Nordea Press release

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Interim Report First Quarter 2004

Strong results in Q1

- **Operating profit up 52% to EUR 584m (EUR 383m in Q4 2003)**
- **Net profit more than doubled to EUR 418m (EUR 202m)**
- **Total income up 2% to EUR 1,421m (EUR 1,399m)**
- **Total expenses down 10% to EUR 873m (EUR 973m)**
- **Loan losses down 50% to EUR 42m (EUR 84m)**
- **Earnings per share EUR 0.15 (EUR 0.07)**
- **Return on equity (excl. goodwill) 18.2% (9.7%)**

Continued progress confirmed year-on-year

- **Operating profit up 54% from EUR 380m in Q1 2003**
- **Net profit up 64% from EUR 255m**
- **Total income up 3% from EUR 1,374m and costs down 5% from EUR 917m**
- **Loan losses down 57% from EUR 98m**

Growth in business volumes and increased focus

- **Assets under Management at new all-time high EUR 122bn, up EUR 8.6bn in Q1**
- **Continued strong performance in Life**
- **Strong mortgage sales**
- **Strengthened position among large corporate clients, particularly in Sweden**
- **Real estate divestment process completed**

"The results of our efforts to improve performance are increasingly becoming visible in our financials. Despite historically low interest rates we have increased total income, and the implementation of a strict cost management culture has led to significantly lower total expenses. The fact that loan losses are halved compared to previous quarters contributes to the improved result and reflects that our credit portfolio as a whole is in a healthy shape. Our focus will remain on strict cost and risk management and on our income development", says Lars G Nordström, President and Group CEO of Nordea.

Operational income statement

EURm	Q1 2004	Q4 2003	Change %	Q1 2004	Q1 2003	Change %	Full year 2003
Net interest income	**846**	850	0	**846**	835	1	3,366
Net commission income	**397**	388	2	**397**	353	12	1,486
Trading income	**156**	125	25	**156**	157	-1	567
Other income	**22**	36	-39	**22**	29	-24	220
Total income	**1,421**	**1,399**	**2**	**1,421**	**1,374**	**3**	**5,639**
Staff costs	**-488**	-511	-5	**-488**	-520	-6	-2,101
Profit sharing	**-15**	-46	-67	**-15**	-		-46
Other expenses	**-370**	-416	-11	**-370**	-397	-7	-1,526
Total expenses	**-873**	**-973**	**-10**	**-873**	**-917**	**-5**	**-3,673**
Profit before loan losses	**548**	**426**	**29**	**548**	**457**	**20**	**1,966**
Loan losses, net	**-42**	-84	-50	**-42**	-98	-57	-363
Equity method	**9**	14	-36	**9**	14	-36	57
Profit before investment earnings and insurance	**515**	**356**	**45**	**515**	**373**	**38**	**1,660**
Investment earnings, banking	**62**	33	88	**62**	29	114	170
Operating profit, life insurance	**47**	40	18	**47**	19	147	149
Goodwill amortisation and write-downs	**-40**	-46	-13	**-40**	-41	-2	-167
Operating profit	**584**	**383**	**52**	**584**	**380**	**54**	**1,812**
Real estate write-downs	**-**	-115		**-**	-		-115
Taxes	**-165**	-66		**-165**	-124		-205
Minority interests	**-1**	0		**-1**	-1		-2
Net profit	**418**	**202**	**107**	**418**	**255**	**64**	**1,490**

Ratios and key figures

Earnings per share, EUR	**0.15**	0.07		**0.15**	0.09		0.51
Share price[1], EUR	**5.56**	5.95		**5.56**	4.04		5.95
Shareholders' equity per share[1,2], EUR	**4.30**	4.28		**4.30**	4.15		4.28
Shares outstanding[1,2], million	**2,783**	2,846		**2,783**	2,928		2,846
Return on equity excluding goodwill[3], %	**18.2**	9.7		**18.2**	12.2		16.7
Return on equity, %	**13.9**	6.6		**13.9**	8.4		12.3
Loans and advances to the public[1], EURbn	**148**	146		**148**	147		146
Deposits and borrowings from the public[1], EURbn	**92**	96		**92**	95		96
Shareholders' equity[1,2], EURbn	**11**	12		**11**	12		12
Total assets[1], EURbn	**258**	262		**258**	262		262
Assets under management[1], EURbn	**122**	113		**122**	95		113
Cost/income ratio, banking[4], %	**59**	67		**59**	65		63
Cost/income ratio, excl. investment earnings, %	**61**	69		**61**	66		64
Tier 1 capital ratio[1], %	**6.7**	7.3		**6.7**	7.2		7.3
Total capital ratio[1], %	**9.1**	9.3		**9.1**	9.7		9.3
Risk-weighted assets[1], EURbn	**135**	134		**135**	137		134

[1] End of period.

[2] Total shares registered was 2,928 million (31 Dec 2003: 2,928 million, 31 March 2003: 2,985 million). Number of own holdings of shares in Nordea Bank AB (publ) was 145 million (31 Dec 2003: 82 million). Average number of own shares Jan-March 2004 was 103 million (Jan-Dec 2003: 50 million). Average number of outstanding shares Jan-March 2004 was 2,829 million (Jan-Dec 2003: 2,921 million, Jan-March 2003: 2,928 million). Dilution is not applicable.

[3] Net profit before minority interests and goodwill amortisation/write-downs as a percentage of average shareholders' equity (per quarter). Average shareholders' equity includes minority interests but with all outstanding goodwill deducted.

[4] Total expenses divided by the sum of total income, equity method and investment earnings, banking.

Quarterly development

EURm	Note	**Q1 2004**	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Net interest income		**846**	850	838	843	835
Net commission income	1	**397**	388	379	366	353
Trading income		**156**	125	130	155	157
Other income		**22**	36	56	99	29
Total income		**1,421**	**1,399**	**1,403**	**1,463**	**1,374**
Staff costs		**-488**	-511	-531	-539	-520
Profit sharing		**-15**	-46	-	-	-
Other expenses		**-370**	-416	-350	-363	-397
Total expenses	2	**-873**	**-973**	**-881**	**-902**	**-917**
Profit before loan losses		**548**	**426**	**522**	**561**	**457**
Loan losses, net		**-42**	-84	-89	-92	-98
Equity method		**9**	14	10	19	14
Profit before investment earnings and insurance		**515**	**356**	**443**	**488**	**373**
Investment earnings, banking		**62**	33	27	81	29
Operating profit, life insurance		**47**	40	40	50	19
Goodwill amortisation and write-downs		**-40**	-46	-40	-40	-41
Operating profit		**584**	**383**	**470**	**579**	**380**
Real estate write-downs		**-**	-115	-	-	-
Taxes		**-165**	-66	159	-174	-124
Minority interests		**-1**	0	-1	0	-1
Net profit		**418**	**202**	**628**	**405**	**255**
EPS		**0.15**	0.07	0.21	0.14	0.09
EPS, rolling 12 months up to period end		**0.57**	0.51	0.55	0.40	0.30

Note 1 Net commission income, EURm

Brokerage	**44**	35	28	20	24
Asset management/investment funds	**127**	129	120	114	104
Issue of securities	**7**	5	2	6	5
Loans and advances	**90**	88	88	87	88
Deposits and payments	**192**	200	194	191	179
Foreign exchange	**11**	13	10	9	7
Other	**31**	29	35	25	32
Commission expenses	**-95**	-94	-84	-80	-76
Net commission income incl commission reported as trading income	**407**	**405**	**393**	**372**	**363**
Of which reported as trading income	**-10**	-17	-14	-6	-10
Net commission income	**397**	**388**	**379**	**366**	**353**

Note 2 Expenses, EURm

Staff[1]	**489**	512	532	541	521
Profit sharing	**15**	46	-	-	-
Information technology[2]	**112**	136	88	85	99
Marketing	**14**	27	14	23	18
Postage, telephone and office expenses	**52**	56	53	49	58
Rents, premises and real estate expenses	**75**	87	74	81	82
Other	**120**	112	123	128	142
Expenses	**877**	**976**	**884**	**907**	**920**
Of which investment activities[3]	**-4**	-3	-3	-5	-3
Expenses	**873**	**973**	**881**	**902**	**917**

[1] Variable salaries were EUR 37m in Q1 2004 (Q4 2003: EUR 28m).

