets less liabilities of acquired companies. Goodwill is amortised using the straight-line method over its useful life. Voluntary reserves and depreciation difference, after deduction of deferred taxes carried in subsidiary companies' balance sheets at the time of acquisition, are included in the subsidiary's equity in the elimination of internal shareholdings.

Currency translation of foreign subsidiaries

The consolidated financial statements are prepared in euro (EUR). The balance sheets of foreign group companies are translated at the year-end exchange rates, while items in the income statements are translated at the average exchange rate for the year. Translation differences are charged or credited directly to unrestricted reserves.

Goodwill and fair value adjustments arising from the acquisition of foreign group companies are treated as local currency assets and liabilities and are translated at the closing rate.

Translation of assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the European Central Bank's official year-end exchange rates.

The exchange rate applied to assets booked as tangible or intangible assets in the balance sheet is the rate of the acquisition date, unless the acquisition cost has been covered with a corresponding liability in the foreign currency. Forward positions in foreign currencies have been valued at the current rate for forward contracts with the equivalent remaining maturity.

When currency-related derivative instruments are used for currency hedging, the currency hedging instrument and the corresponding hedged item are translated at the year-end rates.

Hedge accounting

Hedge accounting is applied to hedge holdings of financial instruments, which are not valued at fair value. The exposure and the hedging instrument are reported without taking into account changes in values provided that changes in fair value for the hedged and the hedging item essentially offset each other.

Recognition of business transactions

Business transactions are reported when risks and rewards are transferred between the parties and when payment is probable.

Trade date accounting is applied for transactions in the money, bond, stock and currency markets. Deposit and lending transactions, including repurchase agreements, are reported on the settlement date. See also “Repos and other repurchase agreements” below.

In the income statement gross amounts are reported. Income and expense items are offset only when a statutory rule or an accounting standard requires or permits it.

Sale of real estate is regonised when irrevocable sales contract is signed.

Receivables and payables arising from the sale and purchase of securities are also reported net in those cases where the transaction is settled through a clearing house.

Financial assets and liabilities

Financial fixed assets

Loan receivables and securities holdings for which there is an intent and ability to hold until maturity constitute financial fixed assets.

All of NBF’s loans and advances belong to this category. For further details, see “Loans and advances” below.

Securities classified as financial fixed assets include shares held for strategic business purposes as well as certain interest-bearing securities that are specified from the date of acquisition and managed in a separate portfolio. These securities are carried at acquisition value/amortised cost and are impairment tested on a regular basis.

The amortised cost of interest-bearing instruments is calculated so that at the maturity date it will be equal to the nominal value of the instrument plus coupon. Thus, any premium or discount is amortised or accrued into interest income over the remaining term of the instrument.

Reclassification of securities between financial fixed assets and financial current assets is permitted only under limited circumstances. The reasons for the reclassification are documented.

Financial current assets

Securities not meeting relevant criteria for financial fixed assets are reported as financial current assets. Securities and derivatives that are actively managed are valued at fair value, with the exception of such financial instruments that are treated as hedged items. Changes in fair value are regonised through the P/L statement. Financial current assets include almost all interest-bearing securities as well as shareholdings within the trading operations. Other current assets are valued at the lower of cost or market value.

Financial liabilities

Financial liabilities are reported at amortised cost. This implies that initially the amount is recognised equal to the proceeds received. In subsequent periods, accrual accounting is applied to the difference between the proceeds (net) and the redemption value together with interest over the period of the borrowings. Deposits and other borrowings payable on demand are reported at nominal value.

Combined financial instruments

Issued index-linked bonds and other combined financial instruments are divided in the balance sheet into debt instruments and derivative instruments. The costs relating to such instruments are divided into interest expenses and net result of financial operations. Holdings of index-linked bonds and similar instruments are handled in the trading portfolios and measured at fair value. Income and expenses are accounted for as net result of financial operations.

Security loans

Securities, which have been lent out, remain to be stated in the balance sheet.

These securities are measured in the same way as other securities of the same type. If there are reasons to believe that a security, which has been lent out, will not be returned, the item is reclassified as a loan.

Borrowed securities are not reported as assets. In cases where the borrowed securities are sold, or sold securities have not yet been acquired, i.e. short selling, the liability is measured at fair value.

Loans and advances

Loans are initially reported in the balance sheet at acquisition value. Thereafter, the loan claims are reported on an ongoing basis at acquisition value (amortised cost) after deductions for write-downs and provisions for loan losses appraised individually and by category.

Impaired loans

An impaired loan is a claim with interest deferments or a claim for which it is probable that future payments will not be made in accordance with the contractual terms of the loan and the collateral does not cover the claim.

Loans with interest deferments refer to the cases where interest rates have been lowered after renegotiation to enable borrowers in temporary payment difficulties to improve their financial situation. Concessions are normally granted on the condition that the borrower will repay the deferred amount at a later date. The reported volumes refer to loans on which the interest rate has been lowered to less than the market level, which in this context means equal to or lower than the prevailing cost of financing. Loans with negotiated interest deferments are not classified as non-performing.

A receivable is classified as non-performing if the interest, principal or utilised overdraft is more than 90 days overdue or if other circumstances give rise to uncertainty as to repayment of the receivable and if at the same time the value of the collateral does not cover, by an adequate margin, the amount of the principal and accrued interest.

When a receivable is classified as non-performing, it is transferred to cash-based interest accounting. Accrued interest income is thus no longer included in earnings, and amounts related to earlier accruals are reversed.

Previously impaired loans are judged to be normal loans when the contractual terms of payments are likely to be fulfilled.

Loan losses are booked as realised losses when it is deemed that the loan amount will not be paid by the borrower or through other means.

Transfer risk

Transfer risk (country risk) is a credit risk attributable to the transfer of payments under contract to the payment country specified by the creditor.

Provisions for loan losses related to transfer risk are made on the basis of country risk estimates presented by EIU (The Economist Intelligence Unit, London). Transfer risk is assessed individually for each country, based on the size of the outstanding loan receivable that is exposed to transfer risk. A provision for transfer risk is reported as a reduction of the book value of the loan receivable.

Provisions for loans and advances

Provisions for loan losses are established by specific assessments, in general individually appraised. For homogenous groups of loans and advances with limited value, where it is deemed probable that loan losses have incurred, but where the individual loan receivables within the group cannot yet be identified, a provision evaluated on group basis is made in respect of the entire group of loan receivables.

The evaluation is based on the experience of realised loan losses and the assessment of the probable loss trend for the group in question. The principle for provisions made on group basis is documented considering previous loan losses, assessment of future development and the basis applied for assessment.

Property taken over for protection of claims

The Group may take over pledged assets to protect claims or may receive assets as payment for claims. This property is to be divested as soon as possible.

Property taken over is specified in a note to the balance sheet. These assets are measured at the lower of cost or fair value. In the case of properties that have been taken over, the fair value is constituted by a conservatively appraised market value less sales costs.

Financial commitments

Derivatives

Derivative contracts that are actively managed are valued at fair value and, therefore, affect the reported result and also the balance sheet as assets or liabilities depending on the direction of the market developments. Fair value is defined as the value at which each contract can be closed out or sold over a period consistent with the Group’s trading strategy.

Fair value is calculated as the theoretical net present value of OTC derivative contracts based on independently sourced market parameters and assuming no risks and uncertainties. A portfolio adjustment is deducted for the uncertainties associated with the model assumptions and parameters as well as the derivative portfolio's counter-party credit risk and liquidity risk. Derivatives used for hedge accounting are booked at amortised cost.

Repos and other repurchase agreements
A genuine repurchase transaction is defined as an agreement covering both the sale of an asset, usually interest-bearing securities, and the subsequent repurchase of the asset at an agreed price. Such agreements are reported as loan transactions rather than influencing securities holdings. The assets are reported in the balance sheet of the transferring party and the purchase price received is posted as a liability (repo). The receiving party reports the payment as a receivable due from the transferring party (reverse repo). The difference between the purchase consideration in the spot market and the futures market is accrued over the term of the agreement.

Leasing
The Group's leasing operations mainly comprise finance leasing. In reporting leasing transactions, the leasing item is reported as lending to the lessee. Lease income net of depreciation is reported as interest income.

