

Activities

2004

This is Nordea



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 Nordic customers and 1,198 branch offices. The Nordea Group is a world leader in Internet banking, with 4 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

Annual report practice

Nordea relies increasingly on the Internet in the communication with shareholders and investors. All significant financial information about the Nordea Group can be found at the Group's homepages.

This is a summary of the Nordea Annual Review 2004. The Nordea Annual Report 2004 is the formal report audited by the Nordea auditors including the full set of financial accounts and notes, the Board of Directors report and the cash flow statement. The Nordea Annual Review 2004 is a review of the business development in the Nordea Group in 2004.

The summary is produced in English and in the four Nordic languages and is available on the Internet and in bank branches.

Financial reports 2005

Nordea will publish the following financial reports during 2005:

January - March	27 April
January - June	24 August
January - September	26 October

Investor relations

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Website

All reports and press releases are available on the Internet at: www.nordea.com

Financial reports published by the Nordea Group may be ordered via Investor Relations.

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Increasing ambitions

We have delivered on our priorities and targets and we have made significant headway in our ability to continuously improve performance. Although market conditions are challenging with increasing competition, we are well positioned to capture growth opportunities. We have now raised our level of ambition and adjusted our financial targets accordingly.

2004 - a successful year for Nordea

For Nordea the year 2004 proved to be a successful one. We have for the second year in succession delivered total shareholder return in the top three of our European peer group. Total income increased by 1%, or 3% excluding one-off items in 2003, despite competitive pressure.

Costs decreased by 5%.

Loan losses were close to zero reflecting Nordea's conservative risk profile and high credit portfolio quality.

Operating profit and net profit went up by 26% and 28% respectively.

Based on our improved financial performance and aligned with our dividend policy, the Board proposes a dividend per share of EUR 0.28 for 2004 - 12% above last year's dividend.

Delivering on 2002 priorities and financial targets

In 2002, we experienced a deteriorating performance, and a perception of disappointment among investors led to a drop in our share price. We defined top priorities for short-term performance improvements including quality and stability of earnings, capital efficiency, and credit quality. A strong commitment to manage costs and reduce complexity was established throughout the organisation.

The overall heading for our efforts was focus, speed and performance.

Since then Nordea has implemented new and improved business models for Life & Pensions and

Investment Banking and divested General Insurance, thereby significantly reducing volatility of earnings.

Focus on our core business included divestment of real estate assets and other substantial non-core businesses.

"Customer satisfaction has increased in the most attractive customer segments, and on an overall level Nordea has more satisfied customers than ever before"

We have increased our off-balance-sheet business and have implemented an economic capital framework, thus contributing to improved capital efficiency.

Nordea has repurchased own shares in the amount of EUR 1.2bn and paid dividends worth EUR 1.4bn during 2003 and 2004.

Our credit portfolio is more than 90 per cent Nordic, loan losses are down and costs in nominal terms have been reduced by 7 per cent compared to 2002.

All stakeholder groups have rewarded us.

Customer satisfaction has increased in the most attractive customer segments, and on an overall level Nordea has more satisfied customers than ever before.

Satisfaction and motivation among our employees have moved forward, Nordea's reputation is on a positive trend, and investors, analysts and the media now see that our total shareholder return is in the top quartile of our European peer group.

This is gratifying and it provides yet another good reason and a strong platform to become even better. ►



Lars G Nordström
President and Group CEO

► Increasing ambitions

Competition in the financial services industry is gaining intensity, leaving less room for the average players. In this highly competitive environment the key is to leverage on one's strengths, to master transformation and maintain focus and speed.

We need to focus on income growth by staying close to the market and customers, and by concentrating on teamwork and customer orientation. And that's what transformation is all about: focus, speed, and ultimately, performance.

Having delivered on promises and targets, we expect to do even better. To reach a higher level of performance, one always needs to raise ambitions and targets. This we have done.

Our strategic direction and prudent cost and risk management is unchanged, but the ambition level is raised.

The overall ambition is to achieve leading positions in all Nordic markets, and to establish a European platform in selected markets and segments.

We aim at increasing our return on equity - in stages - to the level of top peers through revenue growth, continued flat costs and with excess capital returned to shareholders.

New financial targets

The new level of ambition is reflected in new financial targets as follows:

- Total shareholder return in the top quartile of our European peer group
- Return on equity above 15 per cent this year and 17 per cent or in line with top Nordic peers from 2007 onwards
- Unchanged costs through 2007 compared to 2004 and

- Continuous improvement of our cost/income ratio as a supporting performance indicator

We have raised our return on equity target by 3 percentage points and extended our flat-cost target by three years.

