

Interim Report 3rd quarter 2003
Nordea Bank Norge Group

Result summary third quarter

Nordea Bank Norge's net profit for the third quarter amounted to NOK 215m (140), corresponding to a return on equity of 5.0% (3.1). Total income has increased by approximately 20% compared to the corresponding quarter in 2002, while total expenses are somewhat reduced. Loan losses have increased by NOK 311m to NOK 584.

Nordea Bank Norge's net profit for the first nine months of the year amounted to NOK 300m (1,005), corresponding to a return on equity of 2.3% (7.6). High loan losses are the main cause of the weak result. Net interest income has increased in 2003, while other income is approximately on the same level as last year. Total expenses have increased by 2% compared to the corresponding period in 2002, mainly as a consequence of restructuring costs. Operating profit before losses amounted to NOK 2,267m (1,976), while loan losses amounted to NOK 1,850 (345).

Development in the third quarter

The global economy improved slightly in the third quarter. Nordic stock exchange indices increased between 1% and 11%, while trading volumes on average increased by 24%. Short-term interest rates on average were somewhat lower following rate cuts in all Nordic currencies in June and for Norwegian Kroner and Swedish Kronor in the third quarter.

Net interest income

Net interest income increased by 19.7, to NOK 1,370m, compared to the third quarter 2002. Adjusted for non-recurring items the increase is 10%. Net interest income in percent of average total assets was 2.10% (1.94) in the third quarter on an annualised basis. The difference between the average deposit rate of interest and lending rate of interest amounted to 2.55 percentage points (2.68). This is somewhat lower compared to the second quarter, but the same level as the 2002 average.

Lending to customers was on average 4.6% higher than in the third quarter the previous year. The growth in lending has mainly been in Retail. Average deposits from customers were 6.7% higher than in the corresponding quarter the previous year.

Dividends and profit from associated companies

Dividends and profit from associated companies were NOK 20m (17). The most significant contribution was the share of profit from Eksportfinans ASA.

Commissions

Net commission income was NOK 341m (246). The increase is mainly related to income from sale of foreign exchange and derivative products on behalf of Nordea Bank Finland after reorganisation of this business at the end of the second quarter. Net commission income for the first nine months amounted to NOK 816m, which represents an increase of NOK 91m compared to the corresponding period in 2002.

Net income on securities transactions and foreign exchange dealing

Net change in value and profit (loss) on securities was NOK 16m (-91) in the third quarter, divided between NOK 0m (-108) on equities and NOK 16m (17) on certificates and bonds. Net change in value and profit (loss) on foreign exchange and financial derivatives was NOK 51m (227). The decrease has to be seen in association with the reorganisation of the FX/MM and OTC-derivatives trading in the Nordea Group as described above.

Other income

Other non-interest income amounted to NOK 95m (40). Adjusted for the gain on the transfer of the business in the subsidiary Inkassosentralen, other non-interest income was on the same level as in the previous quarters of 2003.

Throughout this report, "Nordea Bank Norge" and "the Group" refer to the parent company Nordea Bank Norge ASA, corp. reg. no 911 044 110, with its subsidiaries. The registered office of the company is in Oslo. Nordea Bank Norge is a wholly owned subsidiary of Nordea Bank Finland Abp, itself a wholly owned subsidiary of Nordea AB (publ), the listed parent company of the whole Nordea Group. The business operations of the Nordea Group have been organised in three business areas, all of which operate across national boundaries: Retail Banking, Corporate and Institutional Banking (CIB) and Asset Management & Life. The consolidated interim report of Nordea AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view. This statutory interim report covers the operations of the legal entity Nordea Bank Norge with its subsidiaries, comprising Nordea's retail and corporate banking operations in Norway. For occurred and planned changes in the legal structure see separate section on page 3.

Expenses

Total non-interest expenses were NOK 1,005m (1,016). Adjusted for restructuring costs it has been a decrease of 9% compared to the corresponding quarter 2002. Personnel expenses increased by NOK 62m whereof NOK 82m related to restructuring. The number of full time equivalent positions was 3,752 (4,003) at the end of the quarter. There has been a decrease in depreciation and IT-expenses. Relative to the average total assets, the costs represented 1.54% (1.72) on an annualised basis. The cost/income ratio, exclusive of net changes in value and profit (loss) on securities, amounted to 53.5% (60.7) in the third quarter and 59.5% (60.4) in the first nine months.

