

Interim Report 2nd quarter 2004

Nordea Bank Norge Group

Result summary

Nordea Bank Norge's net profit for the first six months amounted to NOK 1,195m (85), corresponding to a return on equity of 13.5% (1.0). Total income has increased by NOK 152m including gain on sales of real estates of approximately NOK 300m, while total expenses have decreased by NOK 83m. Loan losses have decreased by NOK 1,289m compared to the same period last year and amounted to -23m at the end of June 2004.

Nordea Bank Norge's net profit for the second quarter amounted to NOK 679m (10), corresponding to a return on equity of 15.1% (0.2).

Net interest income

Net interest income in the second quarter of 2004 amounted to NOK 1,138m (1,305). Per the end of June 2004 it has been a decrease in net interest income of NOK 82m to NOK 2,470 (2,552). The decrease in net interest income is mainly due to a decrease in net income from other products than loans and deposits. The volumes of loans as well as the volumes of deposits have increased in the period.

Net commission income

Net commission income amounted to NOK 328m in the second quarter (229) and NOK 641m for the first six months (475). The increase is mainly due to commissions from sales of foreign exchange and derivative products on behalf of Nordea Bank Finland. This must be seen in connection with the decrease in net profit on foreign exchange and financial derivatives.

Net change in value and profit (loss) on securities, foreign exchange and financial derivatives

Net change in value and profit (loss) on securities amounted to NOK 3m (68) in the second quarter, divided between NOK 8m (0) on equities and NOK -5m (68) on certificates and bonds.

Net change in value and profit (loss) on foreign exchange and financial derivatives was NOK 52m (71) in the second quarter and NOK 84m (252) for the first six months. The decrease is due to the fact that customer deals from June 2003 mainly are done on be-

half of Nordea Bank Finland.

Other income

Other income amounted to NOK 330m (34) in the second quarter, of which approximately NOK 300m is gain from sales of real estates.

Expenses

Total non-interest expenses were NOK 989m in the second quarter (1,092), representing a decrease of 9% compared to the same quarter last year. Personnel expenses amounted to NOK 587m (708). The main reason for the decrease is a reduction in the number of employees (full-time positions). At the end of June 2004 the number of employees (full-time positions) was 3,288 compared to 3,919 at the end of June 2003. Other expenses have increased by NOK 18 to NOK 402m and are mainly due to increased rent. Total non-interest expenses for the first six months amounted to NOK 2,041m (2,124). The cost/income ratio amounted to 52.7% (63.0) in the second quarter. Adjusted for the gain on sales of real estates the cost/income ratio in the second quarter is on the same level as corresponding quarter last year.

Loan losses

In the second quarter the net provision for loans and guarantees was NOK -54m (629).

The portfolio of gross non-performing and doubtful commitments was reduced from NOK 7.3bn to NOK 6.0bn in the second quarter. Net non-performing and doubtful commitments, which represent net book value of these commitments, were NOK 4.1bn, which is a reduction of NOK 1.0bn in the second quarter. Total allowances were NOK 3.5bn at the end of the quarter (4.1) corresponding to 58.7% of gross non-performing and doubtful commitments (48.4).

Taxes

Profit before taxes amounted to NOK 942m in the second quarter (10), while the tax expense was NOK 263m (0), corresponding to a tax rate of 28%. For the first six months profit before taxes amounted to NOK 1,637m (112), while the tax expense was NOK 442m (27), corresponding to 27%.

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

Balance Sheet

Total assets in Nordea Bank Norge Group amounted to NOK 254.0bn at the end of the second quarter, which is a decrease of NOK 2bn, compared to the end of the corresponding quarter in 2003. Net loans to customers increased by 7.2% to NOK 211.6bn (197.3), while it was a decrease in deposits with central banks of NOK 11.6bn.

Deposits from customers increased by NOK 11.3bn to NOK 118.7bn and amounted to 56% of net loans to customers at the end of the second quarter (54).

Capital adequacy

The risk-weighted asset base of the Group was NOK 203.5bn as at 30 June 2004. Under current legislation, the capital ratio is required to be at least 8 per cent at all times. The Group's total capital amounted to NOK 19,869m, which represents a capital ratio of 9.8%. In Nordea Bank Norge ASA the capital ratio was 10.2%. The Group's core capital was NOK 16,498m, equaling 8.1%. If profit for the period had been included in the calculations, the capital ratio would have increased by approximately 0.6 percentage points.