Leased assets
For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term.

Intangible assets
Intangible fixed assets are reported at their acquisition value less any accumulated amortisation according to plan and any accumulated impairment losses.

Amortisation is calculated on a straight-line basis as follows:

Group goodwill arising from major strategic acquisitions	20 years
Other group goodwill	5 or 10 years
Other intangible assets	5 years

IT development expenses are recognised as assets if they are major investments with an expected useful life exceeding 3 years, expected to generate future economic benefits and not to be regarded as replacement investments or maintenance.

Tangible assets
Tangible assets are reported at their acquisition value less any accumulated depreciation according to plan and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the working condition for its intended use. Depreciation is calculated on a straight-line basis as follows.

Buildings	25-75 years
Equipment	3-5 years

Pensions
The companies within the Group have various pension plans in accordance with national practices and conditions. The predominant share of the pension plans have been organised by insurance policies in insurance companies. Nonfunded pension plans are stated in the balance sheet as Pension Provisions.

Pension costs
Pension costs comprise premiums and fees to insurance companies and pension funds, as well as actuarially calculated pension costs for other commitments.

Taxes
Tax on profit for the year includes current tax and deferred tax. Current tax is based on taxable income of the group companies and foreign branches calculated using local rules and tax rates. Deferred tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax liabilities are recognised from untaxed reserves and other temporary differences.

Value added tax and property tax are reported among operating expenses whenever applicable.

Note 1: Interest income and expenses

	Group		Parent company	
EURm	2003	2002	2003	2002
Interest income				
Loans to credit institutions	649	789	620	866
Loans to the public and public sector organisations [1)]	4 560	8 317	1 198	1 392
Debt securities	615	1 204	160	214
Other interest income	101	31	10	11
Total	5 925	10 341	1 988	2 483
Interest expenses				
Debts to credit institutions and central banks	522	896	336	593
Debts to the public and public sector organisations	1 302	2 599	396	523
Debt securities in issue	1 404	2 572	330	546
Subordinated liabilities	135	222	81	84
Capital loans	23	24	23	24
Other interest expenses	132	290	14	2
Total	3 518	6 603	1 180	1 772
Net interest income	2 407	3 738	808	711

[1)] The group figures include net income from leasing in the amount of EUR 77m (EUR 70m).

Note 2: Net income from leasing

The parent company, Nordea Bank Finland Plc, does not conduct leasing business. The item "Interest income" in the consolidated income statement includes leasing rents and depreciation according to plan on leased assets in a net amount of EUR 77m (EUR 70m).

Note 3: Net income from securities transactions

	Group		Parent company	
EURm	2003	2002	2003	2002
Interest-rate-related items	208	10	-2	-2
Equity-related items	69	-16	64	17
Other securities transactions	-16	6	0	3
Total	261	0	62	18

Note 4: Purchases and sales of securities held as current assets

The value of debt securities held as current assets purchased during the year amounted to EUR 49bn and debt securities sold to EUR 42bn. The value of corresponding shares purchased was EUR 61m and of shares sold EUR 147m.

Note 5: Other operating income and expenses

	Group		Parent company	
EURm	2003	2002	2003	2002
Other operating income				
Gross rental and dividend income from real estate and real estate companies	30	81	15	24
Capital gains from the sale of real estate and shares and participations in real estate companies	9	-8	-17	-12
Other income from ordinary operations	124	167	10	45
Total	163	240	8	57
Other operating expenses				
Rental expenses	69	198	40	44
Expenses from real estate and real estate companies	51	87	33	29
Capital losses from the sale of real estate and shares and participations in real estate companies [1)]	191	-	276	-
Other expenses arising from ordinary operations	127	103	51	62
Total	438	388	400	135

[1)] Includes write-downs on properties to be sold in the first quarter of 2004 in the amount of EUR 120m in the Group and EUR 185m in the parent company.

Note 6: Depreciation and write-downs on tangible and intangible assets

	Group		Parent company	
EURm	2003	2002	2003	2002
Depreciation according to plan				
Tangible assets	83	162	30	42
Consolidation goodwill	68	130	-	-
Other intangible assets	12	15	6	5
Total	163	307	36	47

Note 7: Loan losses and write-downs on financial fixed assets

	Group				Parent company			
	2003		2002		2003		2002	
EURm	Loan losses, gross	Re-versals	Loan losses, gross	Re-versals	Loan losses, gross	Re-versals	Loan losses, gross	Re-versals
Loan and guarantee losses by balance sheet item								
Loans to credit institutions	1	1	8	8	1	1	8	1
Loans to the public and public sector organisations	477	358	729	479	62	103	88	94
Leased assets	-	-	1	0	-	-	-	-
Guarantees and other commitments	3	0	1	0	-	0	4	0
Property taken over for protection of claims	45	10	13	2	-	10	-	-
Total	526	369	752	489	63	114	100	95

No write-downs on financial fixed assets were booked in the Group in 2003 (EUR 1m). In the parent company write-downs on financial fixed assets totalled EUR 26m (EUR 36m).

	Group		Parent company	
EURm	2003	2002	2003	2002
Actual loan losses during the year (+)	453	541	140	182
Previous loan loss provisions utilised during the year (–)	-319	-438	-136	-177
Recoveries of loan losses incurred in previous years (–)	-116	-115	-68	-29
Loan loss provisions made during the year (+)	392	649	59	95
Reversal of previous provisions (–)	-253	-374	-46	-66
Loan and guarantee losses	157	263	-51	5

Note 8: Extraordinary income and expenses

	Group		Parent company	
EURm	2003	2002	2003	2002
Extraordinary income				
Sales profit on the shares of Nordea Bank Danmark A/S	335	-	500	-
Sales profit on the shares of Nordea Bank Sweden AB (publ)	788	-	2 087	-
Total	1 123	-	2 587	-
Extraordinary expenses				
Sales loss on the shares of Nordea Bank Norge ASA	660	-	964	-
Group contributions to companies outside the Bank Group	-	292	-	-
Total	660	292	964	-

Note 9: Appropriations

No depreciation difference or voluntary reserves are carried in the balance sheet of Nordea Bank Finland Plc.

Note 10: Change in provisions

	Group		Parent company	
EURm	2003	2002	2003	2002
Changes during the year				
Pension provisions	-282	7	0	-1
Guarantees and other similar provisions	-27	-11	-2	2
Rental liabilities	4	-6	4	-6
Restructuring provisions	-9	-30	11	-8
Other	-2	-9	16	-3
Total	-316	-49	29	-16

Note 11: Income statement format

Income statements have been presented in accordance with the format and terminology prescribed in the Decision of the Ministry of Finance (1376/1997).

Note 12: Income, operating profit and personnel by geographical market

	Group		Parent company	
EURm	2003	2002	2003	2002
Income [1]				
Finland	1 677	1 840	1 351	1 532
Sweden [2]	-	1 749	-	-
Norway [2]	-	977	-	-
Denmark [2]	-	1 497	-	-
Great Britain	49	64	49	62
Germany	9	24	9	-
Latvia	11	9	9	7
Lithuania	4	3	3	2
Singapore	13	12	13	11
Estonia	15	13	11	9
USA	47	67	47	49
Poland	-	24	-	-
Other	0	5	-	-
Operating profit				
Finland	436	851	264	719
Sweden [2]	-	295	-	-
Norway [2]	-	214	-	-
Denmark [2]	-	513	-	-
Great Britain	21	26	31	26
Germany	3	1	3	-
Latvia	4	1	3	0
Lithuania	0	-1	0	-1
Singapore	8	3	8	5
Estonia	7	4	4	1
USA	11	3	11	-8
Poland	-	-9	-	-
Other	0	0	-	-
Personnel				
Finland	9 797	10 745	8 896	9 276
Sweden	-	9 265	-	-
Norway	-	4 167	-	-
Denmark	-	8 818	-	-
Great Britain	68	89	68	89
Latvia	145	126	127	111
Lithuania	62	52	51	43
Singapore	42	48	42	48
Estonia	191	158	162	131
USA	72	109	72	109
Poland	-	1 300	-	-
Germany	38	42	38	-

Intra-group items have not been eliminated.

