

Annual Review 04



Nordea Annual Report 2004 is the formal report audited by the Nordea auditors including the Board of Directors report, the full sets of financial accounts and notes. Nordea Annual Review 2004 is a review of the business development in the Nordea Group in 2004 including an overview of its strategy and business areas.

The parent company, Nordea AB (publ), has been granted a bank charter and changed its name to Nordea Bank AB (publ) as of 30 January 2004.

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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 54% and more than doubled net profit compared to the same period 2003.

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 half-year results show operating profit up 15% and net profit up 64% compared to the same period 2003.

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 results for the first three quarters show operating profit up 15% and net profit up 15% compared to the same period last year.

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.

Key financial figures

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	-95
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, EUR, end of period	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 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, excluding 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 (2,928) million. Number of repurchased shares in Nordea Bank AB (publ) was 111.7 (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 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-down 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 with the sum of total income, equity method and investment earnings, banking.



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 chal-

lenging 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.

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.

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 21.2 bn market capitalisation.

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

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



The Nordea share

Nordea had a market capitalisation of EUR 21.2bn 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.

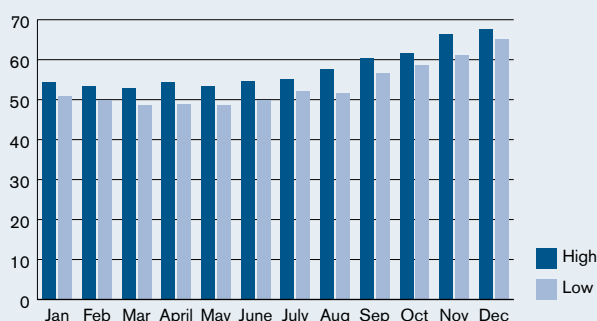
Shareholder and dividend policy

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 shall be enhanced through commitment to create sustainable revenue growth and continued strict cost management. Excess capital will be returned to shareholders.

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

Monthly share price 2004

SEK



Share price performance 2004

%
Index 100 = 30 Dec 2003



Total shareholder return

Total shareholder return in 2004 was 29.8% (47.9% in 2003). Nordea ranked as number 3 among the European 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 21.2bn 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%, 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. Until 28 February 2005, the Nordea share was also listed in euro in Stockholm.

Nordea's share price can be monitored at www.nordea.com, where it is also possible to compare the performance of the Nordea share with competitors and general indexes as well as finding historical prices of the Nordea share.

Liquidity

The Nordea share was the most liquid Nordic financial share in 2004, with an average daily trading volume of approximately EUR 80m corresponding to approximately 13.1 million shares. Turnover on the three stock exchanges combined totalled approximately EUR 20.3bn which corresponds to almost 3.3 billion shares. Of the total number of Nordea shares traded in 2004 approximately 86.6% was traded on the Stockholm Stock Exchange, 7.9% on the Helsinki Stock Exchange and 5.5% on the Copenhagen Stock Exchange. In Stockholm Nordea ranked as the 2nd most traded share compared to the 3rd in 2003.

The Nordea share is represented in a number of national indexes and is also included in European and global indexes within MSCI, Dow Jones STOXX, FTSE and S&P. With a weight of 10.10% Nordea was the 2nd largest company in the Swedish OMX index at the end of 2004. In MSCI Europe Nordea had a weight of 0.35%, in Dow Jones STOXX European Banks 1.62%, in FTSE Europe 0.59%, and in S&P Euro 350 0.38%.

Trading in derivatives

Nordea's shares can also be traded in the form of put and call options, futures contracts, and lending with securities at the Stockholm Stock Exchange and Equity Derivatives Exchange London (EDX). Various brokers also issue long-term warrants in Nordea that are traded on the Stockholm Stock Exchange. Trading in derivatives supports the liquidity of the Nordea share.

Repurchase of own shares

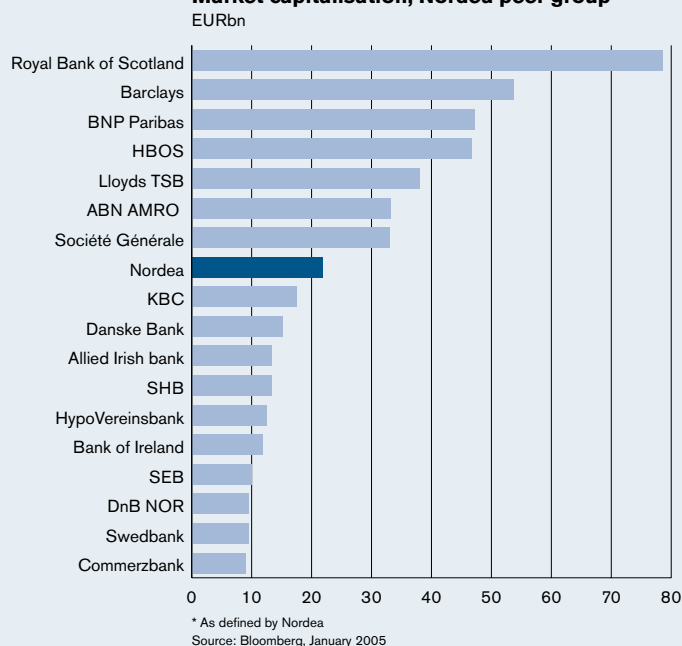
On 22 March 2004 Nordea Bank AB (publ) completed the repurchase of own shares in relation to the mandate from the AGM 2003 and the decision by the Board of Directors on 29 October 2003. A total of 145 million shares, or approximately 5% of the total shares in the company were repurchased. The Annual General Meeting decided on 31 March 2004 to reduce the share capital by reduction through retirement, without repayment, of the 81,608,500 shares that were repurchased in 2003. Consequently Nordea Bank AB (publ) still holds 63,391,500 shares bought under the Board decision of 29 October 2003.

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 repurchase programme 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.

Under the repurchase programme of 27 October Nordea Bank AB (publ) had by the end of 2004 repurchased 48,263,000 of its own shares or 1.7% of outstanding shares. The shares were purchased at an average price of SEK 64.18. In total by the end of 2004 Nordea Bank AB (publ) held 111,654,500 shares bought under the two Board decisions of 2003 and 2004.

Market capitalisation, Nordea peer group*



TSR, Nordea peer group*

	2004	2003
KBC	56.0	28.5
DnB NOR	38.3	47.2
Nordea	29.8	47.9
Allied Irish bank	25.4	1.2
SEB	24.5	54.0
Danske Bank	23.7	23.4
HBOS	22.5	18.0
Barclays	21.3	38.0
Swedbank	20.8	44.7
SHB	20.6	31.4
Bank of Ireland	15.8	14.9
Lloyds TSB	12.8	11.0
Royal Bank of Scotland	10.0	16.2
BNP Paribas	9.3	34.5
ABN AMRO	9.2	29.4
Société Générale	8.8	34.1
Commerzbank	-4.2	110.9
HypoVereinsbank	-8.1	45.4

* Peer group as defined by Nordea
Source: Bloomberg, January 2005

Distribution of shares, end of 2004

Distribution of shares	Number of shareholders	Shareholders, %	Number of outstanding shares	Number of shares, %
1–1,000	406,170	83.45%	129,427,159	4.73%
1,001–10,000	75,689	15.55%	183,708,632	6.72%
10,001–100,000	3,966	0.81%	99,076,789	3.62%
100,001–1,000,000	668	0.14%	220,856,496	8.08%
1,000,001–	248	0.05%	2,101,776,151	76.85%
Total	486,741	100.00%	2,734,845,227	100.00%

Change in share capital

Date		Nominal value per share SEK	Number of shares issued	Nominal change SEKm	Total number of shares	Share capital SEKm
17 Dec-97	New issue	7.00	1,275,267,441	8,926.90	1,275,267,441	8,927
28 Jan-00	Reduction			–3,188.2		
	New issue	4.50	815,800,287	3,671.1	2,091,067,728	9,410 ¹
25 Apr-00	Reduction			–2,091.1		
	New issue	3.50	869,776,488	3,044.2	2,960,844,216	10,363
09 Jun-00	New issue	3.50	18,348,501	64.2	2,979,192,717	10,427
29 Aug-00	New issue ²	3.50	3,006,359	10.5	2,982,199,076	10,438
11 Dec-00	New issue ²	3.50	59,764	0.2	2,982,258,840	10,438
		EUR ⁴		EUR		
10 Jan-01	Conversion ³	0.40			2,982,258,840	EUR 1,182m
20 Feb-01	New issue ²	0.40	8,408	EUR 3,332.26	2,982,267,248	EUR 1,181,925,126.33
15 May-01	New issue ²	0.40	2,401	EUR 951.56	2,982,269,649	EUR 1,181,926,077.89
14 Dec-01	New issue ²	0.40	396,441	EUR 157,117.49	2,982,666,090	EUR 1,182,083,195.38
31 May-02	New issue ²	0.40	2,405,087	EUR 953,184.08	2,985,071,177	EUR 1,183,036,379.46
25 Sept-02 ⁵	New issue ²	0.40	45,050	EUR 17,854.22	2,985,116,227	EUR 1,183,054,233.68
07 Oct-03	Reduction ⁶	0.40	–57,008,000	EUR 22,593,410.56	2,928,108,227	EUR 1,160,460,823.12
26 Oct-04	Reduction ⁶	0.40	–81,608,500	EUR 32,343,080.72	2,846,499,727 ⁷	EUR 1,128,117,742.40

¹ Anticipated in Balance Sheet 31 Dec, registration 28 January 2000

² Conversion of bonds

³ From SEK to EUR

⁴ 0,39632 EURO

⁵ On 1 September 2002 Nordea AB (publ) redeemed the outstanding loan amount of EUR 96,928,426.28 early. Subsequently, the company has no outstanding convertible bond loans

⁶ Retirement of shares repurchased and held by Nordea

⁷ Number of shares owned by Nordea Bank AB (publ) 111,654,500

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

Earnings and shareholders' equity per share

Net profit for the year amounted to EUR 1,914m corresponding to EUR 0.69 per share. Shareholders' equity per share amounted to EUR 4.59 at the end of 2004.

Proposed dividend

The Board of Directors of Nordea proposes a dividend of EUR 0.28 per share. The total dividend payment for 2004 would then be EUR 766m corresponding to 40% of the net profit after tax. The dividend yield calculated on the share price 30 December 2004 is 3.8%. The proposed record date for the dividend is 13 April 2005 and dividend payments are scheduled to be made on 20 April 2005. The dividend is denominated in EUR, though payments are made in the local currency of the country where the shares are registered. Dividend payments can be made in EUR if the shareholder has a EUR account registered with the relevant securities register.

Share capital

The General Meeting in 2004 decided to reduce the share capital by EUR 32,343,080.72. The reduction was reported in October 2004 and after that the reduction was implemented through retirement, without repayment, of the 81,608,500 shares that were repurchased and held by Nordea. After the reduction the share capital amounted to EUR 1,128,117,742.40. The reduction amount was allocated to a fund to be used in accordance with resolutions by the General Meeting.

All shares in Nordea carry voting rights, with each share entitled to one vote at General Meetings. Nordea Bank AB (publ) is not entitled to vote for own shares at General Meetings.

There are no outstanding convertible bond loans or staff/management options in Nordea.

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.

Shareholder structure, end of 2004



¹ Finnish state included

Largest registered* shareholders in Nordea, end of 2004

	No of shares	Share capital and votes, %
Swedish state	542,015,102	19.8
Nordea Danmark-fonden	102,529,423	3.7
Alecta	74,940,030	2.7
Robur fonder	70,214,237	2.6
SHB/SPP fonder	61,740,597	2.3
Nordea fonder	50,612,835	1.9
SEB fonder	44,246,000	1.6
Fjärde AP-fonden	43,164,890	1.6
Skandia	32,179,778	1.2
Tredje AP-fonden	28,025,931	1.0
Andra AP-fonden	27,518,024	1.0
Första AP-fonden	25,839,621	0.9
AMF Pension	22,499,000	0.8
Govt of Singapore Inv Corp	13,703,715	0.5
Länsförsäkringar	13,683,655	0.5
Nordea Bank Sverige vinstandelsstiftelse	13,186,300	0.5
Länsförsäkringar fonder	12,271,299	0.5
Tryg i Danmark smba	9,000,000	0.3
Finnish state	8,985,666	0.3
Abu Dhabi Investment	8,969,250	0.3
Other	1,529,519,874	55.9

Total number of outstanding shares 2,734,845,227 100.0

Source: Sweden's and Finland's securities centres, SIS Ägarservice and Nordea Bank Denmark's register of shareholders

*Excl nominee accounts.

The largest among the various categories of shareholders is international investors, holding 29.9% of the shares in Nordea compared to 24.4% at the end of 2003. Since the creation of Nordea in 2000 the international shareholders have increased their holdings by almost 7 percentage points. 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 at October 27 2004, where the state held 19.5% of Nordea.

Investor communication

Approximately 25 sell-side analysts have a regular coverage of Nordea. Nordea aims at being one of the leading European companies in terms of open, clear and relevant information to shareholders and other stakeholders. Nordea has during 2004 further upgraded the Group's financial reports and presentations. Nordea relies increasingly on the Internet in communication with shareholders and investors. All significant financial information

about Nordea Group can be found in the Group's homepages. Nordea hosted a capital markets day on 30 November 2004 that was broadcasted live at www.nordea.com. The financial homepages of Nordea (www.nordea.com) ranked as number 22 in the Webranking of the companies on the FT150 list of Europe's largest companies made by Hallvarsson & Halvarsson and published by Financial Times in November 2004.

Annual report

The annual report and the annual review are available in English. Nordea distributes the annual report and the annual review automatically to all shareholders holding more than 10,000 shares. A summary of the annual report is available in English as well as the four Nordic languages. The full annual report and the summary will be distributed to shareholders on request. The annual report in Swedish is available on request.