[2] Refers to IT operations, service expenses and consultant fees. Total IT-related costs in Q1 2004, including staff etc, but excluding IT expenses in insurance operations, were EUR 165m (Q4 2003: EUR 208m).

[3] Including staff costs (Q1 2004: EUR 1m).

The Group

Result summary first quarter

Operating profit in the first quarter was EUR 584m compared to EUR 383m in the previous quarter, an increase by 52%.

Net profit was EUR 418m corresponding to EUR 0.15 per share and return on equity of 18.2% (excluding goodwill). Fourth quarter earnings per share, adjusted for the real-estate write-downs, were EUR 0.10. The rolling 12 months earnings per share were EUR 0.57.

Development in the first quarter

Strengthened sales efforts in combination with continued strong demand for household mortgages and netbank services led to increased business volumes, which influenced revenues positively. Nordic equity markets showed strong performance in the quarter, both in terms of turnover and price increases, and equity-related commissions increased. A strengthened position in the large corporate client segment, particularly in Sweden, contributed to increased income.

The central banks in Norway and Sweden lowered interest rates further in the first quarter. This increased pressure on interest rate margins will make it challenging to maintain net interest income going forward.

Further efficiency gains were realised, and loan losses were significantly reduced. Nordea is consequently in a position to generate return on equity in line with the Group’s target despite generally depressed margins and low economic growth. Nordea is well positioned to capture potential growth, and strict cost and risk control will be maintained.

Income

Net interest income was EUR 846m compared to EUR 850m in the fourth quarter 2003.

Loans and advances to the public increased to EUR 148bn. Volume growth in Retail Banking continued, reflecting strong sales performance and increasing market shares in mortgage lending in Denmark, Sweden and Norway.

After a period of slow loan demand from corporate customers, loan growth was again visible in the small and medium-sized corporate segment with an increase of 1.4%.

Reduction in on-balance-sheet credits to large corporate customers led to slightly declining volumes in Corporate and Institutional Banking in the first quarter.

Deposits were down to EUR 92bn primarily as a result of short-term liquidity fluctuations.

Lending margins in Retail Banking were stable while deposit margins declined as a result of the decrease in interest rates in Sweden and Norway. In the large corporate sector, lending margins continued to improve.

The effect of the hedging arrangement in the first quarter was EUR 10-15m. This arrangement has now largely expired.

Net commission income was EUR 397m compared to EUR 388m in the fourth quarter. Commission from brokerage improved by EUR 9m to EUR 44m reflecting the positive development in equity markets.

Assets under management increased by 8% to EUR 122bn. Nordea is the market leader within retail funds in the Nordic region, and the Group holds 20% of all Nordic investment fund assets. As a result of Nordea’s large distribution capacity, total net inflow reached EUR 4.2bn in the first quarter. In addition, asset appreciation amounted to EUR 4.4bn. Asset-management-related commissions were maintained at the good level achieved in the fourth quarter, which showed a high level of transaction and up-front fees in addition to the usual seasonal increase.

Deposit and payments commissions were EUR 192m, down slightly following a decrease from the seasonally high number of transactions in the fourth quarter.

Trading income increased by 25% to EUR 156m. The strengthened position in the large corporate client segment, particularly in Sweden, contributed to increased income. Markets recorded growth in volumes in all product areas, especially with respect to foreign exchange and derivatives.

Other income was EUR 22m compared to EUR 36m. The fourth quarter figure included a small non-recurring gain. Property-related income has been gradually reduced over the last 12 months as a result of Nordea’s real-estate divestments.

Expenses

Total expenses decreased by 10% to EUR 873m. Underlying expenses decreased by approx. 4%, when adjusting for restructuring charges, variable salaries and currency fluctuations.

Staff costs decreased by EUR 23m to EUR 488m. The reduction of the number of employees continued in the first quarter and decreased by approx. 800 measured by full-time equivalents. Variable salaries increased somewhat compared to the fourth quarter as a result of good performance in capital market related activities. The transfer of approx. 900 full-time equivalents to the IBM joint venture in the fourth quarter had full effect in the first quarter and reduced staff costs by approx. EUR 6m.

EUR 15m was reserved for profit sharing in 2004 based on the good performance in the first quarter as well as an estimate of the expected outcome for 2004. Since only one quarter has passed, and some of the criteria measure performance relative to peers, there is uncertainty attached to the reservation for profit sharing.

Other expenses were reduced by EUR 46m to EUR 370m despite the additional costs related to outsourced staff in the IBM joint-venture. The decrease was a result of lower IT and marketing expenditures, as well as lower expenditure on rents and premises.

Loan losses
Loan losses were reduced by 50% to EUR 42m, corresponding to 0.11% of total loans and guarantees, annualised. The reduction is primarily a result of no new loan loss provisions for the fish-farming industry, as the situation in that industry has improved. The majority of the loan losses were in the form of central provisions, based on a conservative evaluation of a limited number of commitments.

Investment earnings, banking
Investment earnings, banking, increased by EUR 29m to EUR 62m, of which EUR 45m relate to fixed-income portfolios and EUR 17m to equity. The improvement reflects good portfolio management in combination with falling long-term interest rates and rising equity markets.

Life insurance
Profit from Life was EUR 47m, an increase by EUR 7m reflecting high stable income. Investment return improved and financial buffers were increased.

Net profit
Net profit amounted to EUR 418m compared to EUR 202m. In the fourth quarter, the write-down related to further divestment of properties reduced profit.

Comparison with first quarter 2003

Operating profit was up by 54% in the first quarter of 2004 compared to same period in 2003 reflecting increased total income, reduced total expenses, reduced loan losses, sharply improved operating profit from insurance activities as well as significantly stronger investment earnings.

Income
Net interest income was up by 1% to EUR 846m.

Loans and advances to the public was EUR 148bn, an increase of EUR 1bn year-on-year. Mortgage lending to household customers has expanded significantly and at the end of the first quarter it was EUR 50bn, reflecting year-on year growth in household mortgages of 13%. On-balance-sheet lending to large corporate customers decreased, but margins improved.

Deposits were EUR 92bn, a decrease of 3%. Falling interest rates had a negative impact on deposit margins.

Net commission income was up by 12% to EUR 397m. Commissions from brokerage increased by EUR 20m to EUR 44m as a result of the strong equity markets and increased volumes. Commissions from asset management increased by 22% to EUR 127m reflecting strong growth in assets under management and asset appreciation. Commissions from payments also continued to grow, increasing by EUR 13m to EUR 192m. Household payment transactions continued to grow reflecting strong growth in the number of card and internet transactions.

Trading income was at the same high level.

Expenses
Total expenses were EUR 873m, a decrease by EUR 44m, or 5%. Underlying expenses decreased by approx. 6%, when adjusting for restructuring charges, variable salaries and currency fluctuations.

Staff costs were reduced by EUR 32m in the first quarter compared to the same period last year. Underlying staff costs were reduced by 3%. Variable salaries were higher this year, whereas the number of employees has been reduced by approx. 1,300 as a result of outsourced services and an additional 2,700 as a result of ongoing rationalisations.

Reservation for profit-sharing amounted to EUR 15m in the first quarter 2004.

Other expenses were EUR 370m, down by 7% despite including expenses related to outsourced staff in the first quarter this year. Underlying other expenses were reduced by 13%. The development reflects a generally strengthened cost management culture in the Group.

The cost/income ratio was 59% (65%).

Loan losses
Loan losses were 0.11% of total loans and guarantees compared to 0.27% last year.

Investment earnings, banking
Investment earnings increased by EUR 33m to EUR 62m reflecting larger gains in both equity and fixed-income portfolios compared to last year.

Life insurance
Profit from Life insurance improved to EUR 47m from EUR 19m in the first quarter 2003 mainly reflecting the gradual implementation of the changed business model in Life.

Net profit
Net profit increased by 64% to EUR 418m.

Credit portfolio – good quality at stable level
At the end of the first quarter, impaired loans, net, amounted to EUR 686m representing 0.46% of total lending, compared to EUR 713m, or 0.49%, of total lending in the fourth quarter.

There were no major changes with respect to exposure to customer groups during the quarter. The share of corporate lending was 53% of the portfolio while lending to households was 45% of total lending. Loans to the public sector represented 2%.