Loan losses

In the third quarter the net provision for losses on loans and guarantees were NOK 584m (273). This is equivalent to 1.1% of total lending, annualised. The net provision for losses on loans and guarantees in the first nine months of the year amounted to NOK 1,850m (345), which is mainly related to the fish farming portfolio in Retail.

Nordea has exposure to the Norwegian fish farming company Pan Fish ASA. At the end of September Nordea owned approximately 43% of the company. In the refinancing plan of the company approved on 10 October, Nordea committed to convert loans amounting to approximately NOK 500m to shares and a convertible loan. As part of the total refinancing other shareholders of Pan Fish have an option to buy maximum 3.7bn shares from Nordea.

Nordea's ownership share of the company following the refinancing depends on the extent to which other shareholders utilize their option to buy shares from Nordea.

Based on the refinancing, a further provision of NOK 528m was made on Pan Fish in the third quarter. The new shares and the convertible loan will be charged off against this provision when the refinancing is completed in the fourth quarter. All Nordea's shares in Pan Fish will subsequently be valued at zero.

Following the provision made in the third quarter, Nordea's net exposure to Pan Fish at 30 September was approximately NOK 1 426m.

Gross non-performing and doubtful loans increased from NOK 8.4bn to NOK 8.8bn the last quarter. Net non-performing and doubtful loans, which represent the booked value of these loans, were NOK 6.0bn, which is unchanged from the previous quarter.

Taxes

Profit before taxes in the third quarter amounted to NOK 304m (288), while the tax expense was NOK 89m (148). Profit before taxes for the first nine months was NOK 416m (1,623), while the tax expense was NOK 116m, corresponding to a tax rate of 28%.

Net profit

Net profit for the third quarter amounted to NOK 21m (140), corresponding to a return on equity of 5%.

Balance sheet

Total assets of Nordea Bank Norge group amounted to NOK 252bn (249). Net loans to customers increased by NOK 9bn, equivalent to 4.6%, while other assets increased by NOK 14bn mainly related to unsettled certificates and bonds due to large trading volumes. Deposits from customers increased by 5.5% to NOK 108bn at the end of the quarter.

Capital adequacy

The risk-weighted asset base of the Group was NOK 197.4bn as at September 2003 (202.1), which is a decrease of NOK 1.1bn in the last quarter.

Under current legislation, the capital ratio is required to be at least 8% at all times. The Group's total capital amounted to NOK 19,723m, which represents a capital ratio of 10.0%. Tier 1 capital ratio amounted to 8.3%. In the Parent Bank the capital ratio was 10.5% and the Tier 1 capital ratio 8.7%. Profit for the period has not been taken into account in the calculations.

Group structure

The earlier announced change of the legal structure of Nordea is progressing.

The transformation of Nordea AB into a banking company proceeded further, when the Extraordinary General Meeting on 22 October approved certain amendments to the articles of association, i.e. to change the name to Nordea Bank AB (publ). The amendments will enter into effect in connection with the Nordea Bank Sweden being merged into Nordea AB, scheduled to take place in the first quarter of 2004.

The sale of Nordea Bank Norge from Nordea Bank Finland to Nordea AB was approved by the Norwegian authorities in October 2003.

Nordea Bank Norge entered into an agreement with Aktiv Kapital ASA in September 2003 regarding transfer of the business in the wholly owned subsidiary Inkassosentralen and transfer of Nordea's portfolio of non-performing commitments which already are in the company for collection.

Outlook

The general economic outlook improved slightly during the third quarter, and there is still an expectation of growth in the global as well as the Nordic economies going forward, leaving scope for revenue growth.

The sharp attention on cost control will be maintained and expenses are expected to be well within the cost target for 2003.