The reports can be downloaded and ordered by accessing www.nordea.com.

Share data

	2004	2003	2002	2001	2000	1999
Share price	SEK 67.00	SEK 54.00	SEK 38.40	SEK 55.50	SEK 71.50	SEK 50.00
High/Low	67.75 / 48.70	54.50 / 33.20	63.50 / 30.20	79.00 / 45.80	76.00 / 41.80	61.00 / 42.30
Market capitalisation	EUR 21.2bn	EUR 17.5bn	EUR 12.6bn	EUR 17.7bn	EUR 24.1bn	EUR 12.2bn
Dividend	EUR 0.28 ¹	EUR 0.25	EUR 0.23	EUR 0.23	SEK 2.00	SEK 1.75
Dividend yield ²	3.8%	4.4%	4.8%	3.8%	3.1%	3.2%
TSR	29.8%	47.9%	-28.1%	-19.8%	46.5%	-0.5%
DJ STOXX European banks index	10.3%	20.7%	-26.7%	-10.0%	10.2%	17.2%
P/E (actual)	10.8	11.7	14	11	14	11
Price-to-book	1.62	1.39	1.03	1.49	2.16	1.70
Equity per share	EUR 4.59	EUR 4.28	EUR 4.06	EUR 4.00	EUR 3.74	EUR 2.68
Earnings per share	EUR 0.69	EUR 0.51	EUR 0.30	EUR 0.53	EUR 0.58	EUR 0.55
Outstanding shares ³	2,734,845,227	2,846,499,727	2,928,108,227	2,965,666,090	2,982,258,840	2,091,067,728

¹ Proposed

² Yield calculated at starting price on payment day, for 2004 per 30 December.

³ Excluding shares owned by Nordea Bank AB (publ)



Performance Management and Financial Targets

Performance Management

The overall purpose of Nordea's Planning and Performance Management Model (PPMM) is to increase groupwide focus on the creation of shareholder value, ensure aligned and focused strategy execution and support the development of a common Nordea corporate culture and creation of One Bank.

Nordea's Planning and Performance Management Model

The three core elements in PPMM are Balanced Scorecard (BSC) to drive strategy into actions, Rolling Financial Forecasts (RFF) to maintain an updated view on future financial performance and Service Level Agreements (SLA) to focus on cost control and enhanced quality in internal service deliveries.

Balanced Scorecard

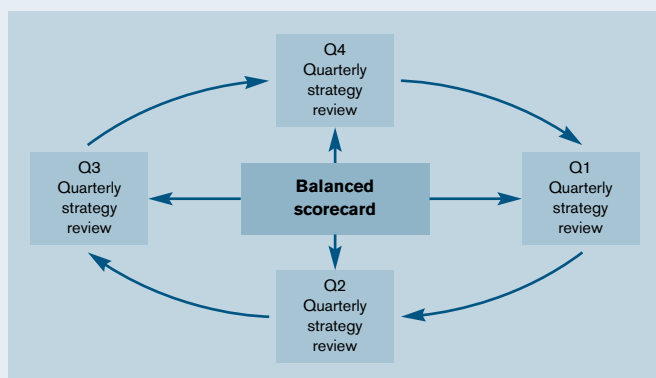
The purpose of the BSC framework is to make strategy operational. The idea is to select a number of strategic areas where changes are required. These areas are referred to as strategic focus areas. For each of the focus areas, a key performance indicator (KPI) including targets are defined, and

strategic initiatives identified in order to close the gap between actual and target performance. Examples of KPIs are economic profit, cost, market position, customer satisfaction and employee satisfaction. In business strategy, the target for each KPI and strategic initiatives are aligned, and the strategy becomes operational.

In 2004 Nordea was inaugurated into the BSC Hall of Fame, issued by Balanced Scorecard Collaborative and the founders of the BSC concept professors Robert Kaplan and David Norton at Harvard Business School in USA. Nordea received the award for its extensive and successful work to implement and use the management tool Balanced Scorecard in the bank's change process.

Rolling Financial Forecasts

In order to secure a continuously updated view of future financial performance, RFF is implemented on Group level, in each business area and in Group Processing & Technology. RFF has a five quarters horizon and it is updated on a quarterly basis. This ensures focus on future and potential corrective action, rather than on historical performance.



Service Level Agreements

SLAs are used to promote a common understanding regarding services, priorities and responsibilities between internal service providers, e.g. IT, and service receivers, which are mainly the business areas. SLA is an internal business contract between providers and receivers specifying the services that will be delivered according to agreed service levels, volumes and prices. The main purpose is to prioritise cost control and enhanced quality in internal service deliveries.

Management process aligned to PPMM

The CEO holds quarterly strategy review meetings with all business areas and group functions in order to follow up strategy execution and performance.

The management process aligned to PPMM supports a team-based executive management culture, increases executive accountability with clearly defined targets to ensure that appropriate action is taken and sharpens the focus on strategic direction and execution. The management process aligned to PPMM is an ongoing process that makes strategy a continuous responsibility and not a yearly event.

Economic Profit

Economic Profit is the overall key performance indicator and measures value creation from a shareholder perspective. Economic Profit is calculated along several dimensions given by the customers, products and organisation.

Economic profit is calculated as risk-adjusted profit minus cost of equity. Risk-adjusted profit is based on the actual income and costs, expected loan losses, and standard tax. Expected loan losses are the assumed long-term average loan losses. In addition a standard tax is used in order to normalize the profit to ensure an adequate comparability. Cost of equity is the estimated yield shareholders require to invest in Nordea shares multiplied by economic capital. The long-term risk-free rate, the premium to invest in shares and the Nordea share volatility compared to shares in general are used to set the percentage.

Economic capital is based on a compilation of the various risks into a total need for capital. Losses are unpreventable in the business performed by Nordea and thus require a cushion of capital. The economic capital is the capital which is required to cover unexpected losses.

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 quartile of a peer group of Nordic and European financial services companies as measured by total shareholder return.

Return on equity

High return on equity (RoE) is an important indicator of value creation. Nordea prioritises profitable growth. The aim is to achieve a (RoE) 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 improvement of cost efficiency top priority 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%

Economic profit =

$$\begin{array}{c}
 \text{risk adjusted profit} \\
 \text{income} - \text{costs} - \text{expected loan losses} - \text{standard tax}
 \end{array}
 -
 \begin{array}{c}
 \text{cost of equity} \\
 \text{cost of capital in percent} \times \text{economic capital}
 \end{array}$$

lower than 2002. Strict cost management and reduction of complexity still have top priority and the flat cost target therefore has been extended. Nordea aims at keeping 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 a Group level Nordea is aiming at a 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 at keeping capital flexibility with excess capital returned to shareholders through distribution of dividends as well as capital.

Nordea aims at ensuring competitive and predictable dividends with a dividend payout ratio exceeding 40 percent of the net profit for the year. The dividend for 2004 is proposed to amount to 0.28 EUR per share corresponding to a pay-out ratio of 40% of net profit, compared to 0.25 EUR per share or 48% of net profit for 2003.

Tier 1 ratio

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

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
Return on Equity ¹ , %	15.0	17.4	15% excluding goodwill	>15% in 2005 and >17% or in line level of top Nordic peers from 2007 using IFRS methodology
Return on Equity ¹ (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 loss 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

	2003	2004	Old target	New policy
Dividend payout ratio %	48	40 ²	>40% of net profit	>40% of net profit
Tier 1 capital ratio, %	7.3	7.3	>6.5%	>6.5%

¹ Excluding tax asset Q3 in 2003 and adjusted for the year-end real estate writedown in 2003 and the real estate gain in 2004.

² Proposed.

Business definitions

TSR

Total shareholder return measured as growth in the value of a shareholding over a specified period, assuming that dividends are re-invested at the time of payment to purchase additional shares.

Return on equity

Net profit excluding minority interest and goodwill depreciation as a percentage of average shareholders' equity (per quarter). Average shareholders' equity includes minority interests and excludes remaining goodwill. (2004)

Costs

Operating expenses not including loan losses and goodwill depreciation.

Loan losses/loan loss ratio

Net loan losses as a percentage of average loans and guarantees (per quarter).

Dividend pay-out ratio

Dividend payment as a percentage of net profit for the year.

Tier 1 capital ratio

Tier 1 capital as a percentage of riskweighted assets end of period.

Cost/income ratio

Operating expenses not including loan losses and goodwill depreciation as a percentage of operating income and share of profit/loss from companies accounted for under the equity method as well as investment earnings (banking), as reported in the operational income statement. Operating profit from insurance activities is excluded.



Vision and strategy

Nordea is the leading financial services group in the Nordic and Baltic Sea region.

Nordea operates through three business areas, Retail Banking, Corporate and Institutional Banking and Asset Management & Life, and holds top league positions in most product and market areas in the Nordic countries.

Characteristics

Nordea is characterised by:

- Large customer base
- Strong distribution power
- Advantage of size, scale and scope
- Strong capital base and high market capitalisation

Nordea's mission – Making it possible

By providing easily accessible and competitive financial services and solutions, Nordea helps customers to reach their objectives.

Nordea's vision

- We will be valued as the leading financial services group in the Nordic and Baltic markets with substantial growth potential
- We will be in the top league or show superior and profitable growth in every market and product area in which we choose to be present
- We will have the leading multichannel distribution with a top world ranking in e-based financial solutions and a high level of usage of our e-services
- We will be a good corporate citizen ensuring confidence and trust

Nordea has defined a set of shared corporate values and key words that identify, drive and guide all activities internally and externally.

Corporate values and key words

Focus

- We concentrate on creating value for our customers and shareholders
- We concentrate on our strengths and core activities, and we discontinue activities when needed

Speed

- We provide a broad set of easily accessible and competitive financial services and solutions
- We are quick, adjust to market conditions and do not hesitate to execute decisions made

Performance

- We aim to deliver better solutions and results than our competitors
- We continuously improve in everything we do, and we deliver on our promises

Strategic themes

Nordea has coherent business strategies supporting the Group's vision and financial targets and based on common strategic themes.

Stable and profitable growth of income

Nordea's geographic reach and core business mix contribute to a stable income development.

Nordea aims to attract and expand its high value customer base and to increase the share of wallet with existing customers.

Operational excellence

Ensuring operational excellence and strict cost management is a top priority all through the Group.

Continuous improvements drive cost management in the large customer organisation, while transformation and changes aiming at unification, standardisation and centralisation characterise the cost control efforts in service and support functions and processes. These efforts also contribute to undo the inherent complexities following a history of mergers and acquisitions.

Capital efficiency

Active capital management, use of economic profit framework in customer relationships and performance measurement, and efficient business models are important tools in achieving capital efficiency.

Nordea in addition focuses its business activities and operations through divestment of non-core assets and outsourcing of non-core activities.

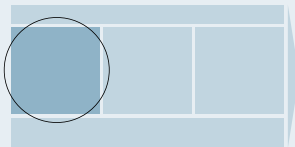
Employees

Nordea aims to attract and develop performance oriented employees, to improve leadership capabilities and to ensure highly motivated and satisfied employees.

Strategic direction



- New road map for organic growth
- Clear value proposition to customers
- Further integration and structural cost reduction – utilising economies of scale
- Changed organisational set-up supporting growth strategy and new ambition level
- Capital efficiency – optimise level of capital to maximise return
- Review attractive acquisition opportunities



Nordea's customer base
is key to ensuring growth of income

Nordea markets, customers and products

Markets

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 is today operating in all the Baltic countries, in Poland and in Russia. In Poland and the Baltic countries Nordea branches operates 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 own units or partners. Nordea is a leading international shipping bank.

Nordea offers private banking from Luxembourg and Switzerland and distribute investment funds and investment management services into the European and North American markets.

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 are doing business with Nordea and Nordea is a leading Nordic corporate bank.

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 personal customers and 39,000 are corporate customers.

Nordea's customers are being 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
- 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

Market position

Denmark

Personal customers, 1,000	1,600
Corporate customers, 1,000	70
Net banking customers, 1,000	696
Branches	344
Market shares	
Household, deposits, %	22
Household, bank lending, %	16
Corporate, deposits, %	24
Corporate, bank lending, %	22
Mortgage & Housing loans, %	14
Funds, %	23
Employees	8,469

Finland

Personal customers, 1,000	2,950
Corporate customers, 1,000	330
Net banking customers, 1,000	1,272
Branches	416
Market shares	
Household, deposits, %	34
Household, bank lending, %	32
Corporate, deposits, %	38
Corporate, bank lending, %	37
Mortgage & Housing loans, %	32
Funds, %	26
Employees	8,380

Norway

Personal customers, 1,000	640
Corporate customers, 1,000	70
Net banking customers, 1,000	309
Branches	125
Market shares	
Household, deposits, %	8
Household, bank lending, %	11
Corporate, deposits, %	16
Corporate, bank lending, %	17
Mortgage & Housing loans, %	11
Funds, %	9
Employees	8,380

Sweden

Personal customers, 1,000	4,100
Corporate customers, 1,000	460
Net banking customers, 1,000	1,665
Branches	249
Market shares	
Household, deposits, %	19
Household, bank lending, %	10
Corporate, deposits, %	25
Corporate, bank lending, %	16
Mortgage & Housing loans, %	16
Funds, %	16
Employees	7,141

Poland and Baltic

Personal customers, 1,000	323
Corporate customers, 1,000	39
Net banking customers, 1,000	72
Branches	67
Employees	1,344

Distribution

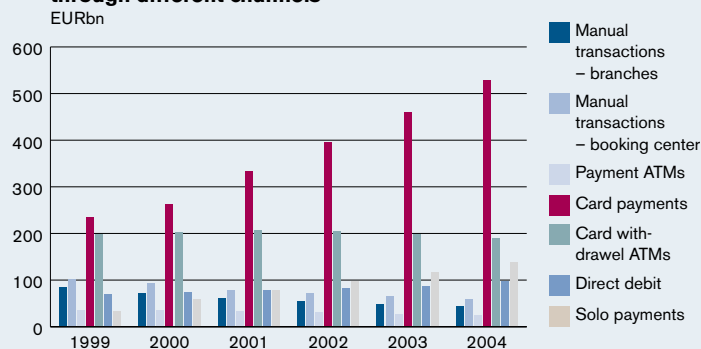
Nordea's distribution strategy is built on accessibility, convenience and multi-channel distribution. The aim is to optimise the interaction in Nordea's distribution network to increase product penetration among the existing customers. Nordea has close to 1,200 bank branches in Sweden, Denmark, Norway, Finland, Poland and the Baltic countries. In addition, customers are served through Nordea's e-banking platform and through contact centers.