The results and development of banking operations by business area are reviewed in the Annual Report and Annual Review 2003 of the Nordea Group.

[1] Net interest income, income from equity investments, commission income, net income from securities transactions and foreign exchange dealing and other operating income.

[2] The total income of Nordea Bank Danmark Group, Nordea Bank Norge Group and Nordea Bank Sweden Group was EUR 2 194m during the period 1 Jan – 30 Jun 2003 and the corresponding operating profit EUR 588m.

Note 13: Debt securities eligible for refinancing with central banks

	Group		Parent company	
EURm	2003	2002	2003	2002
Government bonds	161	3 601	161	395
Certificates of deposit issued by banks	1 999	1 913	1 999	1 913
Total	2 160	5 514	2 160	2 308

The figures include debt securities eligible for refinancing with central banks issued by the Bank of Finland and Finnish banks. In addition, the balance sheet item Debt securities includes other debt securities eligible for refinancing with central banks in accordance with the ECB definitions in the amount of EUR 1.3 bn.

Note 14: Loans to credit institutions

	Group		Parent company	
EURm	2003	2002	2003	2002
Central banks	14	765	14	8
Other credit institutions				
- payable on demand	9 318	2 626	9 452	2 359
- other	22 791	18 869	26 548	24 301
Total	32 123	22 260	36 014	26 668

Note 15: Loans to the public and public sector organisations

	Group		Parent company	
EURm	2003	2002	2003	2002
Corporate	13 093	72 577	11 154	11 360
Financial institutions and insurance companies	314	6 264	221	178
Public sector organisations	563	2 849	435	383
Non-profit organisations	386	504	386	325
Households	16 584	56 696	14 600	12 944
Foreign	4 937	7 451	4 762	4 981
Total	35 877	146 341	31 558	30 171

The above breakdown has been compiled in accordance with the regulations of the authorities and does not completely correspond to the breakdown used in the Group's internal credit risk analysis.

Specific loan loss provisions deducted from the balance sheet item "Loans to the public and public sector organisations"

	Group		Parent company	
EURm	2003	2002	2003	2002
Specific loan loss provisions at the beginning of the year	538 [1)]	2 296	507	668
New provisions made during the year (+)	72	648	67	87
Provisions reversed during the year (–)	-47	-344	-42	-65
Actual loan losses during the year charged against provisions made in previous years (–)	-156	-430	-152	-183
Exchange rate difference	-	-2	-	-
Specific loan loss provisions at the end of the year	407	2 168	380	507

In addition to the above figures, provisions for country risks deducted from the balance sheet item "Loans to credit institutions" are carried at year end 2003, both in the accounts of the Group and parent company in the amount of EUR 14 million.

[1)] Provisions relating to Nordea Bank Danmark, Nordea Bank Norge and Nordea Bank Sweden have been deducted from the opening balance as the companies have been sold to Nordea AB (publ).

Note 16: Non-performing and other zero-interest-rate receivables

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Non-performing receivables				
Corporate	36	698	28	35
Financial institutions and insurance companies	-	0	-	-
Public sector organisations	0	-	-	-
Non-profit organisations	0	0	0	0
Households	67	184	33	37
Foreign	52	87	51	87
Total [1)]	155	969	112	159
Other zero-interest-rate receivables				
Corporate	10	42	10	42
Non-profit organisations	-	-	-	-
Households	6	12	6	12
Foreign	4	5	4	5
Total [2)]	20	59	20	59

[1)] In addition, non-performing and zero-interest-rate receivables totalling EUR 2m carried at the risk of the Finnish Government Guarantee Fund (EUR 2m).
[2)] Loans granted to companies taken over for protection of claims amounted to EUR 7m both in the Group and parent company.

Note 17: Property taken over for protection of claims

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Book value				
Real estate and shares in real estate companies	-	2	-	-
Other shares	-	5	-	-
Other assets	0	1	0	1
Shares and participations acquired for restructuring purposes	1	21	1	19
Total	1	29	1	20

Note 18: Subordinated receivables

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Loans to credit institutions	2	7	117	144
of which to Group companies	-	-	115	142
to associated undertakings	2	2	2	2
Loans to the public and public sector organisations	21	90	25	34
of which to Group companies	-	-	5	5
to associated undertakings	1	1	1	1
Debt securities	518	104	517	524
of which to Group companies	-	-	-	420
to associated undertakings	-	29	-	29
Total	541	201	659	702

Receivables from group companies and associated undertakings include also receivables from companies acquired for protection of claims but not included in the consolidated accounts. The terms "group companies" and "associated undertakings" refer to group companies and associated undertakings of the Nordea Bank Finland Group. In addition, the balance sheet items above include subordinated receivables from other Nordea group companies in the amount of EUR 420m.

Note 19: Leased assets

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Prepayments	25	43	-	-
Machinery and equipment	940	892	-	-
Fixed assets and buildings	254	305	-	-
Other assets	18	6	-	-
Total	1 237	1 246	-	-

Leased assets are included in "Loans to the public" in the balance sheet.

Note 20: Debt securities

EURm	Group 2003 Publicly listed	Group 2003 Other	Group 2002 Publicly listed	Group 2002 Other	Parent company 2003 Publicly listed	Parent company 2003 Other	Parent company 2002 Publicly listed	Parent company 2002 Other
Book value								
Current assets	4 043	169	27 247	492	4 043	169	5 549	143
Other	91	692	147	279	91	691	88	698
Total	4 134	861	27 394	771	4 134	860	5 637	841
Difference between market value and a lower book value, current assets		0		-9		0		0
Difference between nominal value and book value, financial fixed assets								
Higher nominal value		3		57		3		3
Lower nominal value		0		0		0		0
Book value, specified								
Government certificates		0		0		-		-
Municipal certificates		17		115		17		0
Commercial paper		23		1		23		1
Certificates of deposit		2 454		3 473		2 454		2 819
Convertible bonds		1		5		1		1
Other bonds		2 067		23 218		2 067		3 225
Other		433		1 353		432		432
Total		4 995		28 165		4 994		6 478

Neither the Group nor the parent company has any significant holdings of other receivables acquired at prices below the nominal value.

Note 21: Shares and participations

EURm	Group 2003 Publicly listed	Group 2003 Other	Group 2002 Publicly listed	Group 2002 Other	Parent company 2003 Publicly listed	Parent company 2003 Other	Parent company 2002 Publicly listed	Parent company 2002 Other
Book value [1)]								
Current assets	56	19	402	53	54	19	127	18
Other	-	5	5	47	-	4	0	10
Total	56	24	407	100	54	23	127	28
Difference between market value and a lower book value, publicly listed shares [1)]								
Current assets	0		-		0		-	
Other	0		0		-		0	
Total	0		0		0		0	

At the end of the period the Group had no borrowed securities (EUR 78m). The Group had no lent securities either (EUR 125m). The parent company had neither borrowed nor lent securities.

[1)] Excluding associated undertakings and shares in subsidiaries.

Book value of shares in subsidiaries and associated undertakings in the balance sheet

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Subsidiaries				
Credit institutions	-	-	248	8 432
Other	11	11	22	54
Total	11	11	270	8 486
Associated undertakings				
Credit institutions	65	156	32	36
Other companies	168	372	144	192
Total	233	528	176	228

Note 22: Shares and participations held as financial fixed assets and tangible assets

EURm	Group 2003	Parent company 2003
Shares and participations		
Acquisition value, 1 Jan 2003	626	9 843
Increase	216	215
Decrease [1)]	-570	-8 463
Write-downs during the year	11	-26
Accumulated write-downs, 1 Jan 2003	-34	-1 119
Book value, 31 Dec 2003	249	450
Buildings, land and water areas and shares in real estate companies		
Acquisition value, 1 Jan 2003	1 442	725
Increase	14	13
Decrease	-970	-244
Depreciation according to plan for the year	-155	-187
Accumulated depreciation and write-downs allocated to decreases	92	48
Accumulated depreciation/write-downs, 1 Jan 2003	-207	-160
Book value, 31 Dec 2003	216	195
Machinery, equipment and other tangible assets		
Acquisition value, 1 Jan 2003	929	412
Increase	40	35
Decrease	-563	-23
Depreciation according to plan for the year	-68	-27
Accumulated depreciation and write-downs allocated to decreases	367	5
Accumulated write-downs, 1 Jan 2003	-645	-328
Book value, 31 Dec 2003	60	74

The impact of the sale of the shares in Nordea Bank Danmark, Nordea Bank Norge and Nordea Bank Sweden is included in the above figures.