Within households, mortgage loans account for 75%. There was no major change in the composition of the corporate loan portfolio in the first quarter. Real estate management remains the largest industry exposure in the credit portfolio and amounts to EUR 20.9bn, representing 14% of the total portfolio.

Exposure to the fish-farming industry amounted to EUR 0.8bn, representing 0.6% of the bank's loan book. The market price for salmon has increased over the last few months, and the outlook for the fish-farming industry has consequently improved. Some producers still face challenges in achieving an adequate profitability.

Cost development
The focus on cost management continues and the effect of implemented measures is becoming increasingly visible. The reorganisation within Retail Banking in Norway has resulted in falling expenses. Nordea continues to outsource non-core activities, and in the first quarter the handling of paper-based payments services in Sweden was outsourced. The agreement includes the transfer of approx. 170 FTEs.

Within procurement, a cost base of approx. EUR 250m has now been analysed and new contracts and solutions have been implemented. Total savings are expected to be approx. EUR 20m in 2004.

Capital adequacy
Tier 1 capital ratio was 6.7% and the total capital ratio was 9.1%. The Tier 1 and total capital ratios were reduced by 0.15% points following the reduction of shareholder's equity by EUR 183m on 1 January as a result of the implementation of IAS19/RR29. The repurchase of 63.4 million own shares in the first quarter has also reduced Tier 1. The profit for the first quarter has not been included when calculating capital adequacy.

Legal structure
The earlier announced change of the legal structure is progressing. 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. On 1 March 2004, Nordea Bank Sweden AB (publ) was merged into Nordea Bank AB (publ) which is part of a process aimed at transforming Nordea Bank AB (publ) into a European company.

Real estate holdings
Nordea has completed its real estate divestment process by the sale of central business district properties in Finland, Norway and Sweden. The transaction includes lease agreements with durations of up to 25 years. A gain of approx. EUR 300m will be reflected in the second quarter accounts 2004.

The properties and real estate shares divested during the last 12 months represent an aggregate book value of approx. EUR 1.6bn. The net financial effect of the total real estate disposals is a gain of approx. EUR 185m. Following the completion, Nordea owns no major properties.

Going forward, the financial effect of the total divestments will be positive.

The Nordea share
During the first quarter the share price of Nordea depreciated by 4.6% on the Stockholm Stock Exchange from SEK 54.00 on 30 December to SEK 51.50 on 31 March. Total shareholder return (TSR) for the first quarter was -4.6%.

Annual General Meeting
The Annual General Meeting (AGM) of Nordea 31 March approved the Board of Directors' proposal of a dividend for 2003 of EUR 0.25 per share, corresponding to a pay-out ratio of 48% of the net profit for 2003. The payout date was 14 April 2004 and the dividend yield on the payout date was 4.4%.

The AGM decided to reduce the share capital by cancelling the 81.6 million shares that Nordea repurchased in 2003. The cancellation is expected to be effective in the third quarter. The AGM further decided to authorise the Board of Directors to acquire shares in the bank, for a maximum time period extending until the next AGM. Total acquisitions may, together with the company's other holdings of own shares, not exceed 10% of all shares.

Outlook 2004
First quarter results were strong.

Short-term interest rates have continued to decline in the first quarter and an increase is not expected in the short term. This will make it challenging to maintain net interest income going forward. Higher lending and deposit volumes are expected to partly compensate for generally depressed margins in the current low interest rate environment.

The outlook for increased revenues is positive, although at a moderate level. A moderate increase in overall business volumes is expected, primarily stemming from the household sector. To a certain extent, the Group's income also depends on the development in the capital markets.

A sharp attention on cost management will be maintained also going forward. Based on the progress in cost management in 2003 and the first quarter of 2004, combined with ongoing efforts to further centralise and unify production processes and reduce complexity, total costs in 2004 are targeted not to exceed reported costs in 2003, when excluding costs related to profit-sharing schemes in both years.

The credit portfolio is considered to have a good quality at a stable level. Based on the overall quality of the credit portfolio, the stabilisation of the portfolio in Retail Norway, and the present economic outlook for the Nordic countries, the loan loss ratio is expected to be lower than the level experienced in 2003.

Results by business area first quarter 2004

EURm	Retail Banking	Corporate and Institutional Banking	Asset Management & Life: Asset Mgmt	Asset Management & Life: Life	Group Treasury	Group Functions and Eliminations	Total
	Business areas						
Customer responsible units:							
Net interest income	727	99	9		2	9	846
Other income	345	177	68		-1	-14	575
Total income incl. allocations	**1,072**	**276**	**77**		**1**	**-5**	**1,421**
of which allocations[1]	*145*	*-75*	*-59*	*-16*	*2*	*3*	*0*
Expenses incl. allocations	**-621**	**-134**	**-44**		**-8**	**-66**	**-873**
of which allocations[1]	*-281*	*-47*	*3*		*-1*	*326*	*0*
Loan losses	-16	9				-35	-42
Equity method	5	5				-1	9
Profit before investment earnings and insurance	**440**	**156**	**33**		**-7**	**-107**	**515**
Investment earnings, banking					62	0	62
Operating profit, life insurance				40		7	47
Goodwill amortisation and write-down	-7	-2				-31	-40
Operating profit 2004: Q1	**433**	**154**	**33**	**40**	**55**	**-131**	**584**
2003: Q4	428	100	35	26	62	-268	383
2003: Q3	395	92	26	33	35	-111	470
2003: Q2	376	131	20	42	91	-81	579
2003: Q1	345	107	14	13	58	-157	380
Return on equity, %	27%	25%					
Cost/income ratio, banking, %	58%	48%	57%		13%		59%
Other information, EURbn							
Total assets	148	80	4	26	16	-17	258
Lending	121	20	2		5		148
Deposits	70	15	3		4		92
Capital expenditure, EURm	2	0	0	0	0	35	37
Depreciations, EURm	-4	0	-1	-1	0	-26	-32
Product result 2004: Q1			**60**	**53**			
2003: Q4			60	44			
2003: Q3			48	43			
2003: Q2			41	52			
2003: Q1			31	22			

[1] Allocations show the redistribution of cost and income between business areas. Income within CIB and Asset Management has been reduced by EUR 75m and EUR 59m, respectively, while EUR 145m and EUR 2m is included in total income within Retail Banking and Group Treasury, respectively.

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 with 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 customer 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 Banking. 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 on these products, including sales and distribution costs within Retail Banking. The product result for Asset Management includes, in addition to the operating profit of EUR 33m, revenues and expenses related to investment funds allocated to Retail Banking of EUR 59m and EUR 7m respectively. In addition estimated sales and distribution costs within Retail Banking of EUR 29m is included in the product result of EUR 60m in the first quarter 2004.

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 credit institutions and lending. 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 corresponding to the expected average long-term risk-free return of comparable equity. 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

- **Strong sales of mortgages**
- **Signs of growth in the corporate segment**
- **Sharply reduced loan losses**
- **Return on equity 26%**

Retail Banking has customer responsibility for household as well as small and medium-sized corporate customers and develops, markets and distributes a broad range of financial products and services.

Market conditions

Customer demand remained firm for most services in the first quarter. Central bank rates were lowered further in Sweden and Norway. Customer trading in financial instruments has been brisk and great interest has been shown in savings products.

Business development

Lending to households continued to grow, mainly in mortgage financing. The loan volume increased by EUR 1.3bn to EUR 64.3bn during the first quarter, an increase of 2.2%. Lending margins for households were unchanged at 1.6% compared to the fourth quarter.

After a period of slow loan demand from corporate customers, loan growth was again visible in the first quarter with an increase of EUR 0.7bn to EUR 56.8bn, an increase of 1.4%.

Lending margins for corporate customers were unchanged at 1.2% in the first quarter compared to the fourth quarter.

The total loan volume grew from EUR 119.0bn at the end of 2003 to EUR 121.1bn or 1.7% in the first quarter. Well over half of the total loan volume is mortgage lending to household and corporate customers. Total lending margins were unchanged at 1.4%.

The total deposit volume declined slightly from EUR 70.0bn to EUR 69.6bn. Funds shifted from deposit accounts to investments in products such as investments funds.

Overall deposit margins declined to 1.3% in the first quarter from 1.4% in the fourth quarter as a consequence of lower short-term interest rates in Sweden and Norway. Margin development includes a positive effect from the Group’s active management of interest rate exposures. Going forward the latest rate decreases in Sweden and Norway will lead to further narrowing of the deposit margins in these markets.