Though challenging, this is definitely within reach.

Revenue growth at unchanged costs

Achievement of our increasingly ambitious goals calls for the right strategic direction and strong mindset.

At the same time the Nordic financial services industry presents many challenges. The industry is characterised by excess capacity, low interest rates and fierce competition.

The Nordic market is strongly dependent on the overall macroeconomic environment, and developments in financial markets including corporate investment activity, consumer confidence and the housing markets.

But growth opportunities are available in the Nordic market: the macroeconomic outlook is stable, long-term growth is evident in different savings instruments, consumer lending is gaining momentum and all in all financial markets are in recovery.

Nordea has competitive advantages in this scenario of market challenges and opportunities.

One of Nordea's main strengths is our large customer base, comprising 11 million individuals and companies.

We have the strongest distribution power in the Nordic region with 1,200 branches, a leading position in e-banking plus an extensive network of contact centres.

And we have additional advantages of size, scale and scope as reflected in our EUR

276 bn total assets, EUR 131 bn assets under management and EUR 21.8 bn market capitalisation.

So, it is basically a question of reaping the full benefits of our strengths.

"We are simply focused on taking Nordea to its new ambition level"

Almost everything we do we can do better

We have now begun to improve our sales focus and behaviour and to speed-up product innovation.

We aim to master transformation by enhancing our change-management capacity and by continuing the reduction of complexity.

We are simply focused on taking Nordea to its new ambition level.

I say this bearing in mind the results that we have realised during the last couple of years, and I would like to thank all colleagues throughout the Group for their very dedicated efforts in the achievement of these results.

On behalf of everyone in the Group I can assure you: we are rising to the challenge.

And, almost everything we do we can do better.

Best regards

Lars G Nordström

New financial targets

In November 2004, Nordea presented new financial targets for the period 2005-2007. These reflect Nordea's new ambition level with the aim to reach leading positions in all Nordic markets, to establish European platforms in selected markets and segments and to focus on revenue growth while keeping flat costs to ensure profitability in line with top Nordic peers.

Total shareholder return

Nordea's overall financial target is to create value for shareholders in the top five of a peer group of 20 Nordic and European financial services companies as measured by total shareholder return.

Return on equity

High return on equity is an important indicator of value creation. Nordea prioritises profitability before growth and aims to achieve a sustainable return on equity of more than 15% from 2005 and of more than 17%, or the level of top Nordic peers from 2007. In the RoE calculations until 2004, RoE was calculated as if goodwill was written off against equity. From 1 January 2005, IFRS 3 applies and goodwill is included in equity. 15% RoE according to IFRS corresponds to 18% applying the old methodology.

Costs

Nordea gave top priority to improvement of cost efficiency in the autumn of 2002. A target of unchanged total costs through 2003 and 2004 compared to 2002 was set.

The target was reached in 2004 with total costs 5% lower than 2003 and 7% lower than 2002. Cost management and reduction of complexity still have top priority and ambitions have now been raised. Nordea aims to maintain the same cost level through 2007 as in 2004.

Cost/income ratio

Nordea views the cost/income ratio as a supporting performance indicator mainly used for management of internal continuous improvement processes. At Group level Nordea aims for continuous improvement of the cost/income ratio. The cost/income ratio was 60% in 2004 compared to 63% in 2003.

Capital structure policy

Nordea aims to retain capital flexibility while returning excess capital to shareholders. Dividend payment will normally exceed 40 percent of the net profit for the year. The dividend pay-ratio ratio for 2004 is proposed to be 40% compared to 48% for 2003.

Efficient use of capital will contribute to achieving the profitability target, thus creating shareholder value. Nordea aims at a tier 1 capital ratio above 6.5% and a total capital ratio not lower than 9%.

Distribution of dividends and repurchase of own shares are used in the management of capital.

At the end of 2004 Nordea's tier 1 capital ratio was 7.3%, compared to 7.3% at the end of 2003.

Key performance indicator	2003	2004	Old target	New target
Total shareholder return, %	#3	#3	In the top quartile of European peer group	In the top quartile of European peer group
RoE, %	15.0*	17.4*	> 15% excluding goodwill	> 15% in 2005 and > 17% or in line with level of top Nordic peers from 2007 using IFRS methodology
RoE (IFRS), %	12.2*	14.5*		
Costs, EURm	3,673	3,484	Same cost level as in 2002	Same cost level through 2007 as 2004
Loan losses ratio, %	0.25	0.02	>0.40% of loans and guarantees on average over a business cycle	No new target
Supporting performance indicator				
Cost/income ratio	63	60	<55% from 2005	Continuous improvement
Capital structure policy				
Dividend payout ratio	48	40	>40% of net profit	>40% of net profit
Tier 1 capital ratio, %	7.3	7.3	>6.5%	>6.5%

* Excluding tax asset Q3 2003 and adjusted for the year-end real estate write down 2003 and the real estate gain in 2004

The Nordea share

Nordea had a market capitalisation of EUR 21.8bn at the end of 2004 and is one of the most liquid shares in the region. International ownership of the share increased during the year. Total shareholder return in 2004 was 29.8%. The proposed dividend is EUR 0.28 (0.25) per share.