IFRS implementation

The introduction of certain IFRS principles for publicly traded companies in 2005 will affect Nordea Bank Norge. Preparations are proceeding according to plan.

Nordea Bank Norge expects minor changes in the accounts related to IAS 17 Leases and IAS 19 Employment Benefits. In addition, some subsidiaries, which today are excluded from consolidation or accounted for under the equity method, will have to be consolidated using full-scale line-by-line consolidation.

There is uncertainty attached to the timing and scope of the implication of new valuation principles on financial instruments (IAS 32 and 39) due to delays in the endorsement process. Should IAS 39 be implemented based on the current IASB proposal, it might

lead to accounting volatility. Nordea Bank Norge monitors the development on a continuous basis. The implementations of other IFRS standards are, as it seems today, expected to have minor effects.

Group structure

Nordea Bank Norge ASA bought back the activity in Nordea Securities AB's branch in Norway on 30 April 2004.

Real estates

The process in connection with the sales of the bank's real estates was completed in the second quarter. The transaction includes long-term rental agreements of up to 25 years. A gain on sales of approximately NOK 300m is included in other income in the second quarter.

Outlook

The outlook for economic growth in the Nordic region has improved somewhat, and growth estimates have been adjusted somewhat upwards. Short-term interest rates have stable in the second quarter, and are likely to have bottomed out.

An increase in overall business volumes is expected, primarily stemming from the household sector. Increased activity by small and medium-sized companies may add volume in the second half of the year.

The sharp attention on cost management will be maintained. Based on the progress in cost management in recent quarters, costs for the full year 2004 are expected to remain clearly below costs in 2003.

Based on the overall quality of the credit portfolio, and the present economic outlook for the Nordic countries, the loan loss ratio is expected to be substantially lower than the level experienced in 2003.

Statement of income

NOK million	Note	The Group					The Parent Bank				
		2nd quarter		6 months		Full year	2nd quarter		6 months		Full year
		2004	2003	2004	2003	2003	2004	2003	2004	2003	2003
Interest income		2,418	3,693	5,150	7,654	13,834	2,119	3,306	4,523	6,820	12,309
Interest expenses		1,280	2,388	2,680	5,102	8,619	1,109	2,168	2,316	4,616	7,703
Net interest income		1,138	1,305	2,470	2,552	5,215	1,010	1,138	2,207	2,204	4,606
Dividends and profit from group companies and associated companies		26	25	39	38	76	92	127	178	240	458
Commissions and fees		427	317	830	652	1,490	428	316	830	651	1,489
Commission expenses		- 99	- 88	- 189	- 177	- 350	- 99	- 87	- 188	- 176	- 350
Net change in value and profit (loss) on securities		3	68	78	118	219	3	68	78	118	219
Net change in value and profit (loss) on foreign exchange and financial derivatives		52	71	84	252	325	52	71	84	252	325
Other non-interest income		330	34	343	68	220	332	24	345	43	115
Total non-interest income		739	427	1,185	951	1,980	808	519	1,327	1,128	2,256
Personnel expenses		587	708	1,167	1,287	2,609	562	679	1,118	1,225	2,494
Administrative expenses		254	244	576	530	988	247	237	563	513	958
Ordinary depreciation and write-downs		55	68	112	135	267	55	65	110	129	253
Other non-interest expenses		93	72	186	172	387	91	70	181	165	378
Total non-interest expenses		989	1,092	2,041	2,124	4,251	955	1,051	1,972	2,032	4,083
Operating profit before loan losses and profit on long-term securities		888	640	1,614	1,379	2,944	863	606	1,562	1,300	2,779
Provision for losses on loans and guarantees	2, 3	- 54	629	- 23	1,266	2,371	- 58	623	- 26	1,258	2,350
Profit (losses/write-downs) on long-term securities		-	- 1	-	- 1	- 2	-	- 1	-	- 1	- 2
Operating profit		942	10	1,637	112	571	921	- 18	1,588	41	427
Income taxes	4	263	-	442	27	59	242	- 28	393	- 44	- 85
Net profit		679	10	1,195	85	512	679	10	1,195	85	512
Earnings per share, fully diluted (NOK) (per quarter/6 months/year)		1.23	0.02	2.17	0.15	0.93					