Customised advice on complex economic matters is provided by personal bank advisers and by Private Banking professionals. Nordea has 2,700 banking advisers, on average serving 750 core customers. Around 750 private banking professionals serve the most demanding customers.

Nordea's customers mainly do daily services including bill payments, securities trading and inquiries eg regarding balances, through the Netbank or the contact centre.

All customers can buy products such as cards and Netbank agreements in the contact centres and through the Netbank. All customers can also get information on products, prices, customer programmes etc. through the Netbank.

Household customer transactions through different channels



PERSONAL CUSTOMERS

Customer focus and improved customer satisfaction have top priority in Nordea. The bank provides transparent customer programme differentiated by service and pricing level. Superior levels of pricing and service eg a Personal Bank Adviser for core customers, are offered as customers increase their business volume and product range. The customer programmes have resulted in improved customer contact.

During 2004 the customer programmes have been further developed. Programmes for young customers have been updated. In addition, improvements have been made to further attract the senior segment.

For personal customers, the focus in 2005 will be on enhancing the position in mortgage lending, consumer finance and savings through increased cross sales to the large customer base, and high speed to market of new products.

Customer satisfaction

Customer Satisfaction is measured annually. The yearly customer survey conducted in the second quarter 2004 showed overall good results. Customer satisfaction for 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.

Volumes (EURbn)	Personal ¹ Customers	
153	9.3 million	
122	1.2 million	Core Private Banking Personal banker
25	1.6 million	Intermediate Standardised concepts
7	6.5 million	Basic Standardised concepts

Nordea aims at delivering a full product-range through a multi-channel distribution network, thus ensuring that the customer is experiencing one bank and chooses the appropriate channel, whether it be the local branch office, the telephone or the Internet. In this respect, one of Nordea's major strengths lies in the number of customers who already are accustomed to using conventional banking services through the Internet.

¹ Figures have been adjusted to reflect refined customer programmes in 2004.

Customer Satisfaction increased also in the Baltic countries. In Poland, customer satisfaction was measured for the first time in 2004.

Customer relationship management

A Nordic customer relationship management (CRM) system is in the process of being implemented throughout Nordea. The system contains information on financing solutions for all customers and it can be accessed both by personal bank advisers in the branches, and by customer service personnel in the contact centres. The system will be a powerful tool in improving the advisory capability to households to give the right offer to the right customer leading to improved service level and customer satisfaction.

Product areas in focus

The market for personal financial services in the Nordic countries is expected to be a high growth market in the coming years especially within areas such as credit cards, life and pensions solutions, consumer loans and mortgages. Nordea is positioning itself to be well equipped to capture these growth opportunities.

Mortgage lending

Household mortgages is a central product in building long-term relationships with customers, and the possibility for cross-selling, thus capturing the customer's full banking need. Nordea's competitive advantage is a comprehensive product range and supporting sales/advice tools throughout the organisation. The personal banking advisers have thorough knowledge of the individual customers' need and of the financing solutions. Advisers are supported by specialists. Despite the steady improvement in market share there is still opportunity to increase Nordea's market share on mortgages to approximately 20%, a market share held in many other banking products. In addition to growing mortgage sales, the aim is to increase cross sales of insurance products, derivatives and other housing-related products. Going forward, the focus will be on achieving high speed-to-market of new products and the launch of successful products across all Nordea markets.

Consumer finance and cards

Consumer finance is another focus area for Nordea. Currently, Nordea's market share of consumer loans is relatively low, and less than 10% of Nordea's customers have a credit card. There is a significant potential to grow the volumes of consumer loans to the current customer base and the aim is to increase penetration of cards as well as the lending volume per card.

In 2004, consumer lending increased by 10% and amounted to EUR 17bn by the end of the year.

The use of credit scoring reduced risks when granting credits, and at the same time shortens the decision process. Credit scoring also supports increased efficiency in terms of faster answers to the customers and less manual procedures.

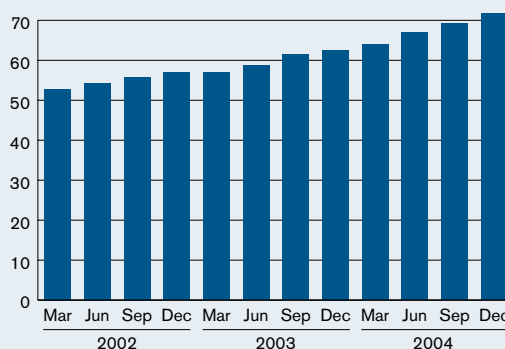
Point Of Sale (POS) financing is provided through Nordea Finance that is one of the largest finance companies in the Nordic region. This means that Nordea has an agreement with the merchants, offering credit when selling white goods, home electronics etc. Nordea Finance agreements with retail outlets are either established by Nordea Finance, or by Nordea's corporate relationship managers. Going forward, focus will be on increasing the number of point of sales, leveraging on Nordea's corporate relationships.

Savings

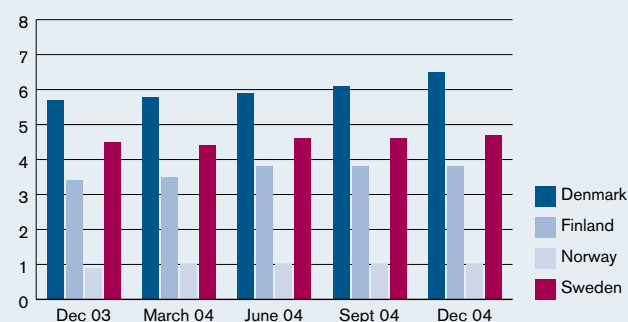
Nordea is the regional leader in savings and investments products. Apart from traditional savings accounts Nordea offers its personal customers a full range of products spanning from traditional fund products to structured products, life insurance and private banking.

Growth in the market for savings products is driven by an aging population with longer retirement periods, the shift from publicly funded pension schemes to privately funded schemes and an increasingly sophisticated customer base which is replacing traditional savings accounts with more high margin savings products.

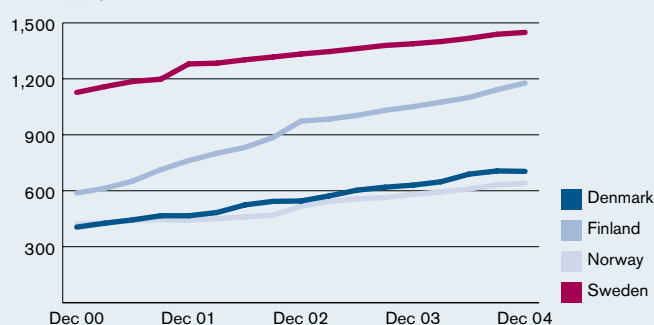
Mortgage lending Household customers
EURbn



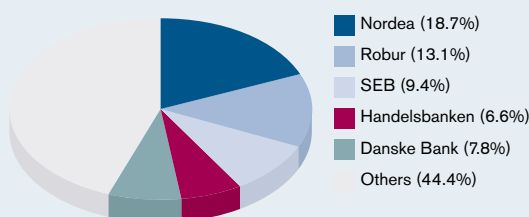
Consumer lending per country
EURbn



International cards by country
000's



Market share of Nordic investment funds assets



The rollout of Nordea's Financial Planning tool continued during the year. The tool is a cutting edge advisory concept used by trained advisers in the branches. It takes a dynamic approach to the balance sheet of the customer. The tool at the same time addresses – and in some respect exceeds – the documentation demands stemming from new EU regulation of the savings area.

Investment funds

Nordea is the leader within retail funds in the Nordic region. Nordea's market share in the Nordic fund market was 18.7% by end-2004. The market share of net inflow was 15.4% in 2004 and total assets under management within retail funds amounted to EUR 40.4bn.

Private banking

Private banking services are offered to high net worth and affluent individuals and medium-sized institutions. Based on the customer's personal profile and goals, a long-term investment plan on how to protect and grow the customer's wealth is developed. The total wealth approach of Nordea Private Banking includes a wide-ranging advisory service taking family and business relations into account when suggesting how to structure the customer's total wealth.

Nordea holds a leading position in the private banking market both in Denmark and Finland, while the Swedish and the Norwegian markets are being developed. In December 2004, Nordea was awarded "The Best Nordic Private Bank" by Euromoney. Nordea scored well in all four Nordic markets, but especially the position in Sweden improved with Nordea moving from a #8 rank last year to #3 rank in 2004. Nordea sees potential in further strengthening the position in Sweden and Norway. In 2005, the full service range will be offered in Sweden and local units will be established in Norway targeting the affluent segment.

In addition to the Nordic activities Nordea also operates a fast-growing European private banking organisation with base in Luxembourg and Switzerland. The organisation offers a full range of international wealth planning products and services to its growing customer base. The core customer base consists of Nordic ex-patriates, but during the last few years the focus has increasingly been on ex-patriates of other nationalities. The operations in Zurich will be expanded in 2005.

Assets under Management in Private Banking increased by 16% in 2004 and were 35.2bn at the end of the year of which EUR 7.4bn in the European private banking operations.

Payments and e-products.

Within e-banking, the Nordic customers are some of the most sophisticated in the world and at the same time the most demanding. Nordea is a world leader in e-banking services. The number of transactions has increased by 33% annually over the last five years. The Netbank provides convenient access to the bank seen from the cus-

customer perspective, and cost efficient solutions seen from the bank perspective.

Convenience and cost efficiency are key factors going forward. Development is concentrated to products that increase convenience for customer such as e-salary statements and e-invoices. These products are especially attractive to corporate customers, as they are able to decrease their distribution expenses.

SME CUSTOMERS

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

Medium-sized customers are served by relationship managers. The medium-sized corporate value proposition is being refined. The relationship manager service, whereby specially trained managers offer qualified advice to corporate customers is being developed. This ensures both high competence in the customer service as well as good usage of the Nordea branch network.

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

In 2004, a new concept for managing the customer relationship with SMEs with subsidiaries in one or more of the Nordic countries was introduced. The concept has been developed with a view to further enhance Nordea's competitive edge in serving corporate customers with cross-border operations in the Nordic region. The solution offers the customers a single point of entry through a pan-Nordic senior relationship manager team that supports the customer's business in all countries. Also, a new centralised strategy was launched in the Swedish market for 370,000 small customers using standardised concepts improving the efficiency of service.

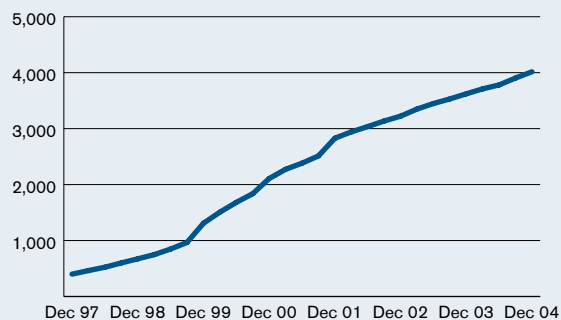
Product areas in focus

Corporate mortgages

Sales of mortgages to small and medium sized corporate customers is supported by local specialists in the branch regions. Mortgage lending to

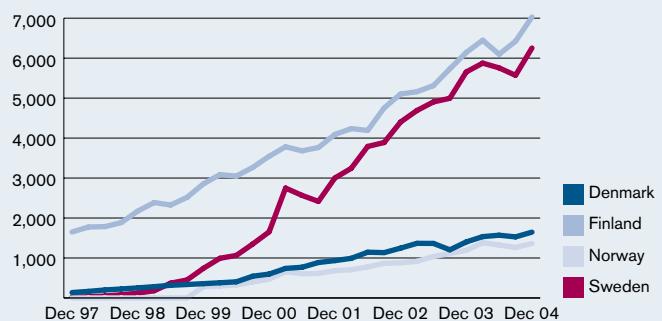
E-banking customers

000's



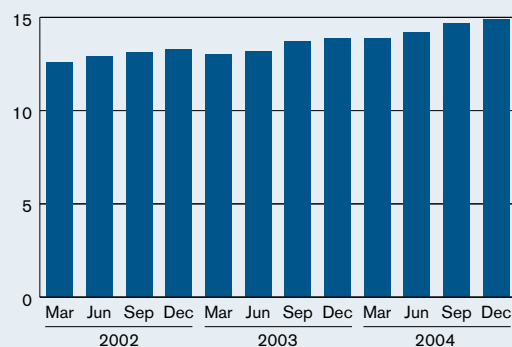
E-banking payments, monthly

000's



Mortgage lending to corporate customers

EURbn



corporate customers increased by EUR 0.9bn to EUR 15.1bn in 2004. There is still potential to increase Nordea's market position.

Nordea Markets

Small and medium sized companies are target customers for leveraging on the competencies in Nordea Markets. In order to tailor the product offering to these customers, new products and concepts are being introduced including efforts to enhance corporate finance transactions to SMEs and the development of risk management tools suited for SMEs.

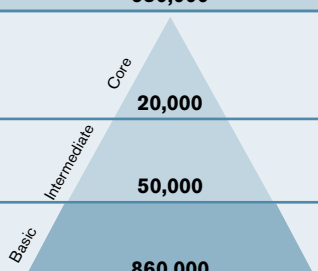
Corporate e-services

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 a large potential and close to 1 billion invoices are sent every year between businesses in the Nordic region. Nordea is the only bank with a pan-Nordic e-bank service for corporates. Combined with the large customer base, this makes Nordea a strong partner for invoice receivers and senders.