Customer trading in financial instruments was brisk in the first quarter. In addition, cards with issuer fees contributed to good sales performance with an additional 72,000 cards sold, bringing the outstanding number of cards to 3.8 million.

The focus on income development was enforced in the first quarter with a broad range of initiatives launched in relation to customer programmes, sales of Markets' products and mortgages. Various fee structures were reassessed.

Retail Denmark's focus on increasing activity in the corporate sector has resulted in a significant increase in mortgage lending to corporate customers. Year-on-year, the volume is up by 26%.

Retail Finland launched several structured savings instruments which were well received. Income from trading and investment-funds-related savings increased significantly with the value of investment funds increasing by more than 20% year-on-year.

The emphasis in Retail Sweden on the corporate segment has especially increased derivatives business with corporate customers.

Retail Norway has further expanded the product range towards household customers by introducing revolving credits in relation to housing finance. Market shares in mortgages and household lending in Norway continued to increase.

Poland & the Baltic countries showed a strong increase in sales in the first quarter in all markets.

Electronic banking

The number of netbank customers increased by 0.1 million in the first quarter and reached more than 3.7 million, of which 3.4 million are households. The growth in online equity trading customers was also strong during the quarter. At the end of the first quarter 345,000 customers had signed up for equity trading online.

Netbank activity continued to grow at a rapid pace. The number of log-ons was 40.4 million in the first quarter, corresponding to an increase of 30% year-on-year. The number of payments increased by 21% year-on-year, to 42.2 million.

Result

Net interest income was affected by the lower margins on deposits and the lower number of calendar days in the first quarter. Total income decreased by EUR 42m or 4% to EUR 1,072m in the first quarter compared to the fourth quarter, in which there was a non-recurring gain of EUR 10m.

Non-interest income was EUR 345m, slightly down compared to the seasonally high level in the fourth quarter.

Costs were strictly controlled and in line with the fourth quarter. The first quarter saw an additional reduction of headcount by approx. 400 employees to 17,900 full-time employees.

Loan losses in the first quarter were low at EUR 16m. The low level is primarily a result of no new loan loss provisions for the fish-farming industry, as the situation in that industry has improved.

Operating profit increased for the fourth consequitive quarter to EUR 433m. The return on allocated equity was stable at 26%

The cost/income ratio for the first quarter was 58%, up from 55% in the fourth quarter but down from 60% in the first quarter last year.

Operating profit by main area

EURm	Total Q1 2004	Total Q4 2003	Retail Denmark Q1 2004	Retail Denmark Q4 2003	Retail Finland Q1 2004	Retail Finland Q4 2003	Retail Norway Q1 2004	Retail Norway Q4 2003	Retail Sweden Q1 2004	Retail Sweden Q4 2003	Poland & Baltic Q1 2004	Poland & Baltic Q4 2003
Net interest income	727	758	200	208	187	198	113	117	211	225	12	11
Net commissions & other income	345	356	88	87	91	99	36	35	120	124	8	8
Total income	**1,072**	**1,114**	**288**	**295**	**278**	**297**	**149**	**152**	**331**	**349**	**20**	**19**
Total expenses	-621	-619	-163	-161	-159	-151	-85	-98	-189	-188	-15	-15
Profit before loan losses	**451**	**495**	**125**	**134**	**119**	**146**	**64**	**54**	**142**	**161**	**5**	**4**
Loan losses	-16	-65	-9	-19	-2	22	-4	-60	1	-8	-1	1
Equity method	5	5	5	5								
Goodwill amortisation	-7	-7							-4	-4	-2	-2
Operating profit	**433**	**428**	**121**	**120**	**117**	**168**	**60**	**-6**	**139**	**149**	**2**	**3**
Cost/income ratio, %	58	55	56	54	57	51	57	65	57	54	76	79
Return on equity, %	26	26	25	25	31	44	21	-2	30	32	5	9
Other information, EURbn												
Lending	121.1	119.0	34.4	33.1	27.7	26.9	19.3	18.9	37.8	38.3	1.8	1.8
Deposits	69.6	70.0	15.7	15.3	22.6	22.6	10.3	10.0	19.9	21.2	1.0	0.9
Economic capital	4.8	4.7	1.4	1.4	1.1	1.1	0.8	0.8	1.4	1.3	0.1	0.1

Margins[1]

Lending margins, %	Q1 2004	Q4 2003
To corporates	1.2%	1.2%
To households	1.6%	1.6%
-household mortgages	1.0%	0.9%
Total lending	1.4%	1.4%

Deposit margins, %		
From corporates	1.0%	1.0%
From households	1.6%	1.7%
Total deposits	1.3%	1.4%

[1] Margins are excluding Poland & Baltic.

Key figures per quarter

	Q1 2004	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Operating profit, EURm	**433**	428	395	376	345
Return on equity, %	**26**	26	24	23	22
Cost/income ratio, %	**58**	55	56	57	60
Customer base: households, million	**9.6**	9.6	9.7	9.7	9.7
corporate customers, million	**0.9**	0.9	1.0	1.0	1.0
Number of employees (full-time equivalents)	**17,882**	18,320	18,684	19,159	19,905

Corporate and Institutional Banking

- **Increased profit**
- **Strong revenue growth**
- **Positive net loan losses**

Corporate and Institutional Banking delivers a wide range of products and services to corporate and institutional customers, and has customer responsibility for large corporates, shipping, offshore and oil services companies, and financial institutions.

Market conditions

The Nordic equity markets continued the positive trend in the first quarter, with increases in all four indices. Turnover in the equity markets was significantly higher than in the fourth quarter of last year.

Stock market development

	Market volume		Market index
	Q1 2004 EUR bn	Q1 vs. Q4 %	Q1 %
Denmark	23.4	37	6
Finland	56.5	50	12
Norway	27.1	38	13
Sweden	115.6	50	8

The demand for corporate credits continued to be somewhat subdued during the quarter.

Business development

In Corporate Banking Division good income development was supported by the completion of several large transactions. A strengthened position in the large corporate client segment, particularly in Sweden, also contributed.

In Cash Management, the integrated Corporate Netbank is increasingly attracting new customers.

Corporate Finance's business flow improved during the first quarter and Nordea acted as adviser in several large transactions that were concluded in the quarter. An important reason for the improvement was the pick up in Nordic activity within mergers and acquisitions.

In the Financial Institutions Division, business activity increased significantly compared to the previous quarter. Somewhat weaker net interest income was more than offset by successful marketing of derivatives and other structured financial products.

The number of transactions in Custody Services increased by 23% compared to the fourth quarter of 2003. Assets under custody increased by 7% to EUR 426bn.
Business activity in International and Shipping Division continued to be high during the quarter following continued strength in the financial results in most shipping segments. The activities in international branches continued the positive development from last year with increased focus on Nordic-related business and material cost savings.

Markets Division continued to experience strong customer demand with high activity levels in all product areas. The Equity product area, now a part of Markets, continued the improving trend, with increased customer demand in all four Nordic markets.

Nordea participated as joint lead manager in the Danish EUR 2.1bn Euro government bond issue. During the quarter, Nordea Markets received the EuroWeek award "'Best arranger of Nordic loans".

Result

Total income in the first quarter amounted to EUR 276m, up by EUR 38m from the fourth quarter. Net interest income was EUR 99m, somewhat lower than the previous quarter following reduced on-balance sheet lending. Lending margins continued to increase. Other income increased by EUR 42m to EUR 177m. The main contributor was Markets, with corporate finance, acquisition finance and custody services for financial institutions also supporting the increase.

Total expenses in the first quarter were EUR 134m, up by EUR 5m from the previous quarter. The increase was due to a higher provision for performance related salaries. Other costs continued to decrease. The number of employees continued to decline in the first quarter.

Loan losses continued to develop favourably, amounting to a positive figure of EUR 9m, as the reversals of earlier provisions for loan losses exceeded the amount of new provisions.

Operating profit was EUR 154m, up by EUR 54m from the fourth quarter, corresponding to a return on equity of 25%. The utilised capital continued to decrease and totalled EUR 1.7bn in the first quarter. The cost/income ratio was 48%.