[1)] The book value of the shares in Nordea Bank Danmark, Nordea Bank Norge and Nordea Bank Sweden totalled EUR 7 777m at the closing date.

Note 23: Intangible assets

	Group		Parent company	
EURm	2003	2002	2003	2002
Consolidation goodwill	27	1 909	-	-
Other	17	101	15	15
Total	44	2 010	15	15

Note 24: Real estate under tangible assets

EURm	Group Book value 2003	Group Book value 2002	Group Capital employed 2003	Group Capital employed 2002	Parent company Book value 2003	Parent company Book value 2002	Parent company Capital employed 2003	Parent company Capital employed 2002
Land and buildings								
In own use	125	936	150	973	50	80	50	80
Other	52	222	49	262	12	46	12	46
Shares in real estate companies								
In own use	19	39	16	43	101	323	103	356
Other	20	38	20	59	32	155	49	166
Total	216	1 235	235	1 337	195	604	214	648

Real estate and shares in real estate companies not in Nordea's own use

Real estate investment is not part of the Group's core business and property holdings have therefore been divested at a rapid pace. Since the Group will continue the divestments, certain premises have intentionally been kept vacant. The net yield percent below has been calculated through comparison of real estate expenses and the net yield based on the presently valid rental agreements to the total capital employed in real estate holdings.

Type of real estate	Floor area, m^2	Capital employed EURm	Net yield, %	Vacancy rate, %
Residential property	3 572	4	-6	43
Business and office premises	170 516	32	7	17
Industrial premises	26 016	0	786	29
Land (undeveloped)		11		
Other domestic real estate	24 270	10	-20	34
Foreign real estae	4 950	12	5	100
Total	229 324	69		

Capital employed in the above real estate according to yield

Yield, %	Capital employed, EURm
Negative	19
0-3	10
3-5	4
5-7	12
Over 7	24
Total	69

Note 25: Own shares held by group companies

Nordea Bank Finland Plc or its subsidiaries hold no shares issued by themselves or by parent company.

Note 26: Other assets

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Cash items in the process of collection	316	107	316	106
Guarantee claims	10	12	10	12
Derivative contracts	17 848	13 516	17 848	1 634
Other	483	4 544	475	613
Total	18 657	18 179	18 649	2 365

Note 27: Prepaid expenses and accrued income

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Interest	634	1 574	640	618
Other	161	268	114	123
Total	795	1 842	754	741

Note 28: Balance sheet format (assets)

Balance sheets have been presented in accordance with the format and terminology prescribed in the Decision of the Ministry of Finance (1376/1997).

Note 29: Difference between nominal and book value of liabilities

	Group		Parent company	
EURm	2003	2002	2003	2002
Difference between nominal value and a lower book value				
Debt securities in issue	51	113	51	72
Subordinated liabilities	3	29	3	6
Total	54	142	54	78

	Group		Parent company	
EURm	2003	2002	2003	2002
Difference between book value and a lower nominal value				
Debt securities in issue	5	119	5	3
Subordinated liabilities	-	-	-	-
Total	5	119	5	3

Note 30: Book value of debt instruments in issue

	Group		Parent company	
EURm	2003	2002	2003	2002
Certificates of deposit	14 609	21 807	14 613	17 214
Bonds	767	37 962	767	1 026
Other	1 358	2 118	1 358	1 936
Total	16 734	61 887	16 738	20 176

Note 31: Other liabilities

	Group		Parent company	
EURm	2003	2002	2003	2002
Cash items in the process of collection	1 378	983	1 343	897
Derivative contracts	18 039	14 640	18 039	1 965
Other	396	10 382	357	211
Total	19 813	26 005	19 739	3 073

Note 32: Accrued expenses and prepaid income

	Group		Parent company	
EURm	2003	2002	2003	2002
Interest	587	1 461	584	569
Other	228	699	154	109
Total	815	2 160	738	678

Note 33: Provisions

	Group		Parent company	
EURm	2003	2002	2003	2002
Pension provisions	13	295	13	13
Guarantees and other similar provisions	10	37	7	8
Rental liabilities	7	3	7	3
Restructuring provisions	15	24	15	4
Other	26	28	26	11
Total	71	387	68	39

Note 34: Subordinated liabilities

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Liabilities with a book value exceeding 10% of all subordinated liabilities [1]	1 459	-	1 459	1 556
Other subordinated liabilities [2]	405	5 750	405	471
Total	1 864	5 750	1 864	2 027
- of which perpetual bonds	656	1 339	656	730

[1] Nordea Bank Finland Plc EUR 599m, face value EUR 600m, interest rate 5.75% until the first possible premature repayment day 26 March 2009, whereafter floating interest rate. Maturity date 26 March 2014. In the event of dissolution of the company the liability ranks equally with the Bank's other debentures and other comparable debts. No equity conversion option.

Nordea Bank Finland Plc EUR 424m, face value GBP 300m, interest rate 6.25% until the first possible premature repayment day 18 July 2014, whereafter floating interest rate. No maturity date. In the event of dissolution of the company the liability ranks equally with the Bank's other debentures and other comparable debts. No equity conversion option.

Nordea Bank Finland Plc EUR 237m, face value USD 300m, interest rate 6.5%, maturity date 1 April 2009. The issuer is the Bank's New York branch. In the event of dissolution of the company, the liability is subordinate to the company's other commitments, while ranking at least equal with the Bank's other debentures and other comparable debts. No equity conversion option.

Nordea Bank Finland Plc EUR 200m, face value EUR 200m, variable interest rate 2.788%, Euribor 3 months +0.625% until the first possible repayment day 6 August 2007, whereafter Euribor 3 months +2.125%. Maturity date 6 August 2012. The issuer is the Bank's New York branch. In the event of dissolution of the company, the liability is subordinate to the company's other commitments, while ranking at least equal with the Bank's other debentures and other comparable debts. No equity conversion option.

[2] The holders of other subordinated liablities have no right to prematurely call the bonds. No equity conversion option.

Note 35: Equity capital

Group	Restricted equity				
EURm	Share capital	Share premium account	Restricted reserves	Non-restricted equity	Total
Shareholders' equity at the beginning of the year [1]	2 319	593	451	6 725	10 088
Dividend [2]	-	-	-	-400	-400
Exchange rate differences	-	-	-12	-30	-42
The sale of NBS to Nordea AB	-	-	-439	439	-
Profit/loss for the year	-	-	-	1 554	1 554
31 December 2003	2 319	593	0	8 288	11 200
Distributable equity				8 253	

Parent company	Restricted equity				
EURm	Share capital	Share premium account	Restricted reserves	Non-restricted equity	Total
Shareholders' equity at the beginning of the year [3]	2 319	-	593	6 290	9 202
Dividend [2]	-	-	-	-400	-400
Profit/loss for the year	-	-	-	2 241	2 241
31 December 2003	2 319	-	593	8 131	11 043
Distributable equity				8 131	

[1] Excluding capital loans for EUR 1 178m, change of EUR - 1 178m during the year.
[2] According to the decision made by Annual General Meeting Nordea Bank Finland Plc paid a dividend of EUR 400m to Nordea AB (publ).
[3] Excluding capital loans for EUR 842m, change of EUR - 842m during the year.

Note 36: Shares in Nordea Bank Finland Plc

Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3 400m.
All the 1 030.8 million shares in issue are held by Nordea Bank AB (publ). The book value of the shares corresponds to EUR 2.25 per share.

Note 37: Non-distributable items included in non-restricted equity

	Group	
EURm	2003	2002
Voluntary reserves and depreciation difference	36	41

Note 38: Decisions on issue of shares, convertible bonds and bonds with equity warrants

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription of shares in the Bank. At the end of 2003, the Bank held no authorisations given by the General Meeting for issuance of shares, equity warrants or convertible bonds.