The target for average loan losses over a business cycle, maximum 0.40% of loans and guarantees, remains unchanged. There is still some caution regarding the fish farming portfolio, but based on the quality of the Groups's total loan portfolio, as well as the present economic outlook, Nordea expects that loan losses in the fourth quarter will not exceed the average quarterly level in the first three quarters of 2003.

Statement of income

NOK million	Note	The Group					The Parent Bank				
		3rd quarter		9 months		Full year	3rd quarter		9 months		Full year
		2003	2002	2003	2002	2002	2003	2002	2003	2002	2002
Interest income		3,349	4,160	11,003	11,989	16,434	2,973	3,750	9,793	10,769	14,684
Interest expenses		1,979	3,015	7,081	8,454	11,651	1,767	2,768	6,383	7,681	10,517
Net interest income		1,370	1,145	3,922	3,535	4,783	1,206	982	3,410	3,088	4,167
Dividends and profit from group companies and associated companies		20	17	58	78	94	155	29	395	150	242
Commissions and fees		424	318	1,076	977	1,338	423	319	1,074	977	1,337
Commission expenses		-83	-72	-260	-252	-342	-83	-72	-259	-252	-342
Net change in value and profit (loss) on securities		16	-91	134	-30	-6	16	18	134	81	117
Net change in value and profit (loss) on foreign exchange and financial derivatives		51	227	303	604	891	51	227	303	604	892
Other non-interest income		95	40	163	122	189	18	28	61	80	120
Total non-interest income		523	439	1,474	1,499	2,164	580	549	1,708	1,640	2,366
Personnel expenses		649	587	1,936	1,659	2,241	616	557	1,841	1,571	2,120
Administrative expenses		205	259	735	873	1,147	198	247	711	842	1,109
Ordinary depreciation and write-downs		65	72	200	221	295	62	69	191	212	282
Other non-interest expenses		86	98	258	305	489	82	99	247	304	482
Total non-interest expenses		1,005	1,016	3,129	3,058	4,172	958	972	2,990	2,929	3,993
Operating profit before loan losses and profit on long-term securities		888	568	2,267	1,976	2,775	828	559	2,128	1,799	2,540
Provision for losses on loans and guarantees	2, 3	584	273	1,850	345	1,242	577	269	1,835	335	1,225
Profit (losses/write-downs) on long-term securities		-	-7	-1	-8	165	-	10	-1	9	190
Operating profit		304	288	416	1,623	1,698	251	300	292	1,473	1,505
Income taxes	4	89	148	116	618	670	36	160	-8	468	477
Net profit		215	140	300	1,005	1,028	215	140	300	1,005	1,028
Earnings per share, fully diluted (NOK) (per quarter/9 months/year)		0.39	0.25	0.54	1.82	1.86					

Interim results

NOK million	1st quarter 2002	2nd quarter 2002	3rd quarter 2002	4th quarter 2002	1st quarter 2003	2nd quarter 2003	3rd quarter 2003
Interest income	3,865	3,964	4,160	4,445	3,961	3,693	3,349
Interest expenses	2,670	2,769	3,015	3,197	2,714	2,388	1,979
Net interest income	1,195	1,195	1,145	1,248	1,247	1,305	1,370
Dividends and profit from associated companies	19	42	17	16	13	25	20
Commissions and fees	317	342	318	361	335	317	424
Commission expenses	-88	-92	-72	-90	-89	-88	-83
Net change in value and profit (loss) on Securities	113	-52	-91	24	50	68	16
Net change in value and profit (loss) on foreign exchange and financial derivatives	211	166	227	287	181	71	51
Other non-interest income	39	43	40	67	34	34	95
Total non-interest income	611	449	439	665	524	427	523
Personnel expenses	548	524	587	582	579	708	649
Administrative expenses	296	318	259	274	286	244	205
Ordinary depreciation and write-downs	74	75	72	74	67	68	65
Other non-interest expenses	86	121	98	184	100	72	86
Total non-interest expenses	1,004	1,038	1,016	1,114	1,032	1,092	1,005
Operating profit before loan losses and profit on long-term securities	802	606	568	799	739	640	888
Provision for losses on loans and guarantees	-7	79	273	897	637	629	584
Profit (losses/write-downs) on long-term securities	-	-1	-7	173	-	-1	-
Operating profit	809	526	288	75	102	10	304
Income taxes	324	146	148	52	27	-	89
Net profit	485	380	140	23	75	10	215
Average total assets	238,979	234,224	236,251	246,255	223,440	253,268	261,314