Cash management

Nordea's e-banking systems are designed for local needs but also provide a tool for managing accounts in other countries. A parent company in any Nordic country can obtain information and manage liquidity in the Nordic region and beyond.

Volumes (EURbn)	Corporate Customers
88	930,000
54	20,000
12	50,000
6	860,000



Corporate customers are segmented according to service needs and profitability. A strategic initiative defining and implementing common segmentation and segment-related service concepts has been launched with the objective of increasing customer satisfaction and as a result increase profitability.

LARGE CORPORATE CUSTOMERS

Nordea holds a strong position in the Nordic corporate market and has a broad customer relationship with the largest Nordic corporates. In addition to serving the Nordic corporate customer base, Nordea is increasingly targeting new customers in selected industries outside the Nordic region. Target customers are found in industries where Nordea has an extensive industrial knowledge such as energy, pulp and paper and telecoms. Nordea's proven industry competence will be leveraged, drawing on the international branch network in place.

Shipping

The international shipping and offshore 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 led 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.

Improved syndication capabilities allowed the bank to chase the top tier position on new transactions, capitalising on the strong balance sheet and placing power, positioning Nordea as the leading provider of syndicated loans to the shipping and offshore industries.

Going forward, Nordea aims to maintain the world-leading position within shipping, to an even larger extent introduce Nordea's broad range of products and services to the shipping and offshore customers. These include cash management, corporate finance services and asset-management services.

Product areas in focus for large corporate customers including shipping

Debt capital markets

Nordea is the leading mandated arranger and bookrunner of syndicated loans for Nordic corporate borrowers. In 2004, Nordea acted as lead arranger for eg Kingdom of Denmark, Kingdom of Sweden and Republic of Finland. Going forward, focus is on strengthening of debt capital markets and structuring capabilities. Analytical tools on e-Markets supporting risk management are being developed to facilitate customer use of derivatives as hedging tools.

Corporate Finance

Nordea runs an integrated business model, with focus on investment banking services being offered to Nordea's corporate customers. Nordea corporate finance experienced a significant improvement in the financial advisory activities in 2004. Major focus areas for corporate finance in the coming year is on further leverageing the relationships with the largest Nordic corporates and to extend the model to Retail Banking's corporate customers.

Acquisition Finance

Acquisition Finance focuses on structuring financing when companies are acquired either by investors or by other companies. The acquisition finance activities in Nordea had another successful year, taking part in several large transactions. In 2005, the Nordic leverage buy-out market is expected to be very active contributing to continued growth in Nordea's acquisition finance activity.

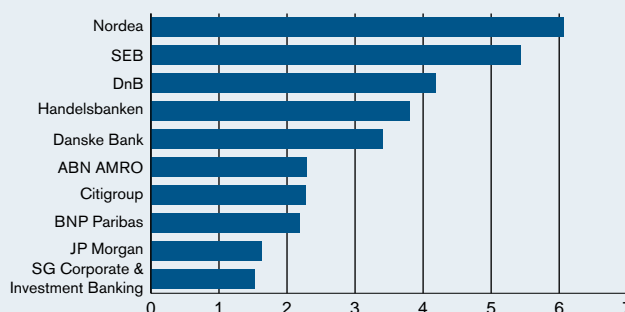
Cash management

Nordea's offering towards large corporates and institutions within cash management was strengthened in 2004. New features have been introduced in Corporate Netbank. The number of

customers using the services has increased steeply in 2004 and the number of customers is now exceeds 400. During the year Nordea has won a number of important mandates within this area.

Nordea launched its cash management services for corporate customers in Poland and the Baltic countries in 2004. Some of the largest Nordic companies, active in Poland and the Baltic countries, are using Nordea's cash management services.

Syndicated loans
Mandated lead arranger in the Nordic region 2004
EURbn



Stock market development

	Market volume		Market index
	2004 EUR bn	2004/2003 %	2004 %
Denmark	85.0	43	17
Finland	181.2	24	3
Norway	110.0	53	39
Sweden	385.8	38	18

FINANCIAL INSTITUTIONS

The Financial institutions segment is an attractive and strategically important customer segment for Nordea. The customer base comprises approximately 300 Nordic and 100 international financial institutions and 750 bank groups. The strength of the dedicated customer approach and focused development efforts has resulted in several important customer mandates, including cash management and global custody business for the Finnish State Pension Fund and the total banking relationship with Storebrand in Norway.

The financial institutions business is characterised by a high level of product innovation and rapid structural market changes. The product offering includes Markets related services, custody and settlement services, cash management and institutional asset management. Introduction of new products and concepts and continuous strengthening of structuring capabilities are important elements to fulfil Nordea's ambition to develop Nordea's strong franchise and be the leading partner for financial institutions in the Nordic area.

Product areas in focus

Prime brokerage services concept

The prime brokerage concept is a one point of entry service concept for hedge funds. This concept has been further developed during 2004. It is also an important focus area going forward. The target is an enhanced service level through the introduction of improved features and services, eg in the area of securities finance and structured products.

Nordea Markets

Nordea Markets is a key service provider to financial institutions in areas such as foreign exchange, fixed income and capital markets products, including equities and structured products.

The securities finance activities and institutional asset and liability management services are being expanded. Going forward, Nordea Markets will continue to develop the offering within equities, including equities derivatives and the partnership with Standard & Poors' in equities research. This is expected to be fully implemented during 2005. The partnership is a response to market demand – including the changing needs of investors and regulatory development – to provide independent equity research. The focus on delivering value added quantitative tools via e-Markets will continue, supporting portfolio risk management and optimization.

Custody services

Nordea is the largest provider of custody services on the Nordic markets far ahead of all Nordic competitors. In 2004, assets under custody in Nordea increased by EUR 65bn to EUR 462bn. Nordea custody won the Euromoney award for "Best at investor services" in the Nordic and Baltic region, confirming Nordea's leading position in this market. Going forward, Nordea will further exploit its leading pan-Nordic position in Custody Services in order to create the best value proposition for Nordea customers.

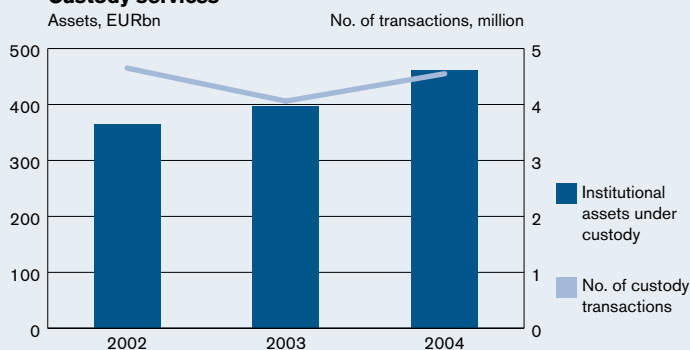
Institutional asset management

Nordea has an estimated 20%+ market share in the Nordic area for institutional asset management. At the end of 2004, Nordea managed EUR 21.8bn for institutional customers, of which 19.2bn originated in the Nordic countries. Nordea has potential for further growth not only in the Nordic countries, but also in Europe and in North America where Nordea is selected based on the competitive product range.

Additional resources are being dedicated to the product development. Products are being developed through a managed process, where participants from the full value chain are involved in each phase of the development cycle. This process facilitates both the introduction of new products and cross-border launches leveraging from successful existing ones. In 2004 a total of 13 new products were launched such as the "Dynamic Fixed Income Fund" in Finland. The fund has received more than EUR 400m inflows since its launch in mid-2004.

The strength of the investment competencies, and the quality and consistency of the investment processes, was in 2004 recognised with Nordea being awarded the "Asset Management Firm of the year" for the Nordic area by the journal Financial News, an award won in competition with major international asset managers active in Nordic markets.

Custody services



NORDEA'S GROWTH AMBITION

Nordea's growth strategy is based around Nordea's existing strengths. The large customer base of 11 million customers, of whom 4 million are also e-banking customers combined with the strong distribution power, creates a clear opportunity to increase business volume per customer. Demonstrated achievements within mortgage lending point to the potential within the existing customer base. In addition to leveraging on Nordea's existing Nordic customer base, Nordea is exploring growth opportunities in certain product segments and markets. Examples of this are the Life & pensions product segment, growth in Poland and the Baltic countries and increasing sales through the third party fund distribution channel.

Life & pensions

Nordea Life & Pension (NLP) manufactures and sells corporate and individual life and pension products with a 9.4% market share in the Nordic countries. Growth in the market for life and pensions products is expected at rates above those of nominal GDP in the coming years, supported by both demographics and pension reforms. Especially in the occupational pension schemes market, growth is expected to be strong with independent forecasters, such as Datamonitor, expecting growth in written premiums to surpass 10% per year in the Nordic market in the period until 2008.

The market is witnessing a transition towards defined contribution schemes away from defined benefit schemes. As a result, there is an increased demand for individualised advice on pension savings and financial planning ahead of retirement. NLP's leading market position and competitive new products, coupled with Nordea's distribution and advisory capabilities places NLP in a strong position to benefit from the expected market growth.

Shifting focus

In recent years NLP has transformed its business model to a model focusing on less volatile earn-

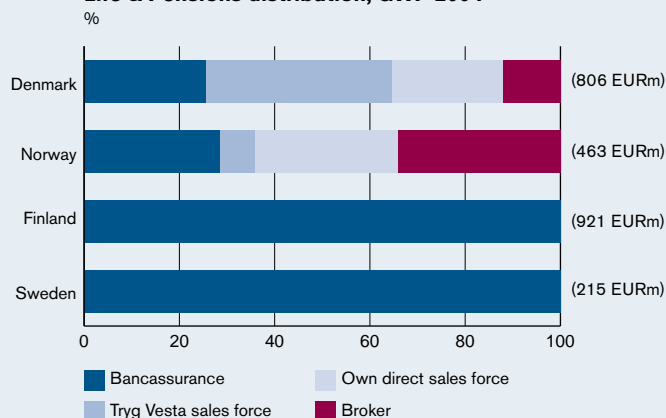
ings streams. The change has been accomplished through a reengineering of the products, an implementation of a fee-based model, segregation of shareholders' equity from policyholders' reserves and through an active asset-liability management process.

The changed business model has been implemented in all countries except for Norway, where implementation is pending legislative changes. In Sweden a new life company based on the changed business model has been formed. After the demutualisation of the traditional life company – which is to take effect as of 1 January, 2006 – the new business model will be implemented also in the legacy company.

A Nordic governance structure is in place to coordinate decision making and ensure the use of best practises. The Nordic governance structure is organised along functional rather than geographic dimensions and is divided into five areas: investment & risk management, finance & control, IT, product development, and unit-linked business.

NLP aims to grow the Nordic market shares of written premiums by 4 percentage-points in the period until 2009 through organic growth. Opportunities for structural growth such as acquisitions or other forms of partnerships will be evaluated on an ongoing basis.

Life & Pensions distribution, GWP 2004



Distribution strategy

A large part of NLP's stock of existing policies was originally sold directly by the life companies that are now part of Nordea. While these channels still exist e.g. in the form of the Tryg-Vesta sales force, they are increasingly being supplemented with new distribution channels.

In the retail market, sales through the branch network is of growing importance in the Danish and Norwegian market. In the Swedish and Finnish market, new distribution partnerships are being developed in addition to sales through bank branches.

The retail bancassurance model includes dedicated savings and pension specialists, and its systems are fully integrated with the bank systems. The aim of this integration is to secure a value adding advisory service towards customers and a consistent product offering across all pension products regardless of where the business is originated.

In the corporate pensions market, NLP aims to strengthen its market share. Leveraging the bank's corporate relationships plays a central role in realising this ambition. The NLP corporate sales force is being expanded, and the cooperation with existing strategic partners (TrygVesta, Varma) is being intensified. Initiatives to improve sales in the broker channel are also in focus.

Nordea intends to invest more resources in strengthening its pensions brand in general, in particular in the Swedish market where the position of Nordea as a 'pensions brand' is less well-known than in the other Nordic markets.

Product offering

Nordea's pension offering consists of three main products:

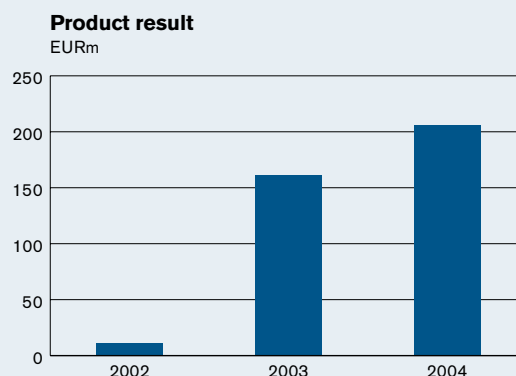
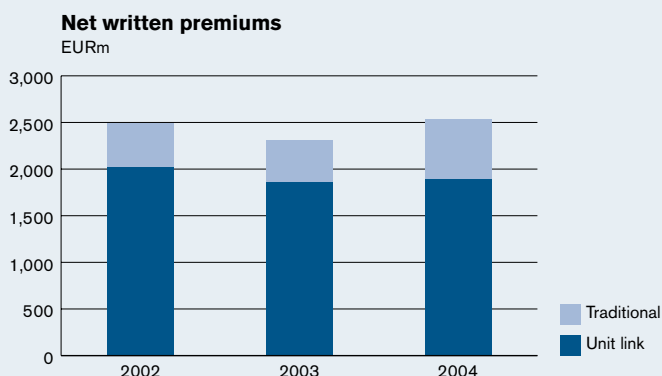
- "old" traditional products
- "new" traditional products
- unit-linked products

The "old" traditional products are guaranteed return products with collective investments and collective financial buffers.