Note 39: Shareholders

All shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ).

Note 40: Capital loans

	Group		Parent company	
EURm	2003	2002	2003	2002
EUR-denominated capital loans	-	842	-	842
Capital loans denominated in other currencies	-	336	-	-
Total	-	1 178	-	842

Capital loans were included in Tier 1 capital for the calculation of capital adequacy. All interest and other compensation on these loans is entered as expense in the income statement as incurred.

Note 41: Balance sheet format (liabilities and shareholders' equity)

Balance sheets have been presented in accordance with the format and terminology prescribed in the Decision of the Ministry of Finance (1376/1997).

Note 42: Maturity breakdown of receivables and liabilities according to remaining maturity

EURm	Less than 3 months	3-12 months	1-5 years	Over 5 years
Group, 31 Dec 2003				
Receivables				
Debt securities eligible for refinancing with central banks	1 999	0	161	-
Loans to credit institutions	29 459	1 715	940	9
Loans to the public and public sector organisations	5 372	4 362	12 812	13 331
Debt securities	523	128	2 151	33
Liabilities				
Due to credit institutions and central banks	10 978	1 573	8	7
Due to the public and public sector organisations	28 283	1 476	1 352	46
Debt securities in issue	11 604	3 866	1 262	2
Parent company, 31 Dec 2003				
Receivables				
Debt securities eligible for refinancing with central banks	1 999	0	161	-
Loans to credit institutions	31 219	2 676	1 803	316
Loans to the public and public sector organisations	3 644	3 338	11 637	12 939
Debt securities	554	148	2 099	33
Liabilities				
Due to credit institutions and central banks	10 940	1 575	22	25
Due to the public and public sector organisations	14 352	2 745	6 817	7 255
Debt securities in issue	11 625	3 847	1 264	2

Receivables from the public and public sector organisations payable on demand amounted to EUR 3m in the Group. The parent company had no such receivables. Checking accounts are included in the shortest maturity category. Other current accounts are classified in different maturity categories on the basis of their historical pattern.

Note 43: Assets and liabilities in domestic and foreign currencies

	Group		Parent company	
EURm	EUR	Other currencies	EUR	Other currencies
Assets, 31 Dec 2003				
Debt securities eligible for refinancing with central banks	2 160	-	2 160	-
Loans to credit institutions	11 065	21 058	14 140	21 874
Loans to the public and public sector organisations	32 187	3 690	27 643	3 915
Debt securities	1 975	860	2 058	776
Other assets	12 294	8 956	12 352	9 003
Total	59 681	34 564	58 353	35 568
Liabilities, 31 Dec 2003				
Due to credit institutions and central banks	6 642	5 924	5 345	7 217
Due to the public and public sector organisations	27 444	3 713	27 153	4 016
Debt securities outstanding	6 405	10 329	6 378	10 360
Subordinated liabilities	798	1 066	799	1 065
Other liabilities	12 086	8 638	11 962	8 583
Total	53 375	29 670	51 637	31 241

Note 44: Income taxes

	Group		Parent company	
EURm	2003	2002	2003	2002
Change in deferred tax receivables/liabilities	-310 [1)]	78	-299 [1)]	90
Taxes arising from ordinary business operations	255	286	5	40
Total	-55	364	-294	130

[1)] The positive impact of the losses relating to the sale of the foreign subsidiary banks was EUR 318m.

Note 45: Pledged assets

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Assets pledged as collateral for own liabilities				
Debt securities eligible for refinancing with central banks	1 895	6 157	1 895	1 425
Leasingcontracts	-	230	-	-
Debt securities	888	1 499	888	18
Other	290	2 237	290	14
Total	3 073	10 123	3 073	1 457
The above collateral has been pledged for the following items				
Due to credit institutions and central banks	2 438	6 758	2 438	1 200
Due to the public	-	212	-	-
Debt securities in issue	-	1 061	-	19
Other liabilities and commitments	333	32	333	32
Total	2 771	8 063	2 771	1 251

The parent company has not pledged assets as collateral for liabilities of the group companies or associated undertakings of the Nordea Bank Finland group. Assets as collateral for liabilities for other Nordea group companies have been pledged in the amount of EUR 409m.

Note 46: Liabilities arising from pension commitments

Statutory pensions for employees of domestic group companies are arranged through insurance. Statutory pensions for employees of foreign units are arranged in accordance with local laws and regulations.

Supplementary pensions for employees are arranged through Merita Plc Pension Fund and Foundation. The Group’s pension commitments are fully covered. The pension institutions charged no contributions for the year 2003. On December 31, 2003 the market value of assets covering the liabilities of the Pension Fund and Foundation exceeded the amount of liabilities by approximately EUR 58m.

A provision in the full amount of the liabilities arising from pensions payable directly out of the group companies' funds has been entered in the balance sheet.

Note 47: Leasing liabilities

The rentals payable both by the Group and the parent company will amount to EUR 2m in 2004. The value of rentals payable in subsequent years amounts to EUR 1m both in the Group and the parent company.

Note 48: Contingent liabilities

EURm	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Guarantees	11 353	13 947	11 578	7 857
Stand-by facilities	4 337	14 389	3 377	4 509
Unused part of credit lines	3 823	15 834	3 824	2 615
Other commitments	1 806	2 610	1 447	1 166
Total	21 319	46 780	20 226	16 147

Of which on behalf of Group companies and associated undertakings

	Group				Parent company			
	2003		2002		2003		2002	
EUR million	Group com-panies	Asso-ciated under-takings	Group com-panies	Asso-ciated under-takings	Group com-panies	Asso-ciated under-takings	Group com-panies	Asso-ciated under-takings
Guarantees	–	0	–	53	5	0	2 717	0
Other	–	26	–	10	106	26	194	10
Total	–	26	–	63	111	26	2 911	10

The terms "Group companies" and "associated undertakings" refer to group companies and associated undertakings of the Nordea Bank Finland Group. In addition to the figures above there are contigent liablities on behalf of other Nordea group companies totalling EUR 7 398m.

Note 49: Derivative contracts

	Group Maturity							
	Less than 3 months		3-12 months		1-5 years		Over 5 years	
EURm	Positive market value	Negative market value	Positive market value	Negative market value	Positive market value	Negative market value	Positive market value	Negative market value
Interest-rate-related derivatives								
Futures and forwards	6	6	103	97	80	74	-	-
Options								
Purchased	4	-	37	-	186	-	1 636	-
Written	-	1	-	24	-	168	-	1 598
Interest rate swap agreements	578	637	771	831	4 094	4 237	3 498	2 985
Currency-related derivatives								
Futures and forwards	3 042	3 460	1 618	1 812	260	371	-	2
Options								
Purchased	116	-	77	-	22	-	-	-
Written	-	99	-	81	-	21	-	-
Interest rate and currency swap agreements	405	36	316	308	912	751	339	471
Equity-related derivatives								
Futures and forwards	0	0	-	1	0	0	-	-
Options								
Purchased	14	-	121	-	63	-	-	-
Written	-	17	-	119	-	63	-	-
Other derivative contracts	5	4	1	0	10	53	1	1

	Group Total				
EURm	Positive market value	Negative market value	Nominal value	For hedging purposes	Credit counter-value
Interest-rate-related derivatives					
Futures and forwards	189	177	93 924	-	1
Options					
Purchased	1 863	-	114 970	-	1
Written	-	1 791	105 590	12	-
Interest rate swap agreements	8 941	8 690	504 311	27 500	38
Currency-related derivatives					
Futures and forwards	4 920	5 645	209 100	7 104	342
Options					
Purchased	215	-	9 930	-	3
Written	-	201	11 298	-	-
Interest rate and currency swap agreements	1 972	1 565	57 347	8 288	73
Equity-related derivatives					
Futures and forwards	0	1	1	0	-
Options					
Purchased	198	-	1 210	627	0
Written	-	199	1 178	578	-
Other derivative contracts	15	58	7 257	3 002	2