Balance sheet

NOK million	Note	The Group			The Parent Bank		
		30.09.03	30.09.02	31.12.02	30.09.03	30.09.02	31.12.02
Assets							
Cash and deposits with central banks		4,269	22,360	12,312	4,269	22,360	12,312
Deposits with and loans to credit institutions		9,020	3,542	5,929	16,170	9,707	11,776
Total cash and claims on credit institutions		13,289	25,902	18,241	20,439	32,067	24,088
Loans to customers	6	203,857	193,530	194,703	177,591	167,252	168,653
Specific allowance	3, 6	-2,821	-1,325	-2,153	-2,738	-1,246	-2,084
General allowance for loan losses	6	-1,638	-1,633	-1,633	-1,525	-1,524	-1,525
Net loans to customers		199,398	190,572	190,917	173,328	164,482	165,044
Reposessed assets		32	36	33	29	26	27
Certificates and bonds	5	16,303	22,181	18,529	16,220	21,934	18,335
Equities and investments	5	315	849	295	101	70	61
Total securities		16,618	23,030	18,824	16,321	22,004	18,396
Associated companies		636	595	608	636	595	608
Equities and investments in group companies		-	-	-	5,066	5,095	5,124
Deferred tax asset, goodwill and other intangible assets		780	681	780	718	563	704
Real estate and machinery		2,330	2,485	2,448	2,270	2,420	2,384
Other assets		15,165	1,123	5,333	14,799	1,003	5,663
Prepaid expenses and accrued income		3,376	4,455	3,991	3,123	4,160	3,757
Total assets		251,624	248,879	241,175	236,729	232,415	225,795
Liabilities and equity							
Deposits from credit institutions		56,191	70,554	54,589	50,986	66,765	50,529
Deposits from customers		107,515	101,902	110,978	108,358	102,643	112,408
Total deposits		163,706	172,456	165,567	159,344	169,408	162,937
Certificates and bond loans		45,645	41,343	39,455	36,010	28,857	27,360
Other liabilities		14,374	3,353	8,295	14,104	3,117	8,300
Accrued expenses and prepaid receivables		6,170	8,245	5,516	5,590	7,655	4,905
Allowances for liabilities		1,246	1,103	1,145	1,200	1,089	1,099
Total other liabilities		67,435	54,044	54,411	56,904	40,718	41,664
Subordinated loan capital		3,012	4,405	4,045	3,010	4,315	4,042
Share capital		3,860	3,860	3,860	3,860	3,860	3,860
Reserves		13,311	13,109	12,264	13,311	13,109	12,264
Profit for the period		300	1,005	1,028	300	1,005	1,028
Total equity	7	17,471	17,974	17,152	17,471	17,974	17,152
Total liabilities and equity		251,624	248,879	241,175	236,729	232,415	225,795