Interim results

NOK million	4th quarter 2002	1st quarter 2003	2nd quarter 2003	3rd quarter 2003	4th quarter 2003	1st quarter 2004	2nd quarter 2004
Interest income	4,445	3,961	3,693	3,349	2,831	2,732	2,418
Interest expenses	3,197	2,714	2,388	1,979	1,538	1,400	1,280
Net interest income	1,248	1,247	1,305	1,370	1,293	1,332	1,138
Dividends and profit from associated companies	16	13	25	20	18	13	26
Commissions and fees	361	335	317	424	414	403	427
Commission expenses	- 90	- 89	- 88	- 83	- 90	- 90	- 99
Net change in value and profit (loss) on securities	24	50	68	16	85	75	3
Net change in value and profit (loss) on foreign exchange and financial derivatives	287	181	71	51	22	32	52
Other non-interest income	67	34	34	95	57	13	330
Total non-interest income	665	524	427	523	506	446	739
Personnel expenses	582	579	708	649	673	580	587
Administrative expenses	274	286	244	205	253	322	254
Ordinary depreciation and write-downs	74	67	68	65	67	57	55
Other non-interest expenses	184	100	72	86	129	93	93
Total non-interest expenses	1,114	1,032	1,092	1,005	1,122	1,052	989
Operating profit before loan losses and profit on long-term securities	799	739	640	888	677	726	888
Provision for losses on loans and guarantees	897	637	629	584	521	31	- 54
Profit (losses/write-downs) on long-term securities	173	-	- 1	-	- 1	-	-
Operating profit	75	102	10	304	155	695	942
Income taxes	52	27	-	89	- 57	179	263
Net profit	23	75	10	215	212	516	679
Average total assets	246,255	223,440	253,268	261,314	268,659	264,777	267,437

Balance sheet

NOK million	Note	The Group			The Parent Bank		
		30.06.04	30.06.03	31.12.03	30.06.04	30.06.03	31.12.03
Assets							
Cash and deposits with central banks		3,053	14,646	3,498	3,053	14,646	3,498
Deposits with and loans to credit institutions		4,817	4,387	22,805	14,823	13,962	27,554
Total cash and claims on credit institutions		7,870	19,033	26,303	17,876	28,608	31,052
Loans to customers	6	215,099	201,357	202,757	189,203	174,704	176,662
Specific allowance	3, 6	-1,875	-2,422	-2,292	-1,787	-2,346	-2,202
General allowance for loan losses	6	-1,638	-1,638	-1,638	-1,525	-1,525	-1,525
Net loans to customers		211,586	197,297	198,827	185,891	170,833	172,935
Reposessed assets		16	33	14	10	28	10
Certificates and bonds	5	20,952	16,804	17,111	20,879	16,969	17,011
Equities and investments	5	419	313	313	419	100	113
Total securities		21,371	17,117	17,424	21,298	17,069	17,124
Associated companies		630	620	652	630	620	652
Equities and investments in group companies		-	-	-	3,371	5,341	3,444
Deferred tax asset, goodwill and other intangible assets		657	829	812	598	758	769
Real estate and machinery		555	2,379	1,228	540	2,316	1,213
Other assets		9,419	14,847	7,473	9,401	14,539	7,681
Prepaid expenses and accrued income		1,905	3,870	3,973	1,677	3,534	3,790
Total assets		254,009	256,025	256,706	241,292	243,646	238,670
Liabilities and equity							
Deposits from credit institutions		58,148	63,191	65,285	51,738	59,556	57,300
Deposits from customers		118,618	107,271	111,322	118,493	108,504	111,033
Total deposits		176,766	170,462	176,607	170,231	168,060	168,333
Certificates and bond loans		41,831	43,186	44,044	36,096	33,730	35,100
Other liabilities		10,705	17,078	10,030	10,573	16,784	9,788
Accrued expenses and prepaid receivables		2,162	3,731	4,200	1,873	3,554	3,668
Allowances for liabilities		1,151	1,187	1,179	1,126	1,139	1,137
Total other liabilities		55,849	65,182	59,453	49,668	55,207	49,693
Subordinated loan capital		3,017	3,124	3,464	3,016	3,122	3,462
Share capital		3,860	3,860	3,860	3,860	3,860	3,860
Reserves		13,322	13,312	13,322	13,322	13,312	13,322
Profit for the period		1,195	85	-	1,195	85	-
Total equity	7	18,377	17,257	17,182	18,377	17,257	17,182
Total liabilities and equity		254,009	256,025	256,706	241,292	243,646	238,670