Operating profit by main area

EURm	Total Q1 2004	Total Q4 2003	Corporate Banking Division[1,3] Q1 2004	Corporate Banking Division[1,3] Q4 2003	Financial Institutions Division[1] Q1 2004	Financial Institutions Division[1] Q4 2003	International and Shipping Division[1] Q1 2004	International and Shipping Division[1] Q4 2003	Other Q1 2004	Other Q4 2003	Markets[2,3] Q1 2004	Markets[2,3] Q4 2003
Net interest income	99	103	57	56	10	12	32	33	0	2	15	12
Other income	177	135	70	42	78	46	11	12	18	35	165	129
Total income	**276**	**238**	**127**	**98**	**88**	**58**	**43**	**45**	**18**	**37**	**180**	**141**
Total expenses	-134	-129	-39	-38	-28	-31	-10	-13	-57	-47	-75	-69
Profit before loan losses	**142**	**109**	**88**	**60**	**60**	**27**	**33**	**32**	**-39**	**-10**	**105**	**72**
Loan losses	9	-6	5	-10	0	4	4	1	0	-1	0	0
Transfer risk	0	1	0	1	0	0	0	0	0	0	0	0
Equity method	5	3	0	0	0	0	0	0	5	3	0	0
Goodwill amortisation	-2	-7	-1	-1	-1	-1	0	0	0	-5	0	0
Operating profit	**154**	**100**	**92**	**50**	**59**	**30**	**37**	**33**	**-34**	**-13**	**105**	**72**
Other information, EURbn												
Lending	19.6	20.0	11.9	11.9	1.2	1.7	6.5	6.4	0.0	0.0		
Deposits	14.9	15.2	6.4	7.4	5.9	5.7	2.5	2.1	0.0	0.0		
Economic capital	1.7	1.8	1.0	1.1	0.2	0.2	0.3	0.3	0.3	0.2	0.6	0.6

[1] Figures include income and costs related to the division's activities as a customer responsible unit. In addition, the division has income and costs related to its service and product responsibility that are allocated to other customer responsible units within the Group.

[2] Markets has product responsibility for trading products such as FX, fixed-income and related derivatives and is evaluated by the product result. The product result includes all income and expenses related to the respective products, which is allocated to the customer responsible units within Corporate and Institutional Banking and Retail Banking.

[3] As from Q1 2004 investment banking activities are no longer organised as a division within CIB. Equities and Corporate Finance have been separated and integrated into Markets and Corporate Banking Division respectively. Historic figures have been restated accordingly.

Key figures per quarter

	Q1 2004	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Operating profit, EURm	**154**	100	92	131	107
Return on equity, %	**25**	15	13	19	15
Cost/income ratio, %	**48**	54	56	52	50
Number of employees (full-time equivalents)	**1,974**	2,102	2,172	2,316	2,363

Asset Management & Life

- **Robust net inflow of EUR 4.2bn in first quarter**
- **Assets under management at EUR 121.9bn – up EUR 8.6bn in first quarter**
- **Revenues and costs on par with fourth quarter**
- **Continued strong performance in 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.

Market conditions

After a strong fourth quarter 2003, the trend of global financial markets was more cautious and volatile in the first quarter of 2004 in light of growing concern over terrorism, unrest in the Middle East and the momentum of the global recovery.

The Morgan Stanley world index (MSCI) increased 2.8% in the first quarter, while the local Nordic equity markets increased between 6% and 13%.

Business development

Overall, assets managed by Nordea outperformed relevant market returns. Total equity return was close to 6% despite the fact that managed equity assets are mainly non-Nordic. Nordea's total return in local Nordic bond markets was approximately 3% in local currencies, but due to a weaker Swedish krona, returns were somewhat lower measured in euro.

Thanks to Nordea's wide distribution network, total net inflow reached a robust EUR 4.2bn in the first quarter. In addition asset appreciation amounted to EUR 4.4bn, and Nordea's assets under management (AuM) reached a new all-time high at EUR 121.9bn. Over the last four quarters net inflow has contributed EUR 14.7bn to AuM, while asset appreciation has generated EUR 12.4bn, together raising AuM with close to 30%. In particular, the international sales channels, including European fund distribution, have performed well. The inflow in these channels has almost exclusively been in equity products. In the first quarter equity products increased their share of managed assets slightly to a total of 36%.

Nordea is the market leader within retail funds in the Nordic region. With a EUR 2.3bn inflow, this channel accounted for more than half of the Nordea's asset inflow in the first quarter. By the end of the first quarter total AuM in the Nordic retail fund segment amounted to EUR 35.8bn.

During the first quarter, the market share in the Nordic fund market was 15.9% of net inflow, unchanged at 19.4% of AuM. Finland achieved a satisfactory market share in terms of net inflow at almost 40%. In Denmark, market share was influenced by one large administrative mandate placed in the market. Adjusting for this single mandate, Nordea's Danish and Nordic market share of net inflow was 32.4% and 24.5%, respectively. In all Nordic markets the bulk of net inflow consisted of fixed income funds, but equity funds also registered good inflows especially in the Danish and the Finnish market.

Nordea market shares in the Nordic fund market[1]

%	Nordic[2]	Denmark	Finland	Norway	Sweden
Net inflow Q1	15.9	13.7	39.8	7.3	7.2
AuM end Q1, 2004	19.4	24.4	26.4	8.4	16.6[2]

[1] Market shares are based on official statistics and thus all funds, also institutional.
[2] Swedish market share as of fourth quarter 2003.

Nordic private banking registered net inflows of EUR 0.4bn and high customer activity especially in Denmark and Finland. By the end of first quarter, AuM in Nordic private banking amounted to EUR 25.5bn.

Net inflows in 'International Wealth Management & Funds' (former 'European Private Banking') were EUR 0.8bn during the first quarter, bringing assets under management to EUR 11.9bn. Growth in this channel continued to be high, strengthened in particular by fund sales through European third party distributors.

In February, 'Nordea Investment Funds S.A.', the Luxembourg fund management company was among the first in Luxembourg to be approved as UCITS III compliant. This is a new EU standard for mutual funds. At the same time, 'Nordea Fund of Funds' SICAV was licensed as an UCITS III compliant fund. This license will enable easier cross-border marketing and distribution within EU.

The institutional client segment achieved a net inflow of EUR 0.5bn in the first quarter, stemming primarily from Nordic investors. By the end of the first quarter a total of EUR 23.9bn of assets were managed on behalf of non-affiliated institutional investors.

In Life & Pensions, total net written premiums were EUR 643m in first quarter, representing a seasonal fall compared to fourth quarter, but equal to a 7.5% increase compared to first quarter 2003. The improvement in written premiums was broadly based both in terms of products and markets. Written premiums and good investment results have lifted AuM in Life & Pensions, which by the end of first quarter stood at EUR 24.8bn.

Result

Asset management revenues were EUR 137m, and were maintained at the high level achieved in the fourth quarter, which showed a high level of transaction and up-front fees in addition to the usual seasonal increase.
During the first quarter income from management fees rose together with assets under management, and this compensated for somewhat lower up-front fees and reduced seasonal activity. At EUR 48m, total costs were flat compared to fourth quarter. Product result was unchanged at EUR 60m.

The product result for Life increased by EUR 9m compared to fourth quarter, and thereby reached EUR 53m. The improvement is mainly a result of the implemented changes in the business model, but a continued focus on costs has also contributed. The changes in the business model has gradually reduced economic capital. At the end of the first quarter, economic capital was EUR 837m. Financial buffers continued to increase in the first quarter and rose from 4.7% to 5.6% of life provisions. Over the last 12 months the financial buffers have almost doubled.

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Volumes, inflow and margins

EURbn	Total Q1 2004	Total Q1 Inflow	Total Q4 2003	Denmark Q1 2004	Denmark Q4 2003	Finland Q1 2004	Finland Q4 2003	Norway Q1 2004	Norway Q4 2003	Sweden Q1 2004	Sweden Q4 2003
Customer/Market dimension											
Nordic retail funds[1]	35.8	2.3	32.4								
Nordic private banking	25.5	0.4	24.0								
International Wealth Management and funds	11.9	0.8	10.7								
Institutional clients[1]	23.9	0.5	22.3								
Life & Pensions	24.8	0.2	23.9								
Total	121.9	4.2	113.3								
Organisational dimension											
Investment Funds, volumes[2]	45.5		41.2	14.5	13.0	6.2	5.2	1.6	1.5	16.6	16.0
Investment Management, volumes[3]	77.2		73.7								
Investment Funds margins, %[4]	1.00		0.99	0.53	0.60	1.22	1.21	0.81	0.88	1.07	1.06
Investment Management margins, %[3]	0.18		0.19								

[1] EUR 0.6bn has been reclassified from Institutional clients to Retail Funds as of end of 2003.