Shareholder and dividend policy

Nordea's overall financial target is to create value for shareholders in the top quartile of European peer group. Total shareholder return (TSR), is realised through market value growth per share and dividends. Value will be enhanced through commitment to create sustainable revenue growth and continued cost efficiency. Excess capital will be returned to shareholders.

Nordea pursues a policy of high dividends. The target is that the total dividend payment will exceed 40% of the net profit for the year. Nordea ensures competitive and predictable dividends. The dividend payout ratio for 2004 is proposed to be 40%.

Total shareholder return

Total shareholder return in 2004 was 29.8% (47.9% in 2003). Nordea ranked as number 3 among peer group banks in terms of TSR in 2004 (number 3 also in 2003). The average TSR in the peer group was 18.7% in 2004.

Share price development in 2004

The market capitalisation of Nordea at the end of 2004 was EUR 21.8bn compared to EUR 17.5bn at the end of 2003. Ranked by market capitalisation Nordea was the 5th largest company in the Nordic area and the largest among Nordic financial groups.

During the year the share price of Nordea appreciated by 24.1% on the Stockholm Stock Exchange from SEK 54.00 on 30 December 2003 to SEK 67.00 on 30 December 2004. The daily prices listed for the Nordea share during 2004 (closing prices at Stockholm Stock Exchange) ranged between SEK 48.70 and SEK 67.75.

The SX40 Financials Index of the Stockholm Stock Exchange appreciated by 22.3%, and the Dow Jones

STOXX European banks index appreciated by 10.3%. The Nordea share is listed on the stock exchanges in Stockholm (in SEK), Helsinki (EUR) and Copenhagen (DKK). One trading unit is equivalent to 500 shares.

Repurchase of own shares

On 22 March 2004 Nordea completed the repurchase of own shares in relation to the mandate from the AGM and the decision by the Board of Directors on 29 October 2003. A total of 145 million shares, or approximately 5% of the total shares in the company, were repurchased.

Following the authorisation from the Annual General Meeting on 31 March 2004, the Board of Directors of Nordea Bank AB (publ) on 27 October 2004 decided to reactivate the repurchase programme to buy back up to a maximum of 139 million of its own shares (equivalent to approximately 5% of the total number of shares in the company).

The purpose of the acquisition is to redistribute funds to the Company's shareholders and in this way contribute to more efficient utilisation of Nordea's resources. The impact of the repurchase on the Company's earnings per share and return on equity is expected to be positive.

Current information on repurchase of own shares is available at www.nordea.com/ir.

Shareholders

With approximately 487,000 registered shareholders at the end of 2004, Nordea has one of largest shareholder bases of all Nordic companies. The number of Nordea shareholders registered in Denmark is approximately 201,000, in Finland 198,000 and in Sweden 88,000.

The largest individual shareholder is the Swedish state with a holding of 19.8% at year-end. On 13 January 2005 the Swedish state announced that it will sell shares in Nordea in order to keep its ownership share unchanged compared to the situation before the present repurchase programme started on October 27 2004, where the state held 19.5% of Nordea.

Highlights of 2004

January

Nordea takes yet another step towards simplifying its legal structure and to become a European Company. The parent company, Nordea AB (publ), was granted a bank charter and thus changed its name to Nordea Bank AB (publ) as of 30 January 2004.

February

Nordea's real estate divestment process continues as further properties in Finland are sold.

March

Nordea outsources paper based payment services in response to decreased demand of paper-based services. The long-term agreement reduces costs yet maintains services. Nordea completes the repurchase of own shares in relation to the decision by the Board of Directors on 29 October 2003. A total of 145 million shares, or approx. 5% of the total shares in the company, has been repurchased.

April

Nordea completes its real estate divestment process by the sale of central business district properties in Finland, Norway and Sweden. Following the completion, Nordea owns no major properties. Nordea's first quarter results show operating profit up 52% and more than doubled net profit.

June

Nordea outsources debt-collection operations in Sweden in line with its strategy to focus on core business.