	Parent company							
	Maturity							
	Less than 3 months		3-12 months		1-5 years		Over 5 years	
EURm	Positive market value	Negative market value	Positive market value	Negative market value	Positive market value	Negative market value	Positive market value	Negative market value
Interest-rate-related derivatives								
Futures and forwards	6	6	103	97	80	74	-	-
Options								
Purchased	4	-	37	-	186	-	1 636	-
Written	-	1	-	24	-	168	-	1 598
Interest rate swap agreements	578	637	771	831	4 094	4 237	3 498	2 985
Currency-related derivatives								
Futures and forwards	3 042	3 460	1 618	1 812	260	371	-	2
Options								
Purchased	116	-	77	-	22	-	-	-
Written	-	99	-	81	-	21	-	-
Interest rate and currency swap agreements	405	36	316	308	912	751	339	471
Equity-related derivatives								
Futures and forwards	0	0	-	1	0	0	-	-
Options								
Purchased	14	-	121	-	63	-	-	-
Written	-	17	-	119	-	63	-	-
Other derivative contracts	5	4	1	0	9	52	1	1

	Parent company				
	Total				
EURm	Positive market value	Negative market value	Nominal value	For hedging purpose	Credit counter-value
Interest-rate-related derivatives					
Futures and forwards	189	177	93 924	-	1
Options					
Purchased	1 863	-	114 970	-	1
Written	-	1 791	105 590	12	-
Interest rate swap agreements	8 941	8 690	504 311	27 500	40
Currency-related derivatives					
Futures and forwards	4 920	5 645	209 100	7 104	342
Options					
Purchased	215	-	9 930	-	3
Written	-	201	11 298	-	-
Interest rate and currency swap agreements	1 972	1 565	57 347	8 288	73
Equity-related derivatives					
Futures and forwards	0	1	1	0	-
Options					
Purchased	198	-	1 210	627	0
Written	-	199	1 178	578	-
Other derivative contracts	15	57	7 257	3 002	2

Credit risk of the derivative contracts

	Group		Parent company	
EURm	Nominal value of the contracts	Postitive market value	Nominal value of the contracts	Postitive market value
Counterparty				
Credit institutions	9 210	1	9 208	0
Companies	267	13	276	13
Total	9 477	14	9 484	13

Note 50: Accounts receivable and payable arising from business for the account of customers

	Group		Parent company	
EURm	2003	2002	2003	2002
Accounts receivable arising from the sale of assets on behalf of customers	15	246	15	11
Accounts payable arising from the purchase of assets on behalf of customers	14	216	14	12

Note 51: Other commitments and contingent liabilities

Contingent liabilities are shown in other notes or in connection with the balance sheet according to the instructions of the Finnish Financial Supervision Authority.

Note 52: Personnel and members of administrative and controlling boards

	Group		Parent company	
	2003	2002	2003	2002
Average number of employees during the year	22 785	34 748	9 781	10 040
Change from the previous year	-11 963	8 887	-259	6 829
Full-time personnel	19 725	29 881	8 579	8 886
Change from the previous year	-10 156	7 395	-307	6 077
Part-time personnel	3 060	4 867	1 202	1 154
Change from the previous year	-1 807	1 493	48	753

Salaries, fees, pension liabilities and other staff-related expenses
The members of the Board of Directors of Nordea Bank Finland Plc, the Chief Executive Officer and his deputy are all members of the Nordea Bank AB (publ) Group Executive Management. In 2003 Nordea Bank AB (publ), former Nordea AB (publ), has paid all salaries, fees, pension and other staff related expenses to the above mentioned members and deputies of the administrative and controlling boards. Nordea Bank AB (publ) allocated these salary expenses to Nordea Bank Finland Plc as part of Head Office Allocation expenses.

Information on salaries, loans and pension liabilities are presented in the Annual Report of Nordea Bank AB (publ).

EURm	2003
Loans granted by Nordea Bank Finland Plc	
To Members and Deputy Members of the Board of Directors	1
of which to the President and his deputy	0
To auditors	-

Interest and other terms correspond to the generally accepted terms and conditions applied to employees of the Group. The amounts also include loans granted to corporations or individuals sharing material financial interests with the above-mentioned members of administrative and controlling boards, as referred to in the Credit Institutions Act.

Guarantees and other off-balance-sheet commitments
No guarantees or other off-balance-sheet commitments have been granted to members of administrative or controlling boards or to auditors.

The members of the administrative and controlling boards have no holdings of shares, equity warrants or convertible bonds issued by Nordea Bank Finland Plc.

Note 53: Shares held as financial fixed assets

	Line of business	Share-holding, %	Book value of shares EURm
Shares held by the parent company, 31 Dec 2003			
Helsinki Halli Oy, Helsinki	Multi-purpose arena	0.3	0.2
Huoneistokeskus Oy, Helsinki	Real estate brokerage	15.0	0.8
Indekon Oy, Lappeenranta	Capital investment	6.5	0.4
Kehitysyhtiö Savon Teknia Oy, Kuopio	Capital fund	8.7	0.5
Pikespo Invest Oy, Tampere	Development company	11.1	0.4
SWIFT	Messaging	0.7	0.2
Oy Wedeco Ab, Vaasa	Capital investment	2.4	0.2

In addition, the parent company owns shares in 122 companies.The total book value of these shares was EUR 1m.
None of these shareholdings exceeds EUR 0.2m.

Information on the group companies and associated undertakings is given in Notes 58-61.

Note 54: Fiduciary services

Fiduciary services offered by the Group include safe custody and management of customers' assets, consulting, portfolio accounting services for associations, foundations and estates and assistance in estate inventories, estate administration, non-contentious jurisdiction, and loan intermediation.

Note 55: Information on co-operative banks

Not applicable.

Note 56: The parent company of Nordea Bank Finland Plc and intra-group items

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2003 of Nordea Bank may be down-loaded from the Internet www.nordea.com and is available from Nordea Group Investor Relations, SE 105 71 Stockholm, Sweden. The Annual Report for 2003 of the Nordea Group is also available at branches of Nordea Bank Finland Plc.

Financial income received from and financial expenses paid to group companies

EURm	2003	2002
Interest income	342	813
Interest expenses	80	269
Income from equity investments	151	435

Receivables from and liabilities to group companies

EURm	2003	2002
Receivables		
Loans to credit institutions	3 894	24 961
Loans to the public and public sector organisations	167	47
Debt securities	-	425
Other receivables	0	722
Prepaid expenses and accrued income	17	205
Total	4 078	26 360
Liabilities		
Due to credit institutions and central banks	7	6 098
Due to the public and public sector organisations	23	30
Debt securities in issue	4	22
Other liabilities	-	585
Accrued expenses and prepaid income	2	156
Subordinated liabilities	-	0
Total	36	6 891

The figures do not include receivables of EUR 7m, liabilities of EUR 5m or interest income of EUR 0m from non-consolidated group companies acquired for restructuring purposes.

The term "group company" refers to group companies of the Nordea Bank Finland Group. In addition, Nordea Bank Finland Plc had EUR 617m interest income and EUR 29 404m receivables from other Nordea Group companies and EUR 54m interest expenses and EUR 4 858m liabilities to other Nordea Group companies.

Note 57: Accounting policies

Accounting policies applied in the consolidated financial statements are explained in "Accounting Policies".