[2] Including EUR 5.5bn and EUR 6.6bn outside the Nordic countries for the fourth and first quarter, respectively.

[3] Includes management of Nordea investment funds and Group Life & Pensions assets.

[4] For Denmark net margins are included, whereas in the other markets, gross margins (before costs of fund management) are included.

Key figures per quarter – Asset Management activities

EURm	**Q1 2004**	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Revenues	**137**	137	119	111	105
Expenses	**-48**	-48	-44	-44	-47
Distribution expenses	**-29**	-29	-27	-26	-26
Product result	**60**	**60**	**48**	**41**	**31**
of which profit within Retail Banking	*27*	*25*	*22*	*19*	*15*
Cost/income ratio, %	**56**	56	60	63	70
Economic capital	**136**	133	122	119	120
Assets under management, EURbn	**122**	113	107	102	95
Number of employees (full-time equivalents)	**786**	784	804	829	838

Key figures per quarter – Life activities

EURm	Q1 2004	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Traditional life insurance					
Premiums written, net of reinsurance	491	533	370	461	499
Normalised investment return[1]	234	244	236	247	250
Benefits paid and change in provisions	-655	-687	-532	-626	-636
Insurance operating expenses	-25	-28	-24	-28	-27
Normalised operating margin[1]	**45**	**62**	**50**	**54**	**86**
Fluctuations compared to normalised investment return	347	-114	-151	297	-14
Change in discount rate for life provisions	-98	111	126	-126	-48
Actual operating margin	294	**59**	**25**	**225**	**24**
of which allocated to policyholders	-30	-6	-13	-13	-8
of which to/from financial buffers	-218	-10	28	-165	11
Net profit from other business	3	-2	-1	4	-1
Product result before distribution expenses	**49**	**41**	**39**	**51**	**26**
Unit-linked business					
Premiums written, net of reinsurance	152	168	87	87	100
Product result before distribution expenses	**7**	**6**	**7**	**4**	**-1**
Total					
Premiums written, net of reinsurance	643	701	457	548	599
Product result before distribution expenses	**56**	**47**	**46**	**55**	**25**
Distribution expenses in Retail Banking	-3	-3	-3	-3	-3
Product result [2]	**53**	**44**	**43**	**52**	**22**
of which profit within Retail Banking	13	18	10	10	9
Bonds	15,065	14,862	15,125	15,004	14,837
Equities	3,792	3,361	2,953	2,921	2,391
Property	2,200	2,186	2,021	2,007	1,999
Unit-linked	3,721	3,497	3,275	3,147	2,890
Total investments	24,778	23,906	23,374	23,079	22,117
Investment return, % [3]	3.2	0.7	0.4	3.3	1.4
Technical provisions	23,642	22,859	22,474	22,140	21,302
of which financial buffers	1,058	878	842	869	535
Economic capital	837	967	879	879	1,075
Number of employees (full-time equivalents)	1,011	1,012	1,014	1,008	1,011

[1] In the statutory reporting investments are valued at market price. Consequently, short-term fluctuations in financial markets affect the operating profit. The normalised investment return reflects the expected long-term return on investments based on the applicable asset mix within Life & Pensions operations.

[2] 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 earnings on life products.

[3] Exclusive of unit-linked business.

Group Treasury

- **Strong investment earnings**
- **Issue of subordinated bond**

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.

Market conditions

Financial markets were in the first quarter influenced by the lack of employment growth in the USA, disappointing growth in Europe, strong growth in China and Japan and the continuing problem in Iraq. Global interest rates fell during the quarter. Following the lowering of central bank rates in Sweden and Norway, interest rates in these markets fell more than global rates. US and European equities ended almost unchanged after a positive move early in the quarter whereas Nordic equity markets showed gains of up to 13%.

Business development

Nordea's funding activities were positively affected by favourable market conditions in the form of continued strong demand for the bank's debt instruments and tight credit spreads.

On the capital side, Nordea took advantage of the historically low credit spreads in the subordinated bond markets by issuing a dated subordinated bond amounting to EUR 500m. The bond has a ten-year maturity with an issuer call after year five. With a price of Euribor plus 35 basis points it is one of the most cost-effective subordinated bond issues executed by Nordea.

The new framework for management of the Group's investment risk was implemented in the quarter. The new framework measure investment earnings against a fixed investment return target. Group Investment actively positioned themselves for the different market opportunities during the quarter.

At the end of March, the price risk involved in Group Treasury's interest rate positions, calculated as a parallel shift assuming a change in market interest rates of 100 basis points, was EUR 178m compared to EUR 98m at the end of the fourth quarter. Within its risk and exposure limits, Group Treasury benefited from increased position-taking in the quarter.

The risk related to equities, calculated as VaR, was EUR 53m compared to EUR 49m at the end of December. The VaR figure comprises all equities including listed, unlisted and private equity.

Result

Operating profit was EUR 55m in the first quarter compared to EUR 62m in the fourth quarter.

Investment earnings were EUR 62m in the quarter compared to a gain of EUR 33m in the previous quarter. Favourable positioning, especially in fixed-income markets, contributed to the strong development.

Operating profit in Group Funding totalled EUR -7m compared to EUR 29m in the fourth quarter.

Operating profit by main area

	Total		Group Investment				Group Funding	
			Fixed-income		Equity			
	Q1	Q4	Q1	Q4	Q1	Q4	Q1	Q4
EURm	**2004**	2003	2004	2003	2004	2003	2004	2003
Income			48	5	18	32	1	37
Expenses			-3	-3	-1	-1	-8	-8
Profit excluding investment earnings	**-7**	**29**					**-7**	**29**
Investment earnings	**62**	33	45	2	17	31		
Operating profit	**55**	**62**						

Key figures per quarter

	Q1 2004	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Operating profit, EURm	**55**	62	35	91	58
Cost/income ratio, %	**13**	11	20	8	12
Bonds, EURm	**15,811**	14,352	15,409	15,560	16,778
Equities, EURm	**399**	430	441	404	464
Investments, EURm	**16,210**	14,782	15,850	15,964	17,242
Number of employees (full-time equivalents)	**101**	100	98	98	100

Statutory income statement

EURm	Note	Jan-March 2004	Jan-March 2003
Interest income		1,980	2,539
Interest expenses		-1,116	-1,620
Net interest income		**864**	**919**
Dividend income		4	10
Net commission income		407	363
Net result from financial operations	3	195	85
Other operating income		17	29
Total operating income		**1,487**	**1,406**
General administrative expenses:			
Staff costs		-497	-518
Other administrative expenses		-329	-359
Depreciation, amortisation and write-down of tangible and intangible fixed assets		-78	-75
Real estate sales and write-downs, net		-	0
Total operating expenses		**-904**	**-952**
Profit before loan losses		**583**	**454**
Loan losses, net	4	-43	-102
Change in value of assets taken over for protection of claims	4	1	4
Write-downs on securities held as financial fixed assets		0	0
Profit from companies accounted for under the equity method		9	14
Operating profit, banking		**550**	**370**
Operating profit, life insurance	5	**41**	**13**
Operating profit		**591**	**383**
Pension adjustments		-7	-3
Tax on profit for the period		-165	-124
Minority interests		-1	-1
Net profit for the period		**418**	**255**
Earnings per share, EUR		0.15	0.09
Earnings per share, after full dilution, EUR		0.15	0.09

Statutory balance sheet, end of period

Assets, EURm	Note	31 March 2004	31 Dec 2003	31 March 2003
Loans and advances to credit institutions	6	21,130	29,037	33,593
Loans and advances to the public	6	147,979	145,644	147,009
Bonds and other interest-bearing securities		31,505	32,017	29,792
Shares and participations		616	648	644
Shares in associated and group undertakings		416	421	589
Assets, insurance[1]		22,622	22,880	21,311
Intangible fixed assets		2,044	2,090	2,277
Tangible assets		1,040	826	1,774
Other assets, banking[1]		30,240	28,627	24,949
Total assets		**257,592**	**262,190**	**261,938**
[1] Of which certain investments, for which customers and policyholders bear the whole risk.		6,808	6,673	5,600