Where local legislation allows, the "old" traditional products are being phased out and replaced by "new" traditional for most client segments (the exception is clients close to retirement). In Sweden the "new" traditional products have been launched targeting in particular the high-end segment. In the Danish market the "new" traditional products will be launched in 2005.

"New" traditional are characterised by the absence of collective buffers. A capital guarantee rather than a return guarantee is offered. From the client perspective this is a superior value proposition allowing for a more long-term investment policy with a higher equity share, and hence, a higher expected return. Moreover, the "new" traditional products are customised to the age profile of the clients with a higher equity share for a longer the investment horizon.

Since the launch in Sweden in mid-2003 the "new" traditional products have offered better returns than the "old" traditional products which are more conservatively invested. This favourable starting point is expected to support sales going forward.



The unit-linked products have seen strong growth in recent years. For the self-guided investor, the unit-link concept has clear-cut customisation advantage, while the traditional products have a stronger relevance for the average mass-market customer. Nordea therefore offers both products.

Endowments is an important product in particular in the Finnish market. Nordea has a strong market position within this segment in the Finnish market.

Poland, the Baltic countries and Russia **Strong market growth**

Nordea considers the emerging markets in Poland, the Baltic countries and Russia to be of major strategic interest. The region is a high-growth area with annual growth rates rate of 5-8 per cent – with Poland in the lower part of the interval and Latvia in the highest. Nordea expects the growth rate for the coming years to continue at a stable and high level around 6 %. Banking assets are expected to grow at an even higher rate due to increased living standards that will raise private consumption. In addition, the flow of trade between the Nordic region and the Baltic Sea region is likely to continue at a high rate – due to close geographical proximity and because of the increasing track and EU-harmonisation of legislation in Poland and the Baltic countries .

Present market position

Nordea's operations in Eastern Europe are growing strongly. In Poland and the Baltic countries Nordea operates under its own brand in a wide

spread branch network in all four countries. In Russia, Nordea owns 26.4% in International Moscow Bank (IMB), the largest bank for Nordic corporate-related business. After five years of operations, Nordea is among the largest banks in the Baltic countries, the fifteenth largest in Poland and the eighth largest in Russia via IMB. By the end of December 2004, total lending in the Poland and the Baltic countries was EUR 2,708m, an increase of 54% compared to 2003 – and a more than tenfold increase in five years.

Among Nordic corporate-related business, Nordea is the largest bank, and is today doing business with some one third of the top 100 local companies

In the three Baltic countries, Nordea is the second largest bank among Nordic companies and does business with one third of the top 100 local companies.

Among municipalities, Nordea is among the top 3 banks in the Baltic countries, and among the top 5 banks in Poland.

Strategy

Nordea has from the start applied a low-risk strategy in Eastern and central Europe. In Poland and the Baltic countries, Nordea targets five customer segments: Nordic and large local customers, municipalities, employees to corporate customers and high-income earners. For 2005 medium-sized companies with good financials have been added as a new target group.

Poland and Baltic countries

Locations:	67
Employees:	1,344
Customers:	362,000
– personal	323,000
– corporate	39,000
– Internet	72,000

Russia ¹

Locations:	11
Employees:	1,066
Customers:	91 200

¹ Via International Moscow Bank, where Nordea is the second largest shareholder with 26.4 per cent of the shares.

In Russia, the strategy is focused on serving Nordic companies in the Russian market – a strongly expanding market.

Nordea provides a full range of financial services throughout the Nordic region and aims to sell the same products, customer concepts, e-services and cash management solutions in Poland and the Baltic countries as in its Nordic markets. Nordea offers a high value proposition to local customers as well as to Nordic companies operating in the region. The multi-channel distribution strategy is also implemented in Poland and the Baltic countries, including an extensive branch network in combination with rapidly growing internet-based services.

Nordea is the only Nordic bank operating under the same brand and with the same products and services in Poland, Estonia, Latvia and Lithuania – increasing both brand awareness and operational efficiency.

Priorities 2005

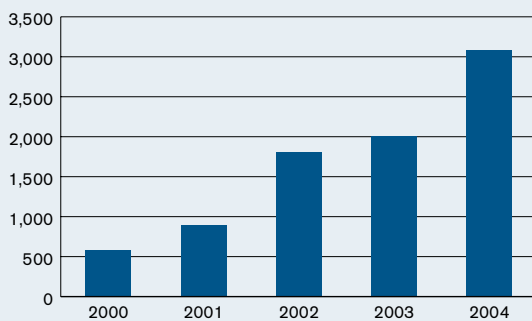
Nordea has raised its ambition level for Poland and the Baltic countries. The new ambition is to grow twice as fast as the market, and to continue increasing market shares in targeted customer segments.

The ambition is to both acquire new customers and to cross sell to existing customers – mainly in mortgage financing. Market shares in mortgage loans in Poland and the Baltic countries continue to increase. In December Nordea had 4.1 per cent of the mortgage loans compared to 3.8 per cent at the end of 2003.

To attract customers to collect more of their business volumes in Nordea the Nordic customer programme has been launched in the Baltic countries. This will also be introduced in Poland during the first half of 2005. The strategy is the same as in the Nordic countries – customers collecting their business volumes in Nordea get the best interest rates, can get up to 50 per cent discount on fees and a personal adviser in the bank.

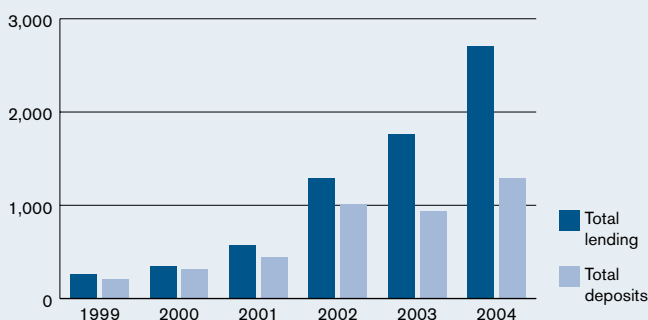
Total assets Poland and the Baltic countries

EURbn



Total lending and deposits Poland and the Baltic countries

EURm



The savings market is developing, and there is an increasing demand for savings alternatives in the region. As one of the first foreign banks Nordea has received permission to sell its own funds on the Polish market. Mutual funds will also be introduced in all the Baltic countries during the current year.

To increase business volumes in consumer lending and reach a larger customer base Nordea is launching several card initiatives, among others revolving credit cards. They have recently been introduced in the Baltic countries and the launching will continue in Poland during 2005.

Nordic corporate customers

Nordea expects higher inflow of Nordic investments in the region. This will increase the business volumes and cash management opportunities, as well as contribute to economic development.

Nordea will offer the same value proposition as in the Nordic countries. Particular emphasis will be placed on investment financing, cash management, derivatives and capital markets products. Nordea also expects to be one of the leading financial partners of EU-related infrastructure and investments projects in the region. This will complement Nordea's strong position in providing financial services to the public sector.

E-firma, Nordea's electronic services package for small companies has been successfully introduced in Poland and will soon be launched in the Baltic countries.

Third party fund sales

Nordea funds are distributed via more than 1,000 relationships with intermediaries such as banks, insurance companies and independent financial advisers throughout Europe. Since 2001, positive inflows have been recorded every quarter, and both in 2003 and 2004 Nordea was among the leading providers of cross-border funds in Europe. According to sales statistics by FERI Fund Market Information, Nordea ranked fifth in Europe for estimated net cross-border fund sales in 2004 (see table).

Cross-border fund sales EURm

Rank	Master group	No. of funds	Net sales
1	Schroders	43	6,774.1
2	Franklin Templeton Group	50	5,461.9
3	JP Morgan Fleming	87	4,951.6
4	Unicredit Group	44	4,886.2
5	Nordea AB	29	2,669.7
6	Fidelity Investments	68	2,444.1
7	Société Générale	46	2,313.0
8	Russell Group	19	2,278.4
9	BNP Paribas	59	2,207.3
10	Pictet	na	1,891.0

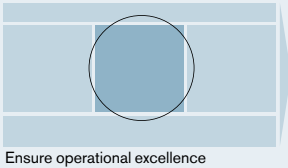
Source: FERI FMI.

The investment fund range consists of 32 funds in the value- and thematic-based equity, fixed income and reserve fund categories. Nordea 1's success is built on solid investment performance combined with strong relationship management skills.

For Nordea, the third-party sales channel represents a major diversification of business risk away from the Nordic markets. As European brand awareness strengthens, Nordea is expected to benefit from stronger growth opportunities. Also, continuous effort is being put into broadening the product range, deepening existing sales channels and widening the geographical scope of distribution.

In 2004 Nordea gained marketing approval from the Italian, Dutch and Polish financial supervisory authorities. This brings the total of European countries with marketing authorisation to 13. As one of the first fund management companies in Luxembourg, Nordea Investment Fund S.A. became a management company compliant with UCITS III directive in early 2004.

By end-2004 the umbrella fund Nordea 1 totalled EUR 8.4bn in AuM, out of which EUR 6.7 bn is distributed through intermediaries outside the Nordic Region. Nordea 1 has grown by EUR 3.1 bn over the year, which makes it one of the fastest growing investment funds in Europe.



Cost and capital efficiency

Cost management

Nordea's cost target for 2004 was to keep total costs in 2004 unchanged compared to reported costs in 2003, when excluding costs related to profit-sharing schemes in both years. Nordea's total expenses in 2004 were EUR 3,484m, a reduction by 5% compared to 2003. This places Nordea in the first place among the Nordic peers in terms of cost reduction in 2004.

The cost development in recent years reflect a groupwide continuous process of improvement and the effect of implemented measures is becoming increasingly visible. The number of employees has been reduced throughout the organisation (picture). In 2004, the number of employees, measured by full-time equivalents, was reduced by 1,745 of which 220 as a result of outsourcing.

The cost/income ratio is a supporting performance indicator mainly used for management of internal continuous improvement processes. The cost/income ratio in 2004 at Group level was 60%, compared to 63% in 2003.

Structural cost improvement

Despite the strong delivery on the cost target it is assessed that Nordea still has significant potential to reduce the cost base through a number of structural cost initiatives.

Process improvement

Nordea is currently improving its production processes through harmonisation of processes, centralisation of activities and consolidation of IT applications and platforms. The next steps will include a design of a roadmap for the transforma-

tion of the main traditional banking services into a harmonised set of products, processes and underlying systems. This work, starting in 2005, will take several years and will be executed in a structured step-wise manner. It will also include streamlining the end-to-end processes related to such banking products as deposit accounts, credits and loans and payments and reducing non-value creating activities in the process. These process improvements are not expected to lead to large IT investments.

External spend and premises

Through a centralised approach to procurement activities Nordea has already created significant savings from a range of spending categories. Procurement initiatives will be further accelerated in order to gain additional savings in e.g. building maintenance and in professional services (tax/auditing, legal, marketing & advertising etc). At the same time, emphasis is placed on further reducing the need for office space through common targets for office space efficiency in the Nordic region.

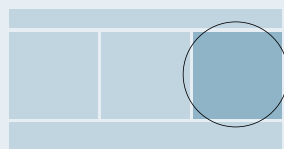
Further IT transformation

The transformation of IT production in a partnership with IBM, called Nordic Processor, aims at increasing the efficiency of operations through centralisation, consolidation, and standardisation. In 2004, the production from Norway was transferred to a consolidated computer center in Sweden. The work continues with centralisation activities in 2005 and 2006. Further efficiencies in IT will be gained through the ongoing transformation of the development and maintenance of IT applications. This latter process may include outsourcing of development and maintenance work in selected system areas. Additional actions to improve IT efficiency are under review.

Rationalise support functions

Opportunities to decrease structural costs in the support functions (Human Resources, Finance, Procurement) have been analysed. Short-term gains can be achieved by increasing the automa-

tion of paper-based processes and simplifying the organisation and reporting practices related to support functions. Additional gains will be realised through further streamlining of the support processes.



Ensure capital efficiency

Capital efficiency and credit portfolio quality

Capital efficiency

Nordea aims to ensure capital efficiency and high credit portfolio quality. Recent action taken to achieve this include the divestment of real-estate asset, roll-out of the economic capital framework, the introduction of behavioural credit scoring and growth of off-balance sheet business. The aim is to optimise the level of capital to maximise returns and to measure performance using risk-adjusted returns.

Risk management

Being exposed to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to lending. Management of risk is one of the key success factors in the financial services industry and Nordea has clearly defined policies and instructions for risk management. These are described in detail in the Annual report 2004, pages 21–33.

Nordea aims at an overall balanced risk-taking in order to enhance shareholder value. Economic Capital is allocated to the business areas and is included in the calculation of Economic Profit, which is a key performance indicator in the Group.



Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the concept whereby a company maintains and enhances its relations with internal and external stakeholders. Stakeholders are parties who hold an interest in the company and its activities that reach beyond the purely financial performance of the business.

Business ethics

A primary focus within Nordea's Corporate Social Responsibility (CSR) programme is on business ethics. There is a two-fold reason for this.

One reason is that a common set of values and behavioural guidelines is a core element in building a common corporate culture, the very glue that makes one bank out of previously separate entities.

Corporate Citizenship Principles

Nordea is committed to sustainable development by combining financial performance with environmental and social responsibility.

- **We are committed to freedom.** We stand for democracy and a responsible market economy. We support the UN Global Compact and follow the UN declaration of Human Rights, ILO-conventions and the OECD Guidelines for Multinational Enterprises. We do not discriminate based on gender, ethnic background, religion or any other ground.
- **We are committed to equal opportunities.** We seek high professionalism and make it possible for our employees to develop and assume responsibility. We support diversity and a fair representation of women and men as well as ethnic minorities in our organisation.
- **We are committed to caring for the environment.** We work to reduce negative and increase positive environmental impact from our business activities. We have signed the UNEP Banking Principles.