Note 58: Subsidiaries included in the consolidated financial statements, 31 Dec, 2003

	Shareholding %	Book value of shares EURm
Domestic		
Credit institutions		
Nordea Finance Finland Ltd, Espoo	100	236
K-Luotto Oy, Helsinki [1)]	100	7
Financial institutions		
Helsingin Pantti-Osakeyhtiö, Helsinki [1)]	100	6
Nordea Capital Ltd, Helsinki	100	4
Tukirahoitus Oy, Oulu [1)]	100	7
Real estate companies		
Aleksanterinkatu 36 A Koy, Helsinki	100	10
Aleksanterinkatu 36 B Koy, Helsinki	100	20
Aleksis Kivenkatu 3-5 Koy, Helsinki	100	24
Aleksis Kivenkatu 7 Koy, Helsinki	100	2
Fleminginkatu 27 Koy, Helsinki	100	19
Hatanpään Valtatie 30 Koy, Tampere [1)]	100	19
Lahden Hansa Oy, Lahti [1)]	100	24
Levytie 6 Koy, Helsinki [1)]	100	26
Multihermia Koy, Tampere [1)]	100	9
PMA-Invest Oy, Helsinki	100	8
Porin Sokos Koy, Pori [1)]	100	6
Ristipellontie 4 Koy, Helsinki [1)]	100	19
Tampereen Kirkkokatu 7 Koy, Tampere [1)]	100	50
Terahermia Koy, Tampere [1)]	100	0
Tietotalo Koy, Espoo	100	20
VKR-Kiinteistöt Oy, Vantaa [1)]	60	1
Other ancillary services companies		
Merita Systems Oy, Helsinki	100	0
Other companies		
Fidenta Oy, Espoo	40	0
Unitas Congress Center Ltd, Helsinki [2)]	100	0
Helsingin Hämeentien Holding Oy (former Huoneistokeskus Oy), Helsinki [2)]	100	5
International		
Banks		
American Scandinavian Banking Corp., New York	100	9
MeritaNordbanken Merchant Bank Singapore Ltd, Singapore	100	3
Financial institutions		
Merita Finance (U.K.) Ltd., London	100	0
Nordea Finance Estonia Ltd, Tallinn [1)]	100	6
Nordea Finance Latvia Ltd, Riga [1)]	100	2
Nordea Finance Lithuania Ltd, Vilnius [1)]	100	1
Nordea Securities Holding (U.K.) Ltd, London	100	2
Real estate companies		
Nordea Real Estate (U.K.) Ltd, London	100	0
Sakau (Luxembourg) S.A., Luxembourg	100	0
Sopoka B.V, Rotterdam	100	0
The Wiels Centre Holding B.V, Amsterdam	100	0
Verdelago Holding B.V, Amsterdam	100	0

Nordea Bank Finland Group's voting interest in Fidenta Oy is 60%. In other companies the voting interest is the same as the shareholding.

[1)] Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.
[2)] Consolidated with the equity method.

Other subsidiaries included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Total assets EURm	Book value of shares EURm
Real estate companies	69	96	46
Other companies	24	13	1

Subsidiaries merged, dissolved or sold during 2003	Line of business	Total assets EURm	Profit/loss for the year 2003 as included in the Bank Group, EURm
Nordea Bank Danmark A/S group figures, Copenhagen [3]	Bank	103 935	228
Nordea Bank Norge ASA group figures, Oslo [4]	Bank	33 183	14
Nordea Bank Sweden AB (publ) group figures, Stockholm [5]	Bank	68 297	206
Nordea North America Inc, Delaware	Financial institution	10 786	0
Nordisk Renting AB, Stockholm	Real estate holding company	2	0
Helsingin Työnjohtajankatu 2 Koy, Helsinki	Real estate company	0	0
Investa-Raha Oy, Helsinki	Fund management company	1	0
Levytie 2 Koy, Helsinki	Real estate company	15	0
MNB nams, Riga	Real estate company	7	0
Ruosilantie 16 Koy, Helsinki	Real estate company	49	-1
Vantaan Jaakonkatu 2, Vantaa	Real estate company	29	0
Wasa Torgcentrum Fastighets Ab, Vaasa	Real estate company	13	0

In addition Nordea Bank Finland Plc sold its holding in Tunturi Oy. The company was excluded from the consolidated financial statements as the holding was acquired for protection of claims and the holding was intended to be temporary. The sale resulted to a reversal of loan loss provisions totalling EUR 11m.

	Shareholdig %	Book value of shares EURm
[3] Subsidiaries of Nordea Bank Danmark A/S at the time of disposal		
Aktieselskabet af 10 October 1985, Copenhagen	100	5
Nordea Ejendomme A/S, Copenhagen	100	109
Nordea Finance Ltd, London	100	1
Nordea Finans Danmark A/S, Copenhagen	100	109
Nordea Konferencecentret Klarskovgaard A/S, Copenhagen	100	4
Nordea Kredit Realkreditaktieselskab, Copenhagen	100	512
[4] Subsidiaries of Nordea Bank Norge ASA at the time of disposal		
Christiania Bank Nominees Ltd (UK), London	100	0
Christiania Capital Corp., Delaware	100	0
Christiania Forsikring AS, Oslo	100	53
Nordea Equity Holding AS, Oslo	100	133
Nordea Finans Norge AS, Oslo	100	17
Norgeskreditt AS, Oslo	100	280
[5] Subsidiaries of Nordea Bank Sweden AB (publ) at the time of disposal		
EMM Marketplace, Stockholm	100	55
Fastighets AB Stämjärnet, Stockholm	100	11
Nordea Bank Polska SA, Gdynia	94	83
Nordea Finans Sverige AB, Stockholm	100	112
Nordea Hypotek AB, Stockholm	100	955
Nordbanken North America Inc, Delaware	100	0
Nordbanken Reinsurance S.A., Luxembourg	100	1
Nordea Securities AB, Stockholm	100	2
Nordea Securities Ltd, London	100	4
Postgirot Holding AB, Stockholm	100	190

Other subsidiaries merged, dissolved or sold during 2003; total assets of less than EUR 10m	Number of companies	Total assets EURm	Book value of shares EURm
Real estate companies	105	84	67
Other companies included in Nordea Bank Danmark A/S group figures	14	16	103
Other companies included in Nordea Bank Norge ASA group figures	10	19	2
Other companies included in Nordea Bank Sweden AB (publ) group figures	11	17	4
Other companies	2	0	0

The above disposals had an impact of EUR 433m on the non-restricted equity (profit for the year) of the Nordea Bank Finland Group. See "Changes in the group structure" in the Report of the Board of Directors.

Note 59: Subsidiaries excluded from the consolidated financial statements, 31 Dec 2003

Other subsidiaries excluded from the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Total assets EURm	Book value of shares EURm
Companies in temporary holding	5	17	0

The above subsidiaries have been acquired for protection of claims. These holdings are intended to be temporary. The operations of the companies differ considerably from the business operations of the Group. The shares are held by Nordea Bank Finland Plc.

The non-consolidation of the above companies has no material effect on the Group's performance or financial position.

Note 60: Associated undertakings included in the consolidated financial statements, 31 Dec 2003

	Shareholding %	Book value of shares EURm
Domestic		
Credit institutions		
Eurocard Oy, Helsinki	31	2
Luottokunta, Helsinki	30	9
Financial companies		
Toimiraha Oy, Helsinki	33	2
Real estate investment companies		
Dividum Oy, Helsinki	47	55
Oy Realinvest Ab, Helsinki	49	55
Salpa Asunnot Oy, Helsinki	24	0
Other companies		
ATM Automatia Ltd, Helsinki	33	5
Optiomi Oy, Helsinki	25	0
Suomen Asiakastieto Oy, Helsinki	32	0
Securus Oy, Helsinki	35	0
Sponsor Fund I Ky, Helsinki	46	14
International		
Credit institutions		
International Moscow Bank, Moscow	22	21
Financial companies		
Freja Finance S.A., Luxembourg	33	0

All associated undertakings have been combined in the consolidated financial statements by the equity method. In all the above companies the voting interest is the same as the shareholding.

The shares held by the parent company in the listed company Turun Arvokiinteistöt Oy are included in current assets. The parent company owns 47.01% of the company's shares and these are treated as current assets in the consolidated financial statements.