Liabilities, provisions and shareholders' equity, EURm	31 March 2004	31 Dec 2003	31 March 2003
Deposits by credit institutions	25,377	28,753	33,137
Deposits and borrowings from the public	92,149	95,556	94,600
Debt securities in issue etc	65,554	64,380	66,115
Liabilities, insurance	22,559	21,824	20,358
Provisions and other liabilities, banking	35,005	34,377	29,674
Subordinated liabilities	5,680	5,115	5,898
Minority interests	6	8	11
Shareholders' equity	11,262	12,177	12,145
Total liabilities, provisions and shareholders' equity	**257,592**	**262,190**	**261,938**
Assets pledged for own liabilities	27,733	32,378	37,445
Other assets pledged	272	5,782	72
Contingent liabilities	13,612	13,612	14,643
Commitments	1,452,333	1,392,415	1,381,991

Movements in shareholders' equity

EURm	Jan - March 2004			Jan - March 2003		
	Restricted equity	Unrestricted equity	Total equity	Restricted equity	Unrestricted equity	Total equity
Balance at beginning of period	6,055	6,122	12,177	6,056	5,841	11,897
Change in accounting policy (RR 29)		-183	-183			-
Balance at beginning of period, restated	6,055	5,939	11,994	6,056	5,841	11,897
Dividend[1]		-696	-696			-
Own shares[2, 3]		-361	-361		4	4
Transfers between restricted and unrestriced reserves			-	11	-11	-
Currency translation adjustment	-66	-27	-93	-19	8	-11
Net profit for the period		418	418		255	255
Balance at end of period	**5,989**	**5,273**	**11,262**	**6,048**	**6,097**	**12,145**

[1] Dividend to be paid to shareholders EUR 696m (2003: EUR 673m), decided at the Annual General Meeting on 31 March 2004. The dividend paid in 2003 was decided at the Annual General Meeting on 24 April 2003 and is therefore not excluded from the equity at 31 March 2003.

[2] Refers to the change in the trading portfolio and Nordea shares within the portfolio schemes in Denmark. Number of own shares in the trading portfolio and within the portfolio schemes at 31 March 2004 was 3.6 million. (31 Dec 2003: 2.2 million, 31 March 2003: 1.7 million).

[3] The number of own shares referring to Nordea Bank AB (publ)'s repurchase of own shares was as at 31 March 2004 145.0 million (31 Dec 2003: 81.6 million, 31 March 2003: 57.0 million). The average number of own shares Jan-March 2004 was 102.2 million (Jan-March 2003: 59.2 million).

Cash flow statement

EURm	Jan-March 2004	Jan-March 2003
Operating activities		
Operating profit	584	383
Pension adjustments	0	-3
Adjustments for items not included in cash flow	860	338
Income taxes paid	-135	-124
Cash flow from operating activities before changes in operating assets and liabilities	1,309	594
Changes in operating assets and liabilities		
Change in bonds and other interest-bearing securities	320	-1,620
Change in loans and advances to credit institutions	4,316	-11,218
Change in loans and advances to the public	-2,709	-1,405
Change in shares and participations	20	-153
Change in assets, insurance	258	218
Change in derivatives, net	-1,390	-697
Change in other assets, excluding derivatives	-440	-1,712
Change in deposits by credit institutions	-3,376	7,144
Change in deposits and borrowings from the public	-3,406	423
Change in debt securities in issue etc	1,174	4,257
Change in liabilities, insurance	735	140
Change in other liabilities, excluding derivatives	965	1,504
Cash flow from operating activities	-2,224	-2,525
Investing activities		
Acquisition of shares in group undertakings	-	-6
Acquisition of tangible assets	-31	-
Sale of tangible assets	96	100
Aquisition of intangible fixed assets	-6	-
Sale of intangible fixed assets	0	74
Purchase/sale of other financial fixed assets	7	-40
Cash flow from investing activities	66	128
Financing activities		
Issued/amortised subordinated liabilities	565	-230
Repurchase of own shares incl change in trading portfolio	-361	4
Cash flow from financing activities	204	-226
Cash flow for the period	**-1,954**	**-2,623**
Cash and cash equivalents at beginning of period	**7,629**	**8,484**
Exchange rate difference	-25	-3
Cash and cash equivalents at end of period	**5,650**	**5,858**
Change	**-1,954**	**-2,623**

Liquid assets	Jan-March	Jan-March
The following items are included in liquid assets (EURm):	2004	2003
Cash and balances at central banks	3,360	3,155
Loans and advances to credit institutions, payable on demand	2,290	2,703

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

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

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

Notes to the financial statements

Note 1 Accounting policies

The accounts are prepared in accordance with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (ÅRKL), the regulations of the Swedish Financial Supervisory Authority (FFFS), the recommendations of the Swedish Financial Accounting Standards Council (RR) and the interpretations by the RR's Standing Interpretations Committee.

The application of FFFS in certain cases takes precedence over the recommendations and interpretations of the Swedish Financial Accounting Standards Council. RR 27 Financial Instruments: Disclosure and Presentation, is not applicable to credit institutions. Other departures have not had any significant effect on the financial statements. In accordance with FFFS the consolidation is prepared line-by-line in respect of the banking subgroups and in a more simplified manner in respect of the insurance subgroup.

In preparing the interim report FFFS 2002:22 has been applied. On 1 January 2004 FFFS 2003:11 came into force. The full application of this regulation is however optional, and is mandatory only for those institutes which are applying the new rules of recognition and measurement of financial instruments found in ÅRKL. Nordea has chosen to await the endorsement of IAS 32 and 39 by IASB, before applying the new rules.

The Swedish Financial Accounting Standards Council´s recommendation RR 29 Employee Benefits also came into force on 1 January 2004. The implementation of RR 29 has lead to changes in the way pension obligations and pension costs are calculated. Calculations in accordance with RR 29 differ substantially from those applied earlier based on national GAAP. The change of accounting principle has created a transitional value, amounting to EUR 183m after deferred tax, which has been recognised as a one-off reduction of the Group's equity.

In all other material respects the accounting policies and the basis for calculations are unchanged in comparison to the 2003 Annual Report.

Exchange rates

EUR 1 = SEK	Jan-March 2004	Jan-Dec 2003	Jan-March 2003
Income statement (average)	9.1964	9.1453	9.1937
Balance sheet (at end of period)	9.2613	9.0800	9.2608
EUR 1 = DKK			
Income statement (average)	7.4491	7.4303	7.4309
Balance sheet (at end of period)	7.4439	7.4450	7.4264
EUR 1 = NOK			
Income statement (average)	8.6241	7.9914	7.5882
Balance sheet (at end of period)	8.4296	8.4141	7.8995
EUR 1 = PLN			
Income statement (average)	4.7952	4.4202	4.1899
Balance sheet (at end of period)	4.7462	4.7019	4.4200

Note 2 Reconciliation of operational income statement with statutory income statement

		Reclassifications					
EURm	Statutory income statement Jan-March 2004	Trading income	Investment earnings, banking	Life insurance	Goodwill amorti-sation	Pension adjustments	Operational income statement Jan-March 2004
Net interest income	864	-27	9				846
Other income	623	27	-75				575
Total income	**1,487**	**0**	**-66**				**1,421**
Total expenses	**-904**		**4**		**34**	**-7**	**-873**
Loan losses (incl change in value of property taken over)	-42						-42
Profit from companies accounted for under the equity method	9						9
Investment earnings, banking			62				62
Operating profit, life insurance	41			6			47
Goodwill amortisation				-6	-34		-40
Operating profit	**591**	**0**	**0**	**0**	**0**	**-7**	**584**
Pension adjustments	-7					7	0
Tax on profit for the period	-165						-165
Minority interests	-1						-1
Net profit	**418**	**0**	**0**	**0**	**0**	**0**	**418**

Trading income

Net interest income from trading transactions in Markets is reported as other income (Trading income) in the operational income statement.

Investment earnings, banking

Net interest income, gains/losses on investment portfolios (fixed income and equity holdings), dividends received on these portfolios as well as total expenses related to investment activities are all reported in one line on net basis in the operational income statement.