Nordea divests 17 per cent of Bankgirot reducing its ownership stake to 10 per cent according to the conditions stipulated by the EU Commission in connection with Nordea's acquisition of Postgirot.

August

Nordea and Standard & Poor's sign an exclusive agreement that provides Nordea's customers with the broadest and most comprehensive range of company research in the Nordic market. The agreement is the first of its kind worldwide. Nordea's second quarter results show operating profit up 15% and net profit up 64%.

September

Nordea receives global e-banking award from The Banker magazine motivated by the facts that Nordea's e-banking services are the most widely used in the world with most transactions and a steady growth of e-banking customers.

Nordea announces plans to transform Nordea Liv I (former Livia) in Sweden into a demutualised company and asks policyholders to vote for demutualisation.

Nordea makes its retail banking organisation more Nordic and appoints Peter Schütze as head of Retail Banking and Frans Lindelöw as deputy head of Retail Banking.

Nordea adds two new members to Group Executive Management, Lena Eriksson and Frans Lindelöw.

October

Nordea's third quarter results show operating profit up 15% and net profit up 15.

The Board of Nordea Bank AB (publ) decides, within the framework of the authorisation by the Annual General Meeting, to reactivate the repurchase programme to buy back up to a maximum of 139 million of its own shares (equivalent to approximately 5% of the total shares).

November

Financial News, the leading weekly newspaper for the European securities, investment banking and asset management industries rate Nordea Nordic asset manager of the year.

Nordea revises its financial targets stressing continuous improvement and flat costs through 2007.

December

The number of Nordea customers who use Internet services has now passed 4 million.

Operational income statement

EURm	2004	2003	Change %
Net interest income	3,510	3,366	4
Net commission income	1,639	1,486	10
Trading income	481	567	-15
Other income	90	220	-59
Total income	5,720	5,639	1
Staff costs	-1,892	-2,101	-10
Profit sharing	-60	-46	30
Other expenses	-1,532	-1,526	0
Total expenses	-3,484	-3,673	-5
Profit before loan losses	2,236	1,966	14
Loan losses, net	-27	-363	-93
Equity method	48	57	-16
Profit before investment earnings and insurance	2,257	1,660	36
Investment earnings, banking	8	170	
Operating profit, life insurance	180	149	21
Goodwill amortisation and write-downs	-161	-167	-4
Operating profit	2,284	1,812	26
Real estate sales and write-downs, net	300	-115	
Taxes	-667	-205	
Minority interests	-3	-2	
Net profit	1,914	1,490	28

Ratios and key figures		
Earnings per share, EUR	0.69	0.51
Share price ¹ , EUR	7.43	5.95
Shareholders' equity per share ^{1,2} EUR	4.59	4.28
Shares outstanding ^{1,2} million	2,735	2,846
Return on equity excluding goodwill ³ %	20.2	16.7
Return on equity, %	15.7	12.3
Loans and advances to the public ¹ , EURbn	161	146
Deposits and borrowings from the public ¹ EURbn	104	96
Shareholders' equity ^{1,2} EURbn	13	12
Total assets ¹ EURbn	276	262
Assets under management ¹ EURbn	131	113
Cost/income ratio, banking ⁴ %	60	63
Cost/income ratio, excl investment earnings, %	60	64
Tier 1 capital ratio ¹ %	7.3	7.3
Total capital ratio ¹ %	9.5	9.3
Risk-weighted assets ¹ EURbn	145	134
Number of employees (full-time equivalents) ¹	28,929	30,674

1 End of period.
2 Total shares registered was 2,847 million (31 Dec 2003: 2,928 million). Number of repurchased shares in Nordea Bank AB (publ) was 111.7 million (31 Dec 2003: 81.6 million). A reduction of share capital through cancellation of repurchased shares was registered on 26 October 2004. The reduction has been made through retirement without payment of 81.6 million shares repurchased in 2003. Average number of own shares Jan-Dec 2004 was 129 million (Jan-Dec 2003: 53 million). Average number of outstanding shares Jan-Dec 2004 was 2,789 million (Jan-Dec 2003: 2,921 million). Dilution is not applicable.
3 Net profit before minority interests and goodwill amortisation/write-downs as a percentage of average shareholders' equity (per quarter). Average shareholders' equity includes minority interests but with all outstanding goodwill deducted.
4 Total expenses divided by the sum of total income, equity method and investment earnings, banking.