Other associated undertakings included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Total assets EURm	Book value of shares EURm
Other companies	5	25	13

Associated undertakings disposed during 2003	Shareholding %	Book value of shares EURm
Associated undertakings of Nordea Bank Danmark A/S		
Aston Group A/S, Copenhagen	23	0
Axcel IKU Invest A/S, Billund	33	19
Dankort A/S, Värlöse	28	0
Ejendomsselskabet Axelborg I/S, Copenhagen	33	2
Investerinsselskabet af 23. marts 2001 A/S Copenhagen	51	7
KFU-AX II A/S, Frederiksberg	33	5
KIFU-AX II A/S, Frederiksberg	25	6
LRF-Kredit A/S, Copenhagen	39	8
PSB Holding A/S, Ballerup	28	7
Associated undertakings of Nordea Bank Norge ASA		
Eksportfinans AS, Oslo	27	19
Visa Norge AS, Oslo	20	0
Associated undertakings of Nordea Bank Sweden AB (publ)		
Bankgirocentralen BGC AB, Stockholm	27	0
Värdepapperscentralen VPC AB, Stockholm	24	25

Other associated undertakings merged, dissolved or sold during 2003; total assets of less than EUR 10m	Number of companies	Total assets EURm	Book value of shares EURm
Other companies included in Nordea Bank Danmark A/S group figures	12	3	1
Other companies included in Nordea Bank Norge ASA group figures	1	0	0

Note 61: Associated undertakings excluded from the consolidated financial statements, 31 Dec 2003

			Latest confirmed	
Companies taken over for protection of claims	Shareholding %	Book value of shares EURm	Profit	Equity capital EURm
Huippupaikat Oy, Siilinjärvi	33	0	1	4
Aurajoki Oy, Turku	36	1	1	7

The holdings are intended as temporary. The operations of the companies differ considerably from the business operations of the Group. The shares are held by Nordea Bank Finland Plc.

Measures taken to restructure a customer’s business operations include planning and implementation of restructuring and development measures and strengthening of the capital and financing structure. The measures are taken together with other owners and lenders and the company’s management.

The non-consolidation of the above companies has no material effect on the Group's performance or financial position.

Shares in the associated undertaking Kiinteistösijoitusyhtiö Citycon Oy, which were included in current assets, have been sold during the year.

Note 62: Consolidation of companies other than financial or credit institutions, fund management or investment service companies or ancillary service companies

Subsidiaries that are not financial or credit institutions, investment service, fund management or ancillary service companies as defined in the Finnish Financial Supervision Authority's regulations are carried under the equity method. The accounting principles of these companies do not differ from the Group's principles in a manner which would have any material impact on the consolidated financial statements.

Subsidiaries referred to in the above are Helsingin Hämeentien Holding Oy, Karas Holding A.G., Osakeyhtiö Kämp and Unitas Congress Center Ltd. In the consolidated financial statements of the Group receivables from these companies amounted to EUR 0m (EUR 7m) and liabilities to these companies to EUR 49m (EUR 20m).

No member of the Nordea Bank Finland Plc's Board of Directors is a member of the Boards of the above-mentioned companies.

Note 63: Deferred tax receivables and liabilities in the consolidated balance sheet

EURm	2003	2002
Deferred tax receivables		
Based on		
- consolidation method	4	2
- Group companies' own balance sheets	373	176
Total	377 [1)]	178
Deferred tax liabilities		
Based on		
- consolidation method	2	2
- Group companies' own balance sheets	0	148
- appropriations	15	321
Total	17	471

[1)] The impact of the disposals of the foreign subsidiary banks sold was EUR -103m and the impact of these disposals to the tax losses in Nordea Bank Finland Plc was EUR 318m.

Note 64: Consolidation goodwill and negative consolidation difference

In the consolidated accounts, any difference between the amount paid for a subsidiary's shares and corresponding share of the subsidiary's equity capital at the time of acquisition is allocated partly to consolidation goodwill or negative consolidation difference and partly to the subsidiary's assets. Such elimination difference in the consolidated accounts of the Nordea Bank Finland Group was EUR 38m (EUR 1,934m), of which EUR 27m (EUR 1 909m) was consolidation goodwill. The consolidation goodwill arising from companies accounted for under the equity method has been fully depreciated. Depreciation charges on allocations on different types of assets are computed in accordance with the relevant depreciation schedules as explained in Accounting Policies. Goodwill is depreciated by equal annual installments over periods ranging from 5 to 20 years. Depreciation charged on consolidation goodwill in 2003 totalled EUR 68m (EUR 130m) of which EUR 55m related to subsidiary banks sold. The sale of the subsidiary banks to Nordea AB (publ) decreased the group goodwill in Nordea Bank Finland Group by EUR 1 673m.

Consolidation goodwill due to associated undertakings amounted to EUR 2m (EUR 5m).

Proposal of the Board of Directors to the General Meeting

Profit for the year and its disposal

The consolidated distributable equity capital at 31 December 2003 was EUR 8,253 million. The parent company's distributable equity capital at 31 December 2003 was EUR 8,131 million, consisting of the following items:

- profit for the year	EUR 2,241,223,617.78
- other non-restricted equity	EUR 5,889,627,826.16
	EUR 8,130,851,443.94

We propose that:

1. a dividend of EUR 875,000,000.00 be paid,
2. for worthy public causes be reserved EUR 200,000.00,
3. of the profit for the year EUR 1,366,023,617.78 be carried forward. Thus, the unrestricted shareholders' equity will amount to EUR 7,255,651,443.94.

Helsinki, 27 February 2004

Lars G Nordström

Christian Clausen   Carl-Johan Granvik   Kari Jordan

Arne Liljedahl   Markku Pohjola   Tom Ruud

Peter Schütze

The financial statements have been prepared in accordance with generally accepted accounting principles. Our auditors' statement has been issued today.

Helsinki, 27 February 2004

KPMG WIDERI OY AB

Mauri Palvi
Authorised Public Accountant

Auditors' report

to the General Meeting of Nordea Bank Finland Plc

We have audited the accounting records and the financial statements as well as the administration by the Board of Directors and the President of Nordea Bank Finland Plc for the financial year 2003. The financial statements, which comprise the report of the Board of Directors, consolidated and parent company profit and loss accounts, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit, we express our opinion on these financial statements and the bank's administration.

We have conducted our audit in accordance with generally accepted auditing standards in Finland. These standards require that we plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements, an assessment of the accounting principles used and significant estimates made by the management, as well as an evaluation of the overall financial statements presentation. The purpose of our audit of the administration has been to see that the Board of Directors and the President have complied with the rules of the Finnish Credit Institutions Act, Commercial Banks Act and Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Credit Institutions Act, Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and the parent bank result of operations for the financial period under audit and of the Group's and the parent bank's financial position at the year-end. The consolidated and parent bank profit and loss accounts and balance sheets may be adopted. The Chairman and the Deputy Chairman of the Board of Directors as well as the other members of the Board of Directors and the President can be discharged from liability for the financial year audited by us.

The proposal submitted to the General Meeting by the Board of Directors regarding the distribution of retained earnings is in compliance with Finnish legislation.

Helsinki, 27 February 2004

KPMG WIDERI OY AB

Mauri Palvi

Authorised Public Accountant

Management and auditors

Board of Directors

The Board of Directors of Nordea Bank Finland Plc comprises the President and the Chief Executive Officer of the Nordea Group, Lars G Nordström, and seven members. In addition, there are two deputy members.

The President of Nordea Bank Finland is Markku Pohjola and Kari Jordan acts as his deputy.

Auditors

The Annual General Meeting of Nordea Bank Finland Plc elects the company's auditors for a period of one year at a time. The auditor must be an audit firm authorised by the Finnish Chamber of Commerce.

Board of Directors 31 December 2003

Lars G Nordström
Born 1943. President and Group Chief Executive Officer of Nordea. Chairman of the Board since 2002. Member since 1998.

Christian Clausen
Born 1955. Head of Asset Management and Life in Nordea. Member since 2002.

Carl-Johan Granvik
Born 1949. Head of Group Credit and Risk Control in Nordea, Chief Risk Officer. Member since 1995.

Kari Jordan
Born 1956. Deputy of the President in Nordea Bank Finland Plc. Head of Retail Banking in Nordea. Member since 2000.

Arne Liljedahl
Born 1950. Deputy Chairman of the Board of Directors. Head of Group Corporate Centre in Nordea. Member since 1998.

Markku Pohjola
Born 1948. President of Nordea Bank Finland Plc. Head of Group Processing and Technology in Nordea. Deputy Group Chief Executive Officer in Nordea. Member since 1994.

Tom Ruud
Born 1950. Head of Corporate and Institutional Banking in Nordea. Member since 2002.

Peter Schütze
Born 1948. Head of Group Staffs in Nordea. Member since 2002.

Deputy members

Jakob Grinbaum
Born 1949. Head of Group Treasury in Nordea. Deputy member since 2002.

Harri Sailas
Born 1951. Head of Retail Banking Finland in Nordea. Deputy Member since 2002.

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