- **We are committed to good citizenship.** We respect the laws, regulations and norms of the countries where we operate while also adhering to our Group policies. We work with others for a prosperous and sustainable development in the communities where our customers and employees do business and live.
- **We are committed to ethics, honesty and sincerity.** We do not offer, request or accept unwarranted gifts and payment nor limit free and fair competition. By adhering to Group policies so that our integrity can not be questioned, we enable shareholders, customers, employees and other concerned parties to make balanced and well-founded decisions.

To ensure performance according to these principles, we adopt relevant policies, set targets in our management system, ensure that these principles are known throughout the organisation and encourage reports on non-compliance, carry out systematic follow up and deliver open and reliable reporting.

The other main element in this CSR strategic prioritisation is that stringent business ethics is an important security measure in order to manage business risks in the financial services industry. Operational risks, for a bank, stem from human behaviour, procedures and systems. Human behaviour is at the core of the matter because it is people who make decisions, define procedures and make systems, and high standards of business ethics and integrity are the key elements in high quality human behaviour in business.

Nordea has developed a groupwide standard of business ethics, the Nordea Code of Conduct. This code applies to all employees of the Nordea Group and non-permanent staff working on behalf of Nordea. Underneath this level, supplementary specifications of this code apply within business areas and Group Functions, thus producing a business ethics structure that covers the entire group and all activities.

Compliance

CSR is an element in the Group's compliance activities. The Compliance function monitors and follows up that the organisation acts in accordance with internal and external rules and regulations and reports on its findings to the management. An important element of undertaking compliance and CSR activities on a daily basis is the network of Compliance Officers throughout the Group.

Corporate Citizenship

Citizenship in general means being a responsible and active member of society, and Nordea takes on this role just as seriously as everything else we do. The Group has signed up to, and is an active supporter of, many voluntary international standards and declarations, like the United Nations Global Compact, the United Nations Environmental Program Finance Initiative and the OECD Guidelines for Multinational Enterprises.

The Group is also involved in developing and maintaining the international agenda and concepts of Corporate Responsibility by participating in networks and work groups on such issues, and also through our membership in CSR Europe, which is an important interface with the European Union on these subjects. Our perspective on CSR is truly Nordic and European, reflecting Nordea's ongoing legal transformation to become a European company.

Environmental issues

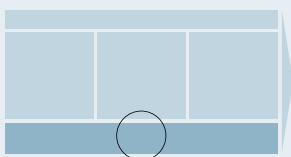
A common Nordea Environmental Policy has been established, defining how the Group shall manage its environmental responsibilities in its operations. The actual environmental impact of the operations is measured and reported on an annual basis through the Nordea Environmental Footprint report.

There are various business specific policies and guidelines within business functions and business areas. For example, the Environmental Risk Assessment Tool (ERAT) has been developed and applied to the credit evaluation process.

CSR in the Nordea business model

CSR is an integrated perspective of Nordea's business. The CSR strategy, focus areas, policies and procedures, have all been developed as reflections of the Group's business strategy and actively designed to support our business objectives. Managing business ethics, environmental and societal risks, as well as maintaining a common community social impact are important elements of protecting and enhancing shareholder value and performing the role as a leading provider of financial services to the Nordic business and civil communities.

For further information on CSR in the Nordea Group, please refer to www.nordea.com/csr.



Attract, develop and retain highly motivated, competent and performance-oriented employees

Human Resources

In Nordea the aim is to attract, develop and retain highly motivated, competent and performance-oriented employees. The employees form the basis for the successful development of Nordea. To be an attractive employer for the generations to come and to retain an adequate mix of young potentials and experience in the organisation are challenging tasks for the line organisation and the HR function.

HR Strategy

The employees form the basis for the successful development of Nordea. The aim is to attract, develop and retain highly motivated, competent and performance oriented people. This challenging goal is reflected in mandatory focus areas in all Balanced Scorecards throughout the Nordea Group.

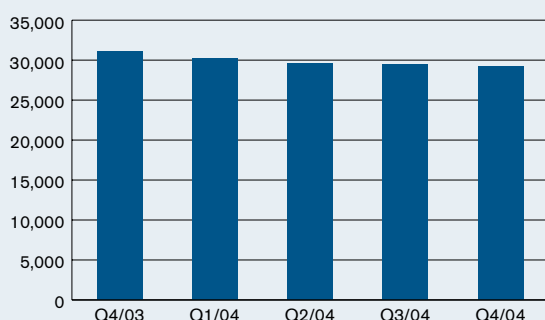
There are three focus areas:

- Attract and develop performance oriented employees
- Improve Leadership capabilities
- Ensure highly motivated and satisfied employees

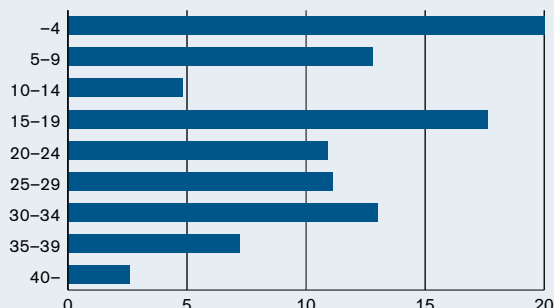
Key Performance Indicators (KPI) for the first focus area are set in each Business Area/Group Function according to the strategic challenge they are facing.

KPI for the second focus area is an aggregation of the employees' evaluation of their immediate manager from the Employee Satisfaction survey.

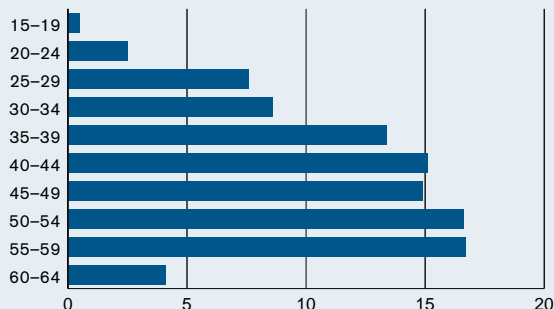
Overall number of employees



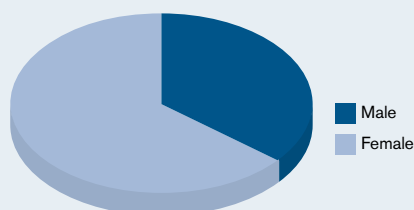
Employees distributed by seniority
% of employees



Employees distributed by age
% of employees



Male and Female
% of employees



KPI for the third focus area is an aggregation of the employees' expression of Satisfaction and Motivation in the Employee Satisfaction survey

HR Policies

A number of policies within HR have been developed and harmonised in order to reduce complexity. These policies deal with learning, career management and recruitment. With these joint guidelines Nordea takes yet another step towards being just one bank.

Profile

During 2004 the decline in the number of employees continued as a consequence of Nordea's ongoing focus on integration and efficient processes.

The number of personnel was reduced by 1,745 or approximately 6% in 2004 compared to 2003.

The focus of the HR organisation on providing new job opportunities for employees identified as redundant in their present position has contributed to avoiding lay-offs.

ESI 2004

The Employee Satisfaction Index survey (ESI) was carried out also in 2004. Results from the survey are reported to all units with at least four responses. The results are used in an open dialogue about how to improve performance in the unit by improving satisfaction and motivation. Based on the dialogue an action plan is developed. A common web based tool for reporting results and recording actions plans has been introduced, giving full transparency for the various managerial levels to follow-up.

The overall development in satisfaction and motivation shows an improvement of 1 % point, which keeps Nordea on the level with the Nordic Financial Labour Market.

All Business Areas and Group Functions shows an increase in ESI except for Retail Banking where the ESI was unchanged.

Satisfaction and Motivation

Total average and average in Business Areas and Group Functions

Organisation as of before November 2004	2004	2003	2002
Nordea	70	69	70
Asset Management & Life	68	66	68
Corporate and Institutional Banking	65	64	66
Group Audit	72	68	66
Group Corporate Centre	65	62	65
Group Processing and Technology	65	64	68
Group Staffs	69	68	70
Retail Banking	72	72	71

The model used to measure employee satisfaction also gives indications of what drives satisfaction and motivation in Nordea.

The survey shows that "Development possibilities" and "Daily work" in general are the main drivers in Nordea. Focus has especially been directed towards "Development possibilities" in order to secure especially wishes from younger employees.

In this years survey special focus has been put on work related stress and feelings of discomfort relating to work. The survey shows that in general the employees are comfortable with their work and the pressure related to it. The variation in the scores has made it possible to act more targeted in the few units where the survey showed that employees could have difficulties.

The score for ESI being used for improvement has improved significantly and furthermore there is a positive attitude towards that the 2004 survey will lead to changes. This shows that the ongoing work emphasising the importance of working with satisfaction and motivation is rewarded.

Incentive Programmes

In 2004 the Board of Directors decided to combine the previous and the temporary profit-sharing programmes for employees into one. At the same time a programme for some 350 executives replaced the temporary programme from 2003.

The performance criteria for both employee and executive programmes reflect internal goals as well as benchmarking against competitors. Both programmes are capped.

A description of the profit-sharing programmes can be found in the Annual Report 2004 on page 18.

Performance and Development Dialogue

One of the main instruments to secure development of the employees both through formal training and on the job training is the Performance and Development Dialogue (PDD).

The percentage of employees having had a Performance and Development Dialogue rose to 94 %, which is considered to be full coverage. In the Employee Satisfaction Survey 2004 the employees expressed that the quality of the dialogue is high, but still with room for improvement. In the light of the importance of "Development possibilities" for Satisfaction and Motivation expressed in the Employee Satisfaction Survey, it is planned to develop and carry out training activities aiming at improving the managers' capabilities in conducting PDD's.

Key financial figures

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	-95
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, EUR, end of period	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 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, excluding 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 (2,928) million. Number of repurchased shares in Nordea Bank AB (publ) was 111.7 (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 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-down 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 with the sum of total income, equity method and investment earnings, banking.

Comments to the operational income statement

Result summary 2004

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 corpo-

rate 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. 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. The investment risk framework outlined on page 47 has a significant impact on the comparison year-on-year.

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

	Business areas						
	Retail	Corporate and	Asset Management		Group	Group	
	Banking	Institutional	& Life		Treasury	Functions and	
EURm		Banking	Asset Mgmt	Life		Eliminations	Total
Customer responsible units:							
Net interest income	2,907	448	36		122	−3	3,510
Other income	1,360	596	280		−2	−24	2,210
Total income incl. allocations	4,267	1,044	316		120	−27	5,720
of which allocations ¹	524	−291	−233		6	−6	0
Expenses incl. allocations	−2,460	−592	−187		−34	−211	−3,484
of which allocations ¹	−1,222	−193	15		−5	1,405	0
Loan losses	18	51				−96	−27
Equity method	27	19				2	48
Profit before investment earnings and insurance	1,852	522	129	0	86	−332	2,257
Investment earnings, banking					8	0	8
Operating profit, life insurance	52			128		0	180
Goodwill amortisation and write-down	−21	−14				−126	−161
Operating profit 2004:	1,883	508	129	128	94	−458	2,284
Operating profit 2003:	1,537	435	95	114	246	−615	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	−16	276
Lending	131	28	2		0		161
Deposits	73	25	4		2		104
Capital expenditure, EURm	10	6	4	3	0	100	123
Depreciations, EURm	−6	−10	−5	−5	0	−123	−149
Product result 2004:			239	206			
Product result 2003:			180	161			

Nordea's operations are organised into three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The business areas operate as profit centres. Group Treasury conducts the Group's financial management operations. Group Functions and Eliminations includes the unallocated results of the three group functions, Group Processing and Technology, Group Corporate Centre (excluding Group Treasury) and Group Staffs. This segment also includes items needed to reconcile the Nordea Group.

The principles used in the segment reporting are described below. Figures are disclosed and consolidated using end of period and average currency rates in conformity with the statutory reporting. Within Nordea, customer responsibility is fundamental. The Group's total business relations with customers are reported in the cus-

tomers responsible unit's income statement and balance sheet.

Capital allocation is based on the internal framework for calculating economic capital, which reflects each business unit's actual risk exposure considering credit and market risk, insurance risk as well as operational and business risk. This framework optimises utilisation and distribution of capital between the different business areas. When calculating return on allocated capital standard tax is applied.

Economic profit constitutes the internal basis for evaluating strategic alternatives as well as for the evaluation of financial performance.

Asset Management & Life has customer responsibility within investment management and in private banking outside a joint unit with Retail Bank-

ing. In addition, Asset Management & Life commands product responsibility for investment funds and life insurance products. The operating profit shown in the accompanying table includes the customer responsible units. The product result for Asset Management and Life respectively represent the Group's total earnings including income allocated to Retail Banking on these products, as well as sales and distribution costs within Retail Banking. The product result of EUR 239m for Asset Management includes, in addition to the operating profit of EUR 129m, revenues and expenses related to investment funds allocated to Retail Banking as well as estimated sales and distribution costs.

When allocating income and cost between business areas and group functions a gross principle is applied, with the implication that cost is allocated separately from income. Cost is allocated according to calculated unit prices and the individual business areas' consumption. Income is allocated following the underlying business transactions combined with the identification of the customer responsible unit.

Internal allocations of income and expenses are performed in such a way that allocated expenses from a business unit are subtracted from the expenses and added to the expenses in the receiving business unit, with the result that all allocations add to zero on Group level. The same principle is applied for income allocations.

The assets allocated to the business areas include trading assets, loans and advances to the public as well as to credit institutions. The liabilities allocated to the business areas include deposits from the public as well as by credit institutions.

Included in business areas' assets and liabilities are also other assets and liabilities directly related to the specific business area or group function, such as accrued interest, fixed assets and goodwill. All other assets and liabilities, and certain items required to reconcile balances to the Nordea Group are placed in the segment Group Functions and Eliminations.

Funds transfer pricing is based on current market interest rates and used against all assets and liabilities allocated or booked in the business areas or group functions, resulting in a remaining net interest income in business areas driven in essence from margins on lending and deposits.