Strong result in 2004

- **Net profit 2004 up 28% to all-time high EUR 1,914m (EUR 1,490m in 2003)**
- **Operating profit up 26% to EUR 2,284m (EUR 1,812m)**
- **Total income up 1% to EUR 5,720m (EUR 5,639m), up 3% on a comparable basis**
- **Volume growth in all business areas**
- **Total costs down 5%**
- **Earnings per share at all-time high EUR 0.69 (EUR 0.51)**
- **Return on equity (excluding goodwill) 20.2% (16.7%)**
- **Proposed dividend increased by 12% to EUR 0.28 (EUR 0.25), corresponding to a payout ratio of 40%**

Result summary

Operating profit increased by 26% compared to 2003 and reached EUR 2,284m. Net profit increased by 28% to EUR 1,914m, a record result for Nordea.

Strong sales within the personal as well as corporate segment influenced revenues positively. Total revenues increased by 1%. Increased business volumes and active asset-liability management more than outweighed the negative effects of lower short-term interest rates on deposit margins and the competitive market environment. Excluding the non-recurring revenues in 2003, total revenues in 2004 increased by 3%.

Further efficiency gains were realised and costs were reduced by 5%. Loan losses were sharply reduced and the credit portfolio is considered to be of a good overall quality.

Income

Net interest income increased by 4% to EUR 3,510m supported by increasing volumes in most segments. Mortgage lending to personal customers expanded significantly and volumes increased by 15% to EUR 56bn. Nordea has increased its market shares within mortgage lending in all Nordic markets except Finland. Consumer lending to personal customers increased by 8% to EUR 17bn.

Lending to small and medium-sized corporates increased by 8% to EUR 59bn. In the large corporate

sector, on-balance sheet lending was stable. In total, loans and advances to the public increased by 11% to EUR 161bn.

Increased price competition and customers' improved creditworthiness had a negative effect on lending margins in all segments even though margins were stable in the fourth quarter.

Deposits increased by 9% to EUR 104bn. Falling short-term interest rates had a negative impact on deposit margins compared to last year.

"Net profit increased by 28% to EUR 1,914m, a record result for Nordea"

The effect was mitigated by the active asset-liability management related to retail deposits. By the end of the year, approx. EUR 19bn had been hedged, representing approx. 2/3 of the targeted deposit volumes. The total positive net effect on net interest income in 2004 is approx. EUR 50m compared to 2003.

Net commission income increased by 10% to EUR 1,639m. Deposit and payments commissions increased by 5% to EUR 800m reflecting growth in the number of payment transactions, in particular card payments. Commissions from brokerage increased by 50% to EUR 161m following improved equity markets. Asset-management-related commissions increased by 10% to EUR 516m.

Assets under management (AuM) increased by 16% to EUR 130.6bn.

Trading income decreased by 15% to EUR 481m. A very strong first quarter supported by volume growth in all segments was followed by declining trading income in the second and third quarter as a result of reduced customer activity and low volatility in the financial markets. In the fourth quarter, customer activity increased in all product areas and trading income improved.

Other income decreased by 59% to EUR 90m. In 2003, Nordea undertook a number of divestments in line with its strategy to focus on core business. This resulted in non-recurring gains of EUR 110m, increasing other income in that year.

Expenses

Total expenses continued to decrease and were reduced by 5% to EUR 3,484m which was clearly below the stated target of unchanged costs compared to 2003.

Staff costs decreased by 10% to EUR 1,892m. Underlying staff costs, adjusted for restructuring charges, variable salaries, currency fluctuations and outsourcing, were reduced by 6%. In 2004, the number of employees, measured by full-time equivalents, was reduced by 1,745 of which 220 as a result of outsourcing.

Other expenses were stable at EUR 1,532m. Underlying other costs were reduced by 2%.

The outsourcing of certain non-core activities has resulted in falling staff costs and an increase in other expenses. Information technology costs thus increased by 8% to EUR 440m. Total IT-related cost decreased by 2% in 2004. Marketing expenses increased by 15% during 2004 to EUR 94m as a result of intensified marketing activities mainly to personal customers.

Expenses for rents and premises increased by 5% to EUR 340m. This includes provisions for future rents of vacant premises following the reduction of employees and more efficient use of office space. Other expenses, including travel, consultants etc decreased by 7% to EUR 470m.

The provision for profit-sharing amounted to EUR 60m in 2004 compared to EUR 46m in 2003 following the improved performance.

Loan losses

Loan losses amounted to EUR 27m compared to EUR 363m in 2003. Loan losses corresponded to 0.02% of total loans and guarantees. The credit portfolio is considered to have a good overall quality.

Investment earnings, banking

Investment earnings, banking, were EUR 8m compared to EUR 170m in 2003.

Life insurance

Operating profit from Life Insurance increased by 21% to EUR 180m reflecting the positive effects of the changed business model in the life business. The Life result has been stable on a high level throughout the year. Premiums written increased by 10% compared to 2003.