Nordea Bank Norge ASA
Oslo, 30 October 2003

Lars G Nordström
Chairman of the Board

Markku Pohjola
Deputy Chairman of the Board

Liv Irene Haug

Carl Erik Krefting

Arne Liljedahl

Hege Marie Norheim

Tom Ruud

Baard Syrrist
Managing director

Key figures

NOK million	31.03.02	30.06.02	30.09.02	31.12.02	31.03.03	30.06.03	30.09.03
Total assets	237,927	227,888	248,879	241,175	249,787	256,025	251,624
Net loans to customers	186,857	187,769	190,572	190,917	193,645	197,297	199,398
Net loans to customers as percentage of total assets	78.5	82.4	76.6	79.2	77.5	77.1	79.2
Deposits from customers	100,817	106,162	101,902	110,978	109,422	107,271	107,515
Deposits from customers as percentage of total assets	42.4	46.6	40.9	46.0	43.8	41.9	42.7
Deposit ratio (customer deposits to net loans to customers)	54.0	56.5	53.5	58.1	56.5	54.4	53.9
Total non-performing commitments	2,160	2,402	2,567	5,062	2,937	3,747	3,353
Net non-performing commitments	1,265	1,644	1,638	3,493	1,423	1,855	1,751
Risk-weighted assets	202,900	200,900	202,100	198,900	200,900	198,500	197,400
Book equity per share (NOK) *	31.63	32.35	32.60	31.11	31.28	31.30	31.69
Earnings per share (per quarter) (NOK)	0.88	0.69	0.25	0.04	0.14	0.02	0.39
Cost/income ratio (excluding net change in value and profit (loss) on securities per quarter)	59.3	61.2	60.7	59.0	60.0	65.6	53.5
Numbers of employees (full-time positions)	4,081	4,001	4,003	4,007	3,979	3,919	3,752

* Excluding allocations of dividend, not yet paid at the time, NOK 1.45 as at 4Q02.

Notes to the statement of income and the balance sheet

Note 1 General principles and composition of the Group

The quarterly accounts have been set out in accordance with the same principles as the 2002 annual accounts. See note 1 in the annual report for 2002 regarding a further description of the Group's accounting principles. Unless stated otherwise, the notes show Group figures.

Note 2 Provision for losses on loans and guarantees

Loan loss provision by industry

	3rd quarter 2003		9 months 2003	
	NOK million	Percentage of total loans*)	NOK million	Percentage of total loans *)
Retail market	-164	-0.8	-149	-0.3
Primary industries (agriculture/fisheries)	1,035	38.2	1,459	17.9
Mining, oil extraction and drilling	-10	-1.4	63	2.7
Manufacturing industry	-386	-11.1	54	0.5
Power and water supply, building and construction	2	0.1	3	0.1
Wholesale and retail trade	12	0.7	10	0.2
Hotels and restaurants	7	1.4	5	0.3
Shipping and aviation	7	0.1	9	0.1
Real estate	29	0.3	31	0.1
Commercial services	64	1.0	365	2.0
Other	-12	-2.3	-	-
Total	584	1.1	1,850	1.2
Change in general allowance	-		-	
Net loan loss provision	584	1.1	1,850	1.2

*) Annualised

Note 3 Charge-offs and changes in allowances

NOK million	3rd quarter 2003	9 months 2003
Specific allowance, beginning of period	2,422	2,153
New loan loss provisions	776	1,442
Purchased commitments	-	-
Sold commitments	-	38
Change in previous allowances	-210	-364
Charge-offs	-155	-449
Exchange rate differences	-12	1
Specific allowance, end of period	2,821	2,821
Of which specific allowance on guarantees	-	-
Specific allowance on loans, end of period	2,821	2,821
Net losses on loans and guarantees during the period		
New specific loan loss provisions	776	1,442
Charge-offs that affect the result	211	213
Change in previous allowances	-210	-364
Net loss (profit) on repossessed assets etc.	-11	770
Recoveries on commitments previously written off	-182	-211
Change in general allowance	-	-
Provision for losses on loans and guarantees	584	1,850

Note 4 Taxes

The tax charge for the period includes payable taxes and changes in deferred taxes. The calculated taxes for the first nine months are NOK 116 million corresponding to approximately 28 per cent of profit before taxes.

Following a ruling made by Central Taxation Office for Large-Sized Enterprises on 1 October 2002 the tax assessment of Nordea Bank Norge ASA regarding the income year 2001 was changed. Due to this ruling NOK 88 million in increased taxes were expensed in the third quarter of 2002. In March 2003 "Ligningsnemda" reached the same conclusion, but increased the income with further NOK 62 million. Due to this approximately NOK 17 million in increased taxes were expensed in the first quarter of 2003. The case concerns the Bank's sales of its foreign branches in London and Singapore. The Bank has lodged an appeal to "Overligningsnemda".