Nordea Bank Norge ASA
Oslo, 19 August 2004

Lars G Nordström
Chairman of the Board

Markku Pohjola
Deputy Chairman of the Board

Liv Irene Haug

Carl Erik Krefting

Arne Liljedahl

Hege Marie Norheim

Tom Ruud

Baard Syrrist
Managing director

Key figures

NOK million	31.12.02	31.03.03	30.06.03	30.09.03	31.12.03	31.03.04	30.06.04
Total assets	241,175	249,787	256,025	251,624	256,706	259,971	254,009
Net loans to customers	190,917	193,645	197,297	199,398	198,827	205,672	211,586
Net loans to customers as percentage of total assets	79.2	77.5	77.1	79.2	77.5	79.1	83.3
Deposits from customers	110,978	109,422	107,271	107,515	111,322	114,526	118,618
Deposits from customers as percentage of total assets	46.0	43.8	41.9	42.7	43.4	44.1	46.7
Deposit ratio (customer deposits to net loans to customers)	58.1	56.5	54.4	53.9	56.0	55.7	56.1
Total non-performing commitments	5,062	2,937	3,747	3,353	2,728	2,451	1,881
Net non-performing commitments	3,493	1,423	1,855	1,751	1,552	1,391	1,042
Risk-weighted assets	198,900	200,900	198,500	197,400	197,200	202,100	203,500
Book equity per share (NOK) *	31.11	31.28	31.30	31.69	31.16	32.10	33.33
Earnings per share (per quarter) (NOK)	0.04	0.14	0.02	0.39	0.38	0.94	1.23
Cost/income ratio	58.2	58.3	63.0	53.1	62.4	59.2	52.7
Numbers of employees (full-time positions)	4,007	3,979	3,919	3,752	3,586	3,339	3,288

* Excluding allocations of dividend, not yet paid at the time, of NOK 1.45 as at 4Q02 and NOK 0.91 as at 4Q03.

Notes to the statement of income and the balance sheet

Note 1 General principles

The quarterly accounts have been set out in accordance with the same principles as the 2003 annual accounts. See note 1 in the annual report for 2003 regarding a further description of the Group's accounting principles. Unless stated otherwise, the notes show Group figures.

Note 2 Provision for losses on loans and guarantees

Loan loss provision by industry

	2nd quarter 2004			6 months 2004		
	Loan Loss NOK mill.	Total Loan NOK mill.	Percentage of total loans *)	Loan Loss NOK mill.	Total Loan NOK mill.	Percentage of total loans
Retail market	12	89,090	0.1	18	89,090	-
Primary industries (agriculture/fisheries)	-92	10,139	-3.6	-92	10,139	-1.8
Mining, oil extraction and drilling	-	2,856	-	-	2,856	-
Manufacturing industry	-1	12,603	-	16	12,603	0.3
Power and water supply, building and construction	15	5,718	1.0	17	5,718	0.6
Wholesale and retail trade	-6	7,591	-0.3	-3	7,591	-0.1
Hotels and restaurants	-	1,874	-	4	1,874	0.4
Shipping and aviation	11	21,761	0.2	11	21,761	0.1
Real estate	-3	36,606	-	-12	36,606	-0.1
Commercial services	10	23,423	0.2	18	23,423	0.2
Other	-	3,438	-	-	3,438	-
Total	-54	215,099	-0.1	-23	215,099	-
Change in general allowance	-			-		
Net loan loss provision	-54	215,099	-0.1	-23	215,099	-