Goodwill generated as part of business areas' strategic decisions is included in business areas' balances. This also applies to the corresponding result effect derived from amortisation and write-downs and funding costs. Goodwill arising from the creation of Nordea is not allocated, but is placed as part of Group Functions and Eliminations, together with the result effects.

Economic Capital is allocated to the business areas according to risks taken. As part of net interest income business units receive a capital benefit rate corresponding to the expected average medium-term risk-free return. The cost above Libor from issued subordinated debt is also included in the business areas net interest income according to the use of Economic Capital.

Group internal transactions between countries and legal entities are performed according to arms length principles in conformity with OECD requirements on transfer pricing. The financial result of such transactions is fully consolidated into the relevant business areas based on assigned product and customer responsibilities. However, the total result related to investment funds is included in Retail Banking, as well as sales commissions and margins from the life insurance business.

The segment Group Functions and Eliminations contains, in addition to goodwill related to the creation of Nordea, expenses in Group Functions not defined as services to business areas, results from real estate holdings, central provisions for loan losses and profits from companies accounted for under the equity method which are not included in the customer responsible units.

Retail Banking

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.

Result 2004

Volume growth was strong and total lending within Retail Banking increased by 12% to EUR 130.8bn at the end of 2004. Mortgage lending to personal customers was expanded significantly and volumes increased by 16% 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 10% to EUR 17 bn. The continued decline in market interest rates and intensifying competition had a negative impact on margins. In total, net interest income decreased by 2% to EUR 2,907m. Net commission and other income increased by 7% reflecting strong growth in fees related to savings products. Total income increased by 1% compared to last year.

Margins

	Margins, %	
	2004	2003
Lending to corporates	1.16	1.21
Lending to personal customers	1.53	1.66
Total lending	1.36	1.44
Deposits from corporate	0.93	1.16
Deposits from personal customers	1.52	1.67
Total deposits	1.28	1.46

Avg. yearly margins

Total expenses increased by 1% to EUR 2,460m reflecting that provisions for profit sharing in 2004 is allocated to Business Areas.

Loan losses in Retail Banking impacted the operating profit positively with net reversals of EUR 18m, compared to loan losses of EUR 311m in 2003.

Operating profit increased by 23% to EUR 1,883m. Return on equity was 28% compared to 24% in 2003.

Operating profit by market EURm

	Total Retail Banking		Regional Banks in Denmark		Regional Banks in Finland		Regional Banks in Norway		Regional Banks in Sweden	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Net interest income	2,907	2,958	825	811	770	778	458	469	832	896
Net commission & other income	1,412	1,317	368	346	357	346	148	156	530	459
Total income	4,319	4,275	1,192	1,157	1,127	1,124	606	626	1,362	1,355
Total expenses	-2,460	-2,426	647	-628	-610	-585	-354	-392	-813	-798
Profit before loan losses	1,859	1,849	545	529	517	538	252	233	549	557
Loan losses	18	-311	0	-51	-2	30	2	-278	21	-8
Equity method	27	19	15	19	0	0	0	0	0	0
Goodwill amortisation	-21	-21	0	0	0	0	0	0	-18	-17
Operating profit	1,883	1,537	560	498	515	569	254	-45	552	532
Cost/income ratio, %	57	56	54	53	54	52	58	62	60	59
Return on equity, %	28	24	26	26	33	38	22	-4	30	29
Other information, EUR bn										
Total assets	157.0	150.2	43.1	42.6	29.4	28.7	21.2	19.6	63.3	59.2
Lending	130.8	117.2	36.8	33.1	31.0	26.9	20.9	18.9	42.1	38.3
Deposits	72.8	69.0	16.4	15.3	23.7	22.6	10.9	10.0	21.8	21.2
Economic capital	4.9	4.6	1.5	1.4	1.1	1.1	0.8	0.9	1.3	1.3

Corporate and Institutional Banking

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.

Result 2004

Total income decreased by 2% to EUR 1,045m compared to 2003. Net interest income was down by EUR 7m following a slight decline in average on-balance sheet lending. Credit and deposit margins were stable in 2004, however subject to downward pressure towards the end of year.

Other income was EUR 596m, down by 2% compared to 2003. Although successful execution of large transactions especially in Corporate Banking and Shipping together with the corporate finance performance increased commission income, the total was down due to the absence of

non-recurring items which increased other income in 2003.

The strong growth continued in Poland and the Baltic region. Income was up by EUR 13m, or 17%, from the previous year.

Total expenses increase by 1% to EUR 596m. IT expenses increased by EUR 19m relating to the development and implementation of the Markets Trading Infrastructure Programme and increased investments on product development. The number of employees was reduced by 147 employees to 3,261 in 2004. Performance related salaries increased somewhat due to improved performance especially in Corporate Finance.

The overall credit quality improved during the year. Net loan losses amounted to a positive figure of EUR 42m when recoveries and reversals of earlier made loan loss provisions exceeded the amount of new provisions.

Operating profit was EUR 505m, up by EUR 73m, or 17% from 2003. Return on equity improved to 19%.

Operating profit by main area

EURm	Corporate and Institutional Banking		Corporate Banking		Financial Institutions		International and Shipping		Poland and Baltic		Other		Markets	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Net interest income	448	455	223	239	37	46	123	119	57	43	7	7	58	47
Other income	596	610	237	258	179	199	52	56	32	34	96	63	516	514
Total income	1,045	1,065	460	498	216	245	175	175	90	77	104	70	575	561
Total expenses	-592	-586	-152	-161	-116	-100	-42	-48	-65	-65	-216	-213	-289	-272
Profit before loan losses	453	479	308	337	100	145	132	127	24	12	-112	-142	286	289
Loan losses	42	-53	31	-45	0	2	15	-11	-3	1	0	0	0	0
Transfer risk	9	15	9	15	0	0	0	0	0	0	0	0	0	0
Equity method	19	17	0	0	0	0	0	0	0	0	19	17	0	0
Operating profit before goodwill	522	458	348	306	100	148	147	115	21	13	-93	-125	286	289
Goodwill depreciation	-15	-23	-2	-2	-3	-3	0	0	-9	-9	-1	-9	0	0
Operating profit	508	435	346	304	97	145	147	115	12	5	-94	-134	286	289
RoE %	19%	14%												
C/I-ratio %	56%	55%												
Other information EURbn														
Lending	28.2	25.7	12.2	11.9	1.2	1.7	6.2	6.4	2.4	1.6	6.1	4.1		
Deposits	24.9	17.8	9.0	7.4	9.0	5.7	3.0	2.1	1.3	0.9	2.6	1.7		
Lending margins %	1.00	0.99												
Deposit margins %	0.38	0.37												
Economic capital	1.7	1.9	0.9	1.1	0.2	0.2	0.2	0.3	0.1	0.1	0.2	0.2	0.6	0.6

Asset Management Life

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

Result 2004

By end-2004 asset under management were EUR 130.6bn, up from EUR 113.3bn by end-2003. Net inflows contributed EUR 9bn as both retail funds, private banking and third-party fund distribution registered strong inflows in 2004.

Asset Management result 2004

Asset Management revenues for the full-year 2004 were EUR 554m, up 17% compared to 2003. Margins were virtually unchanged during the year. Management fees improved as a result of the rise in Assets under Management. Low customer activity in the second and third quarter impacted transactions fees negatively. These recovered by the end of the year as customer activity improved.

High level of IT-development and variable salaries increased total expenses by 8% during the year. With total expenses at EUR 315m the Asset Management product result for the full-year was EUR 239m, an increase by 33% compared to 2003.

Life & Pensions result 2004

In Life & Pensions the product result for 2004 was EUR 206m, up 28% from 2003. This is the best result ever within the business area backed by strong financial buffers and a growth in new premiums. Compared to 2003 new premiums increased by 10%. Unit link's share of the product result continued to increase with a rise from 9% to 16%. The full-year investment return was a competitive 8.4%, and financial buffers increased to 5.9% of guaranteed liabilities by end-2004 compared to 4.7% by the end-2003. The cost/premium ratio continued to decrease from 6.9% 2003 to 6.3% 2004.

The number of full-time employees was 1,815 by the end of the year.

Key figures – Asset Management activities

EURm	2004	2003
Revenues	554	472
Expenses	-201	-184
Distribution expenses	-114	-108
Product result	239	180
of which profit within Retail Banking	111	81
Cost/income ratio, % – AM activities	57	62
Economic capital	156	133
Assets under Management, EURbn	131	113
Number of employees (full time equivalents)	831	784

Key figures – Life activities

EURm	2004	2003
Traditional life insurance		
Premiums written, net of reinsurance	1,890	1,863
Normalised investment return	936	975
Benefits paid and change in provisions	-2,523	-2,480
Insurance operating expenses	-109	-106
Normalised operating margin¹	195	252
Fluctuations compared to normalised investment return	608	18
Change in discount rate for life provisions	-221	64
Actual operating margin	581	334
of which allocated to policyholders	-82	-40
of which to/from financial buffers	-324	-136
Net profit from other business	9	-1
Product result before distribution expenses	185	157
Unit-linked business		
Premiums written, net of reinsurance	639	442
Product result before distribution expenses	34	16
Total		
Premium written, net of reinsurance	2,529	2,305
Product result before distribution expenses	218	173
Distribution expenses within Retail Banking	-12	-12
Product result¹	206	161
of which profit within Retail Banking	78	47
Bonds	15,667	14,862
Equities	4,276	3,361
Property	2,408	2,186
Unit-linked	3,497	3,497
Total investment assets (AUM)	26,446	23,906
Investment return, % ²	8.4	5.8
Technical provisions	25,236	22,859
of which financial buffers	1,177	878
Economic capital	791	967
Number of employees (full time equivalents)	984	1,012

¹ Reported life result in the Group's income statement includes the costs related to commissions paid to Retail Banking. In the presented product result these commissions are not deducted since they contribute to the Group's earning on life products

² Exclusive of unit-linked business.

Group Treasury

Result 2004

Group Treasury is responsible for the Group's own investment portfolio and market risk-taking in financial instruments (excluding investments within insurance), as well as group funding, and asset and liability management.

Investment Risk Framework

A new framework for management of the Group's investment risk was implemented at the beginning of 2004. The new framework more directly links the investment return to the interest paid to business areas on allocated economic capital.

The basis for investments in Group Treasury is the Group's equity of approx. EUR 12bn. Investment earnings are defined as the net of return on investment and a funding cost, defined as the expected average medium-term risk-free return over time.

The funding cost is directly correlated to the interest paid to business areas on their allocated economic capital. The rate is set annually and it is adjusted based on the prevailing market rate.

In 2004 the funding cost is approx 3.2%. In 2003, a shorter-term rate was used.

Result

Operating profit in Group Treasury consists of earnings from Group Funding and investment earnings. Group Treasury's operating profit was EUR 94m with EUR 86m in earnings before investments. Investment earnings are measured after expenses and funding cost.

Investment earnings were EUR 8m compared to EUR 164m 2003. The investment risk framework has a significant impact on the comparison year-on-year.

Operating profit by main area

EURm	Total		Group Investments				Group Funding	
	2004	2003	Fixed-income		Equity		2004	2003
Income			14	92	9	86	120	115
Expenses			-12	-11	-3	-3	-34	-33
Profit excluding investment earnings	86	82					86	82
Investment earnings	8	164	2	81	6	83		
Operating profit	94	246						

Board of Directors



Hans Dalborg



Timo Peltola



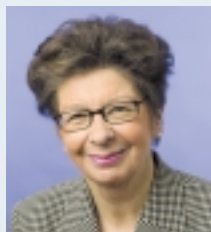
Kjell Aamot



Harald Arnkværn



Gunnel Duveblad



Birgitta Kantola



Claus Høeg Madsen



Lars G Nordström

Hans Dalborg

Chairman

Ph.D. (Economics). Board member since 1998. Born 1941.

Board Chairman of the Swedish Code of Corporate Governance, the Royal Swedish Opera, Uppsala University, the Royal Swedish Academy of Engineering Sciences (IVA), the Norwegian-Swedish Chamber of Commerce and Young Enterprise Sweden.

Board member of Axel Johnson AB, the Stockholm Institute of Transition Economics and East European Economies (SITE).

Member of the European Round Table of Financial Services (EFR).

Previous positions

2000 President and CEO Nordea

1998–1999 President and CEO MeritaNordbanken

1991–1997 President and CEO Nordbanken

1989–1990 Senior Executive Vice President and Chief Operating Officer of Skandia Group.

1972–1989 Various positions within Skandia Group

Shareholding in Nordea: 40,760*

Timo Peltola

Vice Chairman

Dr. of Economics (Hc). Board member since 1998. Born 1946.

Chairman of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company and Chairman of the Board of directors of AW-Energy Oy

Board member of TeliaSonera AB (publ) and Huhtamäki Oyj.

Member of the Finnish Fair Corporation and of the Advisory Board of CVC Capital Partners.

Previous positions

1971– Various positions within Huhtamäki group

Shareholding in Nordea: 5,187*

Kjell Aamot

M.Sc. (Business). Board member since 2001. Born 1950.

Chief Executive Officer and President of Schibsted ASA.

Board Chairman of Aftenposten AS, Verdens Gang AS, Schibsted Finans AS, Schibsted Forlagene AS, Schibsted TV, Film & Förlag AS, Schibsted Print Media AS and Schibsted Multimedia AS.

Previous positions

1985–1989 Managing Director Verdens Gang AS

1977–1985 Chief Financial Officer Verdens Gang AS

Shareholding in Nordea: 2,000*

Harald Arnkværn

Cand.jur (Law degree). Board member since 2001. Born 1939.

Law practice in cooperation with Advokatfirmaet Haavind Vislie AS.

Board Chairman of AS Vinmonopolet and Schøyen Gruppen AS.

Board member of Concordia BV, Concordia Bus AB (publ) and GIEK Kredittforsikring AS.

Chairman of Board of representatives Orkla ASA.