"Ligningsnemda" handed down a ruling on 25 February 2002, which caused a change in the tax assessment of Nordea Finans Norge AS regarding the income year 1999. Due to this ruling NOK 96 million in increased taxes were expensed in the first quarter of 2002. The case concerns the right to carry forward losses after a merger with a subsidiary. In December 2002 "Overligningsnemda" reached the same conclusion, but on a different basis. The case was served with a summons to Oslo City Court (Oslo Tingrett) on 23 May 2003.

On 9 October 2002 Central Taxation Office for Large-Sized Enterprises handed down a ruling which caused a change in the tax assessment of Christiania Forsikring AS regarding the income year 2001. Due to this ruling NOK 11 million in increased taxes were expensed in the fourth quarter of 2002. The case concerns the sale of its subsidiary K-Fondsforsikring AS. The company has lodged an appeal.

Note 5 Securities

	30.09.03		30.09.02		31.12.02	
	Cost	Book value/ market value	Cost	Book value/ market value	Cost	Book value/ market value
Trading portfolio						
Certificates and bonds	6,477	6,528	11,117	11,148	8,865	8,911
Equities and investments	3	3	299	274	3	3
Total trading portfolio	6,480	6,531	11,416	11,422	8,868	8,914

Short positions *)

Certificates and bonds	1,236	1,231	494	494	877	887
Equities and investments	-	-	-	-	-	-

Other current and fixed assets	Book value		Book value		Book value	
Certificates and bonds		9,775		11,033		9,618
Equities and investments		312		575		292
Total other current and fixed assets		10,087		11,608		9,910

Unrealised gains on other current and fixed assets

Certificates and bonds		192		77		130
Equities and investments **)		-		-		-

*) Included in Other liabilities

**) Unrealised gains on unquoted stocks not included

Equities and investments classified as other current and fixed assets include only non-listed equities and investments.

During 2002 the subsidiary Nordea Equity Holdings AS reduced its activity considerably through sale of the main part of the equity portfolio. The reason is that Nordea has reduced its risk willingness and therefore the risks allocated to equities. In addition, these activities will in the future be concentrated in Copenhagen.

Note 6 Analysis of the loan portfolio

	Total NOK million		Allowances				Net NOK million	
	30.09.03	30.06.03	30.09.03	30.06.03	% 30.09.03	30.06.03	30.09.03	30.06.03
Non-performing commitments	3,353	3,747	1,602	1,892	48	50	1,751	1,855
Doubtful commitments	5,458	4,649	1,219	530	22	11	4,239	4,119
Total	8,811	8,396	2,821	2,422	32	29	5,990	5,974
Of which guarantees etc.	-1,105	-961	-	-	-	-	-1,105	-961
Other loans	196,151	193,922	1,638	1,638	0.8	0.8	194,513	192,284
Total	203,857	201,357	4,459	4,060	2	2	199,398	197,297

Non-performing commitments were distributed as follows

	Total non-performing NOK million		Allowances				Net non-performing NOK million	
	30.09.03	30.06.03	30.09.03	30.06.03	% 30.09.03	30.06.03	30.09.03	30.06.03
Corporate commitments	2,823	3,199	1,402	1,689	50	53	1,421	1,510
Retail commitments	530	548	200	203	38	37	330	345
Total	3,353	3,747	1,602	1,892	48	50	1,751	1,855

Note 7 Equity

NOK million	2003	2002
Equity as at 1 January	17,152	16,957
Profit for the period	300	1,005
Difference between provision and actual group contribution to companies outside NBN group	20	17
Exchange rate differences	-1	-5
Equity as at 30 September	17,471	17,974

Note 8 Capital ratio

	NOK billion	
Risk-weighted assets as at	30.09.03	30.09.02
Total assets	174,5	169,7
Total off-balance sheet items	19,8	22,3
Total market and foreign exchange risk	3,1	10,1
Risk-weighted assets	197,4	202,1

	NOK million		%	
Capital ratio as at	30.09.03	30.09.02	30.09.03	30.09.02
Core capital	16,366	16,935	8.3	8.4
Supplementary capital	3,370	4,792	1.7	2.3
Deductions	-13	-36	-	-
Total capital	19,723	21,691	10.0	10.7

The capital ratio requirement is 8 per cent.