Equity method

Profit from companies accounted for under the equity method decreased by 16% to EUR 48m.

Real estate holdings

Nordea completed its real estate divestment process by the sale of central business district properties in Finland, Norway and Sweden in the second quarter. A gain of EUR 300m was reflected in the second quarter accounts 2004. In the fourth quarter 2003, a write-down of EUR 115m was reported. Nordea now owns no major properties.

Taxes

The effective tax rate amounted to 25.8% compared to 12.1% in 2003. In 2003, the tax rate was lowered by the deferred tax asset of EUR 300m as a result of the change in the Group's legal structure whereby a tax loss materialised in Nordea Bank Finland.

Net profit

Net profit amounted to EUR 1,914m corresponding to EUR 0.69 per share and a return on equity of 20.2% (excluding goodwill). Adjusted for the impact of the real estate gain in the second quarter, earnings per share were EUR 0.58 and return on equity was 17.4% (excluding goodwill).





Business area results

Retail Banking has customer responsibility for personal as well as most corporate customers in Nordea and develops, markets and distributes a broad range of financial products and services.

Corporate and Institutional Banking delivers a wide range of products and services to Nordea's largest corporate customers as well as to institutional customers. Corporate and Institutional Banking has customer responsibility for corporate customers which are listed on the key stock exchanges and e.g.

customers with an external credit rating as well as shipping, offshore and oil services companies, and financial institutions. Nordea's activities in Poland and the Baltic countries are part of Corporate and Institutional Banking.

Asset Management & Life is responsible for the Group's activities within institutional investment management, life insurance and pensions, investment funds, private banking and the savings market in general.

EURm	Business areas					Total
	Retail Banking	Corporate and Institutional Banking	Asset Management & Life	Group Treasury	Group Functions and Eliminations	
			Asset Mgmt	Life		
Customer responsible units:						
Net interest income	2,907	448	36		122	3,510
Other income	1,360	596	280		-2	2,210
Total income incl. allocations	4,267	1,044	316		120	5,720
of which allocations ¹	524	-291	-233		6	0
Expenses incl. allocations	-2,460	-592	-187		-34	-3,484
of which allocations ¹	-1,222	-193	15		-5	0
Loan losses	18	51				-27
Equity method	27	19				48
Profit before investment earnings and insurance	1,852	522	129	0	86	2,257
Investment earnings, banking					8	8
Operating profit, life insurance	52			128		180
Goodwill amortisation and write-down	-21	-14				-161
Operating profit 2004:	1,883	508	129	128	94	2,284
Operating profit 2003:	1,537	435	95	114	246	1,812
Return on equity, %	28	19				16
Cost/income ratio, banking, %	57	56	59		27	60
Other information, EURbn						
Total assets	157	89	5	25	16	276
Lending	131	28	2		0	161
Deposits	73	25	4		2	104
Capital expenditure, EURm	10	6	4	3	0	123
Depreciations, EURm	-6	-10	-5	-5	0	-140
Product result 2004:			239	206		
Product result 2003:			180	161		

¹ According to the new organisation effective as from 1 October 2004, including moving Poland and Baltic from Retail Banking to CIB. Historical figures have been restated accordingly.

Nordea's markets, clients and products

The Nordic countries are Nordea's home market where Nordea offers a broad range of financial products and services to personal, corporate and institutional customers and the public sector. The Baltic Sea region is Nordea's emerging home market. Nordea currently operates in all the Baltic countries, in Poland and in Russia. In Poland and the Baltic countries Nordea branches operate under the Nordea brand, and the operations are fully owned by Nordea. In Russia, Nordea owns 26.4 percent of the shares in International Moscow Bank (IMB).

Outside the Nordic and Baltic Sea region, Nordea operates to support core customers through its own units or partners. Nordea is a leading international shipping bank.

Nordea's customer base

Nordea has 10 million personal customers and around one million corporate customers. More than 50 per cent of the households in the Nordic Region,

"More than 50 percent of the households in the Nordic Region do business with Nordea"

do business with Nordea and Nordea is one of the leading Nordic corporate banks.

In Poland and the three Baltic countries Nordea serves more 360,000 customers, via a branch network of 67 branches. Of these customers 323,200 are private individuals and 39,000 are businesses.