Previous positions

1989–2003 Partner Advokatene Haavind & Haga DA, now Advokatfirmaet Haavind Vislie AS

1974–1988 General counsel, vice president and deputy Managing

Director of Den norske Creditbank

Shareholding in Nordea: 1,000*

Gunnel Duveblad

Computer Science studies at Umeå University

Board member since 2003. Born 1955.

President EDS Europe Northern Region.

Previous positions

1990–2002 Various management positions within IBM

1977–1990 Various positions within IBM

Shareholding in Nordea: 5,700*

Birgitta Kantola

Master of Law

Board member since 2003. Born 1948.

Board member of Fortum Plc, Varma Mutual Pension Insurance Company, Vasakronan AB, Civitas Holding AB and Akademiska Hus AB.

Previous positions

2001 Deputy General Manager Ålandsbanken

1995–2000 Vice president and CFO, member of the management group, International Finance Corporation (IFC), Washington, DC

1988–1995 Various management positions within Nordic Investment Bank (NIB)

1987–1988 Financial Operations Officer International Finance Corporation (IFC), Washington, DC

1980–1986 Various positions within Nordic Investment Bank (NIB)

Shareholding in Nordea: 1,000*

* Shareholdings also include shares held by family members.



Jørgen Høeg Pedersen



Maija Torkko



Bertel Finskas



Liv Haug



Nils Q Kruse



Rauni Söderlund

Claus Høeg Madsen

Cand.jur (Law degree). Board member since 2000. Born 1945.
Partner at Jonas Bruun law firm.

Board member of Genpack A/S, ISS A/S, Singer Danmark A/S and Ejendomsaktieselskabet Vennelyst.

Previous positions

1970– Lawyer at Jonas Bruun law firm

Shareholding in Nordea: 1,803*

Lars G Nordström

President and Group Chief Executive Officer

Law studies at Uppsala University

Board member since 2003. Born 1943.

Board Chairman of the Finnish Swedish Chamber of Commerce

Board member of the Swedish-American Chamber of Commerce.

Previous positions

1993– Various management positions within Nordea Group

1970–1993 Various positions within Skandinaviska Enskilda Banken

Shareholding in Nordea: 15,000*

Jørgen Høeg Pedersen

Cand.agro

Board member since 2000. Born 1938.

Managing Director of Nordea Danmark-fonden and Fonden Tietgen Kollegiet.

Board member of Ejendomsselskabet Axelborg I/S and World Union of wholesale markets.

Previous positions

1995–2003 Managing Director of Copenhagen Wholesale Market for Fruit, Vegetables and Flowers

1963–1995 Management positions within DANÆG A/S

Shareholding in Nordea: 6,673*

Maija Torkko

B.Sc. (Economics) and LL.M

Board member since 2002. Born 1946.

Senior Vice President and Corporate Controller, Nokia Corporation.

Member of the Standards Advisory Council of the International Accounting Standards Board and of the Supervisory Board of EFRAG (European Financial Reporting Advisory Group).

Previous positions

1977– Various positions within Nokia Group.

Shareholding in Nordea: 12,000*

Bertel Finskas

Board member since 2000. Born 1948.

Employee representative.

Shareholding: 1,400 Nordea*

Liv Haug

Board member since 2001. Born 1954.

Employee representative.

Shareholding: 0 Nordea*

Nils Q Kruse

Board member since 2004. Born 1950.

Employee representative.

Shareholding: 840*

Rauni Söderlund

Board member since 2003. Born 1960.

Employee representative.

Shareholding: 0 Nordea*

* Shareholdings also include shares held by family members.

Group Executive Management



Lars G Nordström
President and Group CEO.
 Born 1943.
 Appointed member 2000.
 Shareholding: 15,000 Nordea.



Christian Clausen
Head of Asset Management & Life.
 Born 1955.
 Appointed member 2001.
 Shareholding: 8,267 Nordea.



Lena Eriksson
Head of Group Legal and compliance.
 Born 1962.
 Appointed member 2004.
 Shareholding: 0 Nordea.



Carl-Johan Granvik
Head of Group Credit and Risk Control, CRO.
 Born 1949.
 Appointed member 2000.
 Shareholding: 4,175 Nordea.



Arne Liljedahl¹
Head of Group Corporate Centre, CFO.
 Born 1950.
 Appointed member 2000.
 Shareholding: 11,100 Nordea.



Frans Lindelöw
Deputy head of Retail Banking.
 Born 1962.
 Appointed member 2004.
 Shareholding: 14,000 Nordea.



Markku Pohjola¹
Head of Group Processing and Technology, Deputy CEO.
 Born 1948.
 Appointed member 2000.
 Shareholding: 9,080 Nordea.



Tom Ruud¹
Head of Corporate and Institutional Banking.
 Born 1950.
 Appointed member 2001.
 Shareholding: 1,000 Nordea.



Peter Schütze¹
Head of Retail Banking.
 Born 1948.
 Appointed member 2002.
 Shareholding: 7,869 Nordea.

¹ Country Senior Executive

Shareholdings also include shares held by family members.

Nordea Management

President and Group CEO

Lars G Nordström

Retail Banking

Peter Schütze and Frans Lindelöw (dep.)

Customers and Regional Banks

Peter Schütze

West Denmark

Jørn Kr. Jensen

East Denmark

Michael Rasmussen

Helsinki & Uusimaa

Harri Sailas

Central & Western Finland

Pekka Nuuttila

Eastern & North Finland

Jukka Perttula

East Norway

Alex Madsen

Coast Norway

Egil Valderhaug

Northern & Central Sweden

Siv Svensson

Stockholm

Johan Sylvén

Western Sweden

Torsten Allqvist

Southern Sweden

Arne Bernroth

Private Banking¹

Eira Palin-Lehtinen

Segments and Products

Frans Lindelöw

Segment Household

Hans Jacobson

Segment Corporate

Peter Carlsson

Market Support

Maj Stjernfeldt

Product Competence Centres

Frans Lindelöw

Contact Centres

Thomas Ericson

Payments and e-services

Bo Harald

Human Resources

Baard Syrrist

Management Secretariat

Ellen Pløger

Planning and Control

Claus K. Møller

Corporate and Institutional Banking

Tom Ruud

Corporate Banking

Henrik Mogensen

Financial Institutions

Birger Gezelius

Shipping

Carl E. Steen

Markets

Peter Nyegaard

Poland and Baltic Countries

Thomas Neckmar

Planning and Control

Ari Kaperi

Asset Management & Life

Christian Clausen

Investment Management

Henrik Priorgaard

Investment Funds

Jan Petter Borvik

Savings & Wealth Management¹

Eira Palin-Lehtinen

International Wealth Mgmt. & Funds

Jhon Mortensen

Life & Pensions

Allan Polack

Business Area Controller

Magnus Erkander

Business Support

Ove Hygum

Group Processing and Technology

Markku Pohjola, Deputy Group CEO

Group Transformation

Peter Lybecker

Group IT

Jarle Haug

Production and Productivity

Per E. Berg

Global Operations Services

Tapio Saarelainen

Group Support and Procurement

Gert Aage Nielsen

Business Control

Eva Forsrup Hansson

Group Corporate Centre

Arne Liljedahl, CFO

Group Treasury

Jakob Grinbaum

Group Planning and Control

Erik Öhman

Group Finance

Sigurd Carlsen

Investor Relations

Johan Ekwall

Group Corporate Development

Jakob Grinbaum

Group Risk Modeling

Louise Lindgren

Group Identity and Communications

Torben Laustsen

Business Support

Claes Holmberg

Group Credit and Risk Control

Carl-Johan Granvik, CRO

Group Credit

Holger Otterheim

Group Credit Control

Marja Nykänen

Group Credit Process

Anders Jensen

Group Market Risk Management

Niels Kjær

Group Operational Risk Management

Erik Palmén

Group Legal and Compliance

Lena Eriksson

Group Legal

Lena Eriksson

Group Compliance

Sonja Lohse

Group Human Resources

Peter Forsblad

Finance Companies

Stefan Källström

Group Management Secretariat

Flemming Dalby Jensen

Company Secretary

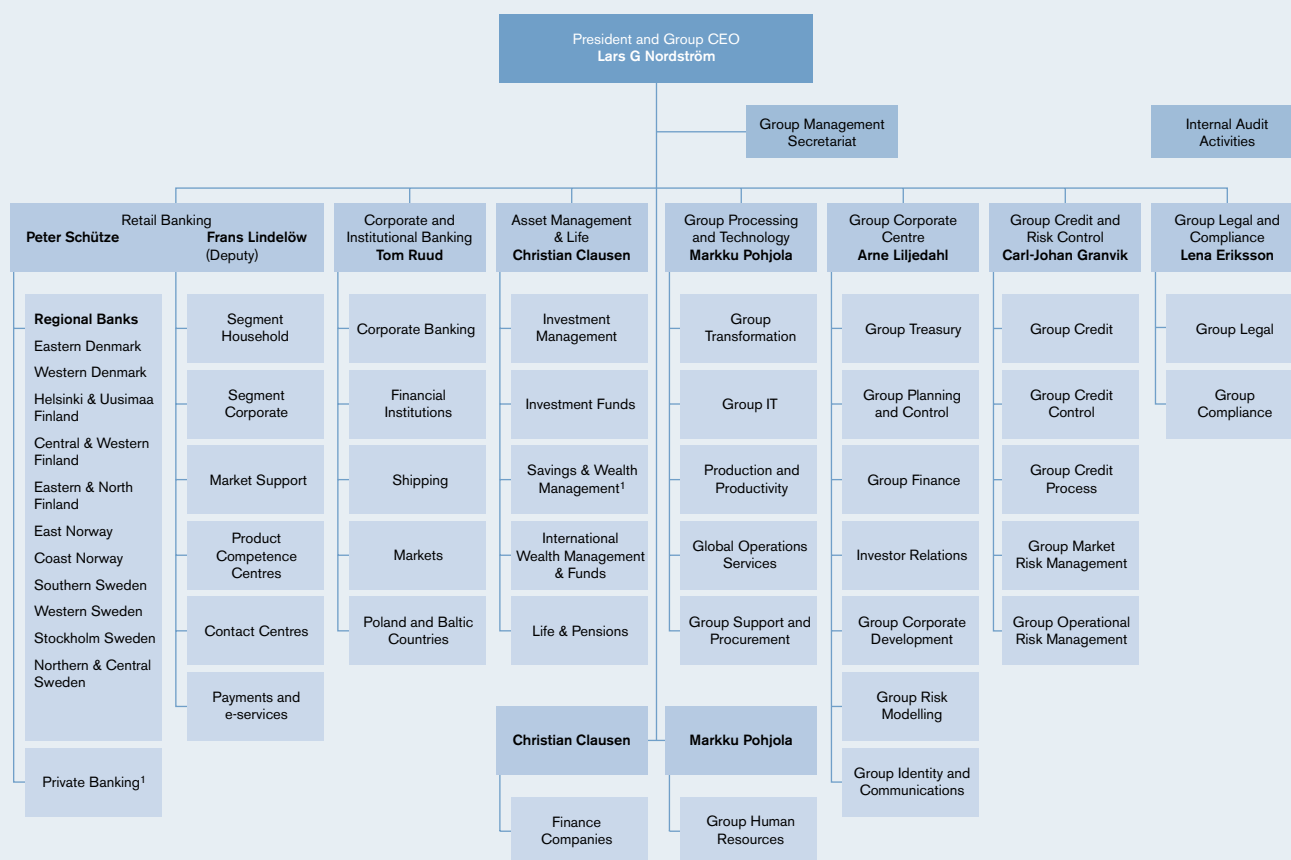
Kari Suominen

Internal Audit Activity

Dag Andresen

¹ Joint Unit between Retail Banking and Asset Management & Life.

Group organisation



¹ Joint unit

Notice of the AGM

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 Depositary 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.

Instructions to holders of shares registered in VPC AB in Sweden

Notification of participation in the annual general meeting will be made to Nordea Bank AB (publ) (the Bank) at the latest on 4 April 2005 at 13.00 Swedish time to the following address: Nordea Bank AB (publ), Custody Operations, A 204, SE-105 71 Stockholm, or by telephone +46 8 614 97 10, or by fax: +46 8 791 76 45, or on the Internet at the following address: www.nordea.com.

Instructions to holders of Finnish Depositary Receipts (FDR) in Finland

Request for re-registration in one's own name and notification of participation in the annual general meeting must be made at the latest on 23 March 2005 at 16.00 Finnish time to Nordea Bank Finland Apb, 2698 Corporate Actions, 00020 Nordea, or by telephone +358 9 165 51398 or +358 9 165 51406 or fax +358 9 637 256, or on the Internet at the following address: www.nordea.com.

Shareholders, whose shares are registered in the shareholders' own names in VPC AB in Sweden, may also notify their participation in the annual general meeting later, however not later than 4 April 2005 at 14.00 Finnish time in the above-mentioned manner.

Instructions to holders of shares registered in Værdipapircentralen in Denmark

Request for re-registration in one's own name and notification of participation in the annual general meeting must be made at the latest on 23 March 2005 at 12.00 noon Danish time to one of Nordea Bank Danmark's branch offices, or to Nordea Bank Danmark A/S, Issuer Services, H.H., Box 850, 0900 Copenhagen C, or by telephone +45 33 33 33 01 or fax +45 33 33 10 31, or on the Internet at the following address: www.nordea.com.

At the re-registration, each shareholder should state in which financial institute the shares are registered and the account number.

Shareholders, whose shares are registered in the shareholders' own names in VPC AB in Sweden, may also notify their participation in the annual general meeting later, however not later than 4 April 2005 at 13.00 Danish time in the above-mentioned manner.

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SE-105 71 Stockholm

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DK-0900 Copenhagen C

Denmark

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Finland

Nordea Bank

Aleksanterinkatu 36 B

Helsinki

FI-00020 Nordea

Finland

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