Life Insurance

Goodwill amortisation related to Life activities is included in one line consolidation of Life Insurance in statutory reporting, but included in the separate line item "Goodwill amortisation and write-downs" in the operational income statement.

Goodwill amortisation

Goodwill amortisation (excluding Life activities) is included in total expenses in statutory reporting, but reported on separate line in the operational income statement.

Pension adjustments

Pension adjustments accounted for according to Swedish regulations in statutory income statement is included in total expenses (staff costs) in the operational income statement.

Note 3 Net result from financial operations, EURm	Jan-March 2004	Jan-March 2003
Realised gains/losses		
Shares/participations and other share-related instruments	70	9
Interest-bearing securities and other interest-related instruments	-48	94
Other financial instruments	-14	4
Total realised gains/losses	8	107
Unrealised gains/losses		
Shares/participations and other share-related instruments	-23	-11
Interest-bearing securities and other interest-related instruments	213	-6
Other financial instruments	12	2
Total unrealised gains/losses	202	-15
Foreign exchange gains/losses	-15	-7
Total	**195**	**85**

Note 4 Loan losses, net, EURm	Jan-March 2004	Jan-March 2003
Write-downs and provisions for loans and advances to the public	128	239
Reversal and recoveries for loans and advances to the public	-85	-137
Total	**43**	**102**
Specifications		
Specific provisions for individually assessed loans		
Realised loan losses during the period	70	163
Reversed amount of previous provisions made for realised losses during the period	-54	-130
This period's provisions for probable loan losses	86	202
Recoveries of previous periods´ realised loan losses	-16	-37
Reversal of provisions for probable loan loss no longer required	-55	-87
This period's costs for individually assessed loans, net	31	111
Aggregate provisions for individually assessed loans		
Allocation to reserve	16	-
Withdrawal from reserve	-	-4
This period´s change of aggregate provisions for individually assessed loans	16	-4
Assessment of homogenous clusters of loans with low value and similar credit risk		
Realised loan losses during the period	3	-
Recoveries on previous periods´ realised loan losses	-5	-
Allocation to reserve	0	0
Withdrawal from reserve	-1	-2
This period's net costs for clusters of loans with homogenous credit risk	-3	-2
Transfer risks		
Allocation to reserve for transfer risks	7	4
Withdrawal from reserve for transfer risks	-8	-5
This period´s change for transfer risks	-1	-1
Contingent liabilities		
This period's net cost for redemption of guarantees and other contingent liabilities	0	-2
This period's loan losses, net (statutory income statement)	**43**	**102**
Change in value of assets taken over for protection of claims	-1	-4
This period's loan losses, net (operational income statement)	**42**	**98**

Note 5 **Operating profit, life insurance,** EURm	Jan-March 2004	Jan-March 2003
Life insurance and pensions		
Premiums written, net of reinsurance	612	565
Investment, income	347	125
Unrealised investments gains	388	31
Claims incurred and benefits paid	-424	-326
Change in life insurance provisions	-598	-305
Change in collective bonus potential	-178	18
Operating expenses	-35	-37
Investment, expenses	-8	-32
Unrealised investments losses	0	0
Yield tax	-55	-18
Transferred return on investments	-16	-9
Technical result	**33**	**12**
Net profit from health and personal accident insurance	-2	-2
Transferred return on investments	16	9
Operating profit before group adjustments	**47**	**19**
Group adjustments (goodwill amortisation)	-6	-6
Operating profit, life insurance	**41**	**13**

Note 6 Loans and their impairment

EURm	31 March 2004	31 Dec 2003	31 March 2003
Loans and advances to credit institutions	21,130	29,037	33,593
Loans and advances to the public	147,979	145,644	147,009
Total	**169,109**	**174,681**	**180,602**

Loan portfolio by categories of borrowers

31 March 2004, EURm	Credit institutions	Corpo-rates	House-holds	Public sector	Total
Loans at amortised cost before reserves	**21,130**	**80,229**	**66,638**	**3,041**	**171,038**
- of which impaired loans[1]	-	2,090	524	1	2,615
Reserves, of which	**-**	**-1,584**	**-344**	**-1**	**-1,929**
- specific reserves for individually assessed loans	-	-1,164	-284	-1	-1,449
- aggregate reserves for individually assessed loans	-	-420	-	-	-420
- assessment of homogenous clusters of loans with low value and similar credit risk	-	-	-60	-	-60
Loans at amortised cost after reserves (book value)	**21,130**	**78,645**	**66,294**	**3,040**	**169,109**
- of which impaired loans[1]	-	506	180	0	686

31 December 2003, EURm	Credit institutions	Corpo-rates	House-holds	Public sector	Total
Loans at amortised cost before reserves	**29,037**	**79,457**	**65,091**	**3,032**	**176,617**
- of which impaired loans[1]	-	2,090	558	1	2,649
Reserves, of which	**-**	**-1,582**	**-353**	**-1**	**-1,936**
- specific reserves for individually assessed loans	-	-1,176	-291	-1	-1,468
- aggregate reserves for individually assessed loans	-	-406	-	-	-406
- assessment of homogenous clusters of loans with low value and similar credit risk	-	-	-62	-	-62
Loans at amortised cost after reserves (book value)	**29,037**	**77,875**	**64,738**	**3,031**	**174,681**
- of which impaired loans[1]	-	508	205	0	713

[1] Impaired loans can be non-performing as well as performing loans.

Note 6, continued

31 March 2003, EURm	Credit institutions	Corpo- rates	House- holds	Public sector	Total
Loans at amortised cost before reserves	**33,593**	**86,860**	**58,868**	**3,368**	**182,689**
- of which impaired loans[1]	-	2,378	505	9	2,892
Reserves, of which	**-**	**-1,789**	**-293**	**-5**	**-2,087**
- specific reserves for individually assessed loans	-	-1,395	-229	-5	-1,629
- aggregate reserves for individually assessed loans	-	-394	-	-	-394
- assessment of homogenous clusters of loans with low value and similar credit risk	-	-	-64	-	-64
Loans at amortised cost after reserves (book value)	**33,593**	**85,071**	**58,575**	**3,363**	**180,602**
- of which impaired loans[1]	-	589	212	4	805

[1] Impaired loans can be non-performing as well as performing loans.

	31 March 2004	31 Dec 2003	31 March 2003
Reserves/impaired loans, gross, %	74	73	72
Impaired loans[1], gross/loans and advances to the public, %	1.7	1.8	1.9

[1] Impaired loans can be non-performing as well as performing loans.

Assets taken over for protection of claims, EURm	31 March 2004	31 Dec 2003	31 March 2003
Current assets			
Land and buildings	2	1	3
Tenant-occupied rights	-	-	-
Shares and other participations	1	1	58
Other assets	0	1	1
Total	**3**	**3**	**62**

Note 7 Capital adequacy	31 March 2004	31 Dec 2003	31 March 2003
Tier 1 capital, EURm	9,002	9,754	9,771
Capital base, EURm	12,351	12,529	13,289
Risk-weighted assets, EURbn	135	134	137
Tier 1 capital ratio, %	6.7	7.3	7.2
Total capital ratio, %	9.1	9.3	9.7

Note 8 Derivatives, EURm

	Postive values		Negative values	
31 March 2004	Fair value	Book value	Fair value	Book value
Interest rate derivatives	14,649	14,222	14,125	13,738
Equity derivatives	318	243	329	254
Foreign exchange derivatives	4,606	4,555	4,695	4,613
Other derivatives	64	63	82	81
Total	**19,637**	**19,083**	**19,231**	**18,686**

- A conference call with management will be arranged on 28 April 2004 at 17.30, CET.
  (Please dial +44 (0) 207 769 6432, access code Nordea, ten minutes in advance.) The telephone conference can be monitored live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com.
- This interim report is available on the Internet (www.nordea.com).
- A slide presentation is available on the Internet.

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Financial calendar:
The interim report second quarter 2004 will be published on 18 August.
The interim report third quarter 2004 will be published on 27 October.

This interim report has not been subject to review by auditors.

This report is published in four additional language versions; Danish, Finnish, Norwegian and Swedish. In the event of any inconsistencies between those language versions and this English version, the English version shall prevail.

Wednesday 28 April 2004

Lars G Nordström
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