Nordea's customers will be served with a clear value proposition:

- Wide range of financial products and customer solutions delivering added value through innovation
- Customer-driven excellence in relationship management; 'making it possible'

- Convenient and easy access through multi-channel availability; leadership in e-enabling
- Fair and transparent market pricing enhancing customer loyalty and relationships
- Efficient, reliable and responsible conduct of business

Distribution

Nordea's distribution strategy is built on accessibility, convenience and multi-channel distribution. The aim is to optimise the interaction in Nordea's distribution network to increase product penetration among the existing customers. Nordea has 1,198 bank branches in Sweden, Denmark, Norway and Finland. In addition, customers are served through Nordea's e-banking platform and through contact centres.

Customised advice on complex economic matters is provided by personal banking advisers and by Private Banking professionals.

Nordea's customers mainly use the Netbank or contact centres for day-to-day services including bill payments, securities trading and inquiries eg regarding balances.

All customers are able to purchase products such as cards and Netbank agreements from contact centres and through the Netbank. Information on products, prices, customer programmes etc is also available to all customers through the Netbank.

Personal customers

Customer focus and improved customer satisfaction have top priority in Nordea. The bank provides transparent customer loyalty programmes differentiated in terms of service level and price structure. More advantageous pricing and service, eg Personal Banking Advisers, are on offer for core customers, and this serves as an incentive for customers to increase their business volume and product range. The customer programmes have enhanced customer contacts and customer relationship management.

The customer programmes have been a strong success. During 2004 the customer programmes have been further developed. Programmes for ▶





- young customers have been updated. In addition, a number of improvements have been made to attract the senior segment.

Customer satisfaction

Customer Satisfaction is measured annually, and the 2004 survey conducted in the second quarter showed overall good results. Customer satisfaction among personal customers increased in Sweden, Norway and Denmark and was unchanged in Finland, and customer satisfaction for Retail corporate customers increased in Denmark and Finland, was unchanged in Sweden and decreased in Norway. Customer satisfaction increased also in the Baltic countries. In Poland customer satisfaction was measured for the first time in 2004.

Product range

The product range available to personal customers includes mortgages and consumer loans, plus a wide range of savings products including insurance and pension products.

Nordea has steadily increased its market share in the mortgage market since the mid-1990s. Nordea's competitive advantage lies in having a comprehensive product range and supporting sales/advice tools that will be rolled out throughout the organisation. The personal banking advisers

have thorough knowledge of the individual customers' needs and of the financing solutions.

Nordea is the regional leader in savings and investments products. Apart from traditional savings accounts Nordea offers its personal customers a full range of products spanning from traditional fund products to structured products, life insurance and private banking.

SME clients

Nordea has 930,000 small and medium-sized corporate customers. Corporate customers are segmented according to service needs and business volumes.

The largest customers within the SME segment are served by senior relationship managers in special competence centres which have been established in all Nordic countries

Relationship managers serve medium-sized customers. The medium-sized corporate value proposition is being refined. The relationship manager service, in which specially trained managers offer qualified advice to corporate customers, is being developed to ensure both high competence in customer service and efficient utilisation of the Nordea branch network.

The service for small customers is managed through extensive usage of e-banking and telephone solutions.

Product range

The product range offered to SMEs includes corporate mortgages, cash-management, Nordea Markets' products such as foreign exchange, corporate finance, and corporate e-banking.

Nordea has 390,000 Corporate Netbank customers. E-payment, e-id and e-signature are very important tools in the service to SMEs. E-invoicing between businesses has large potential since close to 1 billion invoices are mailed every year between businesses in the Nordic countries at great cost. Nordea is the only bank with a pan-Nordic e-bank service. Combined with the large customer base, this makes Nordea a strong partner for both receivers and senders of invoices.

Large corporate clients

Nordea holds a strong position in the Nordic corporate market and has extensive customer relationships with the largest Nordic corporates. In addition to serving the Nordic corporate customer base, Nordea increasingly targets new customers in selected industries outside the Nordic region.

Target customers are found in industries where Nordea has an extensive industrial knowledge such sectors as energy, pulp and paper and telecoms. Nordea's proven industry competence will be leveraged, drawing on the Group's international branch network.

Shipping

The international shipping and off-shore industries are focus areas for Nordea, and are industries where the bank has achieved a leading global position. The year 2004 has been a record year as strong market fundamentals combined with a highly liquid banking market have lead to an overall increase in customers' investment and refinancing activities. Nordea arranged new transactions for an aggregate volume of more than USD 16bn in 2004.

Financial institutions

Nordea's client base within the financial institutions segment comprises 150 Nordic financial institutions,

100 international financial institutions and 750 banks. Financial institutions is a target area for Nordea and offers a large potential for increased revenues with limited deployment of capital.

"Nordea holds a strong position in the Nordic corporate market and has extensive customer relationships with the largest Nordic corporates"

The financial institutions business is characterised by a high level of product innovation and rapid structural changes in the market. The product offering includes custody and settlement services, products from Markets, cash management and institutional asset management.

Introduction of new products and concepts, continuous strengthening of structuring capabilities including equity derivatives, advisory services, securities finance and improved institutional Asset and Liability Management services is essential to support clients and maintain Nordea's strong market position.



Lars G Nordström
President and Group CEO



"Nordea's mission is 'Making it possible'. By providing easily accessible and competitive financial services and solutions, we help customers to reach their objectives."

Nordic and local

Nordea's mission is 'Making it possible'. By providing easily accessible and competitive financial services and solutions, we help customers to reach their objectives. We are Nordic in operations while personal and local in delivering services - we think Nordic and act locally.

Increased customer satisfaction and bigger service net with Sweden's best bank

In 2004 Nordea was awarded a prize for Sweden's best bank by the English financial magazine The Banker. Behind this distinction lies hard work to improve service to Nordea's customers. The customers have during the year gained access to an enlarged and more advantageous offering, which briefly put means that the more business they do with Nordea the better the conditions for them.

Nordea has also improved accessibility for the customers and is now the bank that operates in the greatest number of locations in the country. This has become possible thanks to cooperation with the ICA chain of stores, Axfood's food chain, the foreign exchange bureau Forex, as well as the nationwide network of Svensk kassaservice.

More secure charge cards and credit cards for Nordea customers

Nordea is first out among the banks to provide more secure cards for card customers. This means that a chip will successively replace the magnetic strip on the back of customers' charge cards or credit cards.

The chip can store a lot more information than the magnetic strip and, moreover, is impossible to copy.

The magnetic strip will remain in place together with the new chip for a transition period. Nordea has over 1.2 million card customers in Sweden. In all, for all of the Nordic countries Nordea has issued 4 million cards, which puts Nordea in the top-ten among Europe's largest card issuers. Nordea's customers increasingly use cards instead of ATMs, and this promotes greater safety due to less cash being in circulation.

The Nordea Group's card customers shopped for a total of 180 billion kronor with their cards in 2003.

Nordea Prioritet

If you have equity in your home, Nordea Prioritet may be a cheaper and more flexible solution than a home loan or a mortgage loan. With Nordea Prioritet you get both a loan account and a deposit

account with the same rate of interest applying to both accounts. So you only pay interest on the funds you withdraw. The deposit account can also be used as a salary account. From 1 February 2005 Nordea Prioritet is also offered in connection with cooperative dwellings.

Cross-border cash management

More and more companies choose Nordea for handling their payments and cash management across country borders. A comprehensive network of specialists in Denmark, Norway, Sweden and Finland combined with Nordea's representative offices in 21 countries outside the Nordic region provide advice about the possibilities.

Annual General Meeting

The shareholders of Nordea Bank AB (publ) are hereby summoned to the Annual General Meeting of Shareholders on Friday 8 April 2005

The annual general meeting will be held at 10.00 Swedish time in the Aula Magna, Stockholm University, Frescativägen 10, Stockholm.

The shareholders may also participate in the annual general meeting through telecommunication

- at 11.00 Finnish time in the Messukeskus, Messuaukio 1, Helsinki
- at 10.00 Danish time in the Bella Center, Center Boulevard 5, Copenhagen.

Registration of participants at the annual general meeting will be terminated at the opening of the annual general meeting.

The premises will open at 08.15 local time in both Stockholm and Copenhagen, and at 09.15 local time in Helsinki. At 09.00 in Copenhagen and Stockholm and 10.00 in Helsinki Group Executive Management will hold an information meeting and will then answer questions from the shareholders.

Common instructions to all shareholders

Shareholders who wish to participate in the annual general meeting must be entered in the share register maintained by the Swedish Securities Register Center (VPC AB) not later than 29 March 2005. The following shareholders therefore must temporarily re-register their shares in their own names in VPC AB in Sweden in order to be entitled to participate at the annual general meeting.

- Shareholders whose shares are held in trust in Sweden
- Shareholders who are holders of Finnish Depository Receipts in Finland
- Shareholders who are holders of shares registered in Værdipapircentralen in Denmark

Such re-registration will be completed at VPC AB in Sweden by 29 March 2005. This means that the shareholder will, in good time prior to this date, inform the trustee about this.

Dividend and record date

The Board of Directors has proposed to the AGM a dividend of EUR 0.28 per share, corresponding to a payout ratio of 40% of net profit. This represents an increase of 12%, or EUR 0.03 per share.

The proposed record date for the dividend is 13 April 2005, and dividend payments are scheduled to be made on 20 April 2005. The ex-dividend date for the Nordea share is 11 April.