*) Annualised

Note 3 Charge-offs and changes in allowances

NOK million	2nd quarter 2004	6 months 2004
Specific allowance, beginning of period	2,162	2,292
New loan loss provisions	56	107
Purchased commitments	-	-
Sold commitments	-	-
Change in previous allowances	-80	-98
Charge-offs	-265	-431
Exchange rate differences	2	5
Specific allowance, end of period	1,875	1,875
Of which specific allowance on guarantees	-	-
Specific allowance on loans, end of period	1,875	1,875
Net losses on loans and guarantees during the period		
New specific loan loss provisions	56	107
Charge-offs that affect the result	-17	-9
Change in previous allowances	-80	-98
Net loss (profit) on repossessed assets etc.	18	12
Recoveries on commitments previously written off	-31	-35
Change in general allowance	-	-
Provision for losses on loans and guarantees	-54	-23

Note 4 Taxes

The tax charge for the period includes payable taxes and changes in deferred taxes. The calculated taxes for the first six months are NOK 442 million corresponding to 27 per cent of profit before taxes.

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

On 9 October 2002 Central Taxation Office for Large-Sized Enterprises handed down a ruling, which caused a change in the tax assessment of Christiania Forsikring AS regarding the income year 2001. Due to this ruling NOK 11 million in increased taxes were expensed in the fourth quarter of 2002. The case concerns the sale of Christiania Forsikring AS subsidiary, K-Fondsforsikring AS, to Nordea Liv Holding AS. On February 11th “Ligningsnemda” decided to be persistent to the Central Taxation Office for Large-Sized Enterprises ruling. The company lodged an appeal, and “Overligningsnemda” has, on June 9th handed down a ruling, which decreases the taxable income from the sale by NOK 2 million. The company can file a lawsuit by December 9th 2004.

Note 5 Securities

	30.06.04		30.06.03		31.12.03	
Trading portfolio	Cost	Book value/ market value	Cost	Book value/ market value	Cost	Book value/ market value
Certificates and bonds	7,304	7,391	6,917	6,998	5,705	5,750
Equities and investments	212	302	3	3	-	-
Total trading portfolio	7,516	7,693	6,920	7,001	5,705	5,750
Short positions *)						
Certificates and bonds	1,125	1,072	1,236	1,231	1,291	1,293
Equities and investments	195	155	-	-	-	-
Other current and fixed assets						
			Book value		Book value	
Certificates and bonds		13,561		9,806		11,361
Equities and investments		117		310		313
Total other current and fixed assets		13,678		10,116		11,674
Unrealised gains on other current and fixed assets						
Certificates and bonds		128		200		197
Equities and investments **)		-		-		-

*) Included in Other liabilities

**) Unrealised gains on unquoted stocks not included

The increase in the trading portfolio of equities and investments is due to the fact that Nordea Bank Norge ASA on 30 April 2004 bought Nordea Securities. Nordea Securities, which was a department of Nordea Bank Norge ASA, was on 1 April 2002 sold to a Norwegian branch of Nordea Securities AB.

The decrease in equities and investments classified as other current and fixed assets is due to the fact that the paid-in capital in Nordea Norge Pensjonskasse has been reclassified to Other assets.

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

Note 6 Analysis of the loan portfolio

	Total NOK million		Allowances NOK million		%		Net NOK million	
	30.06.04	31.03.04	30.06.04	31.03.04	30.06.04	31.03.04	30.06.04	31.03.04
Non-performing commitments	1,881	2,451	839	1,060	45	43	1,042	1,391
Doubtful commitments	4,105	4,848	1,036	1,102	25	23	3,069	3,746
Total	5,986	7,299	1,875	2,162	31	30	4,111	5,137
Of which guarantees etc.	-747	-764	-	-	-	-	-747	-764
Other loans	209,860	202,937	1,638	1,638	0.8	0.8	208,222	201,299
Total	215,099	209,472	3,513	3,800	2	2	211,586	205,672

Non-performing commitments were distributed as follows

	Total non-performing NOK million		Allowances NOK million		%		Net non-performing NOK million	
	30.06.04	31.03.04	30.06.04	31.03.04	30.06.04	31.03.04	30.06.04	31.03.04
Corporate commitments	1,308	1,866	632	852	48	46	676	1,014
Retail commitments	573	585	207	208	36	36	366	377
Total	1,881	2,451	839	1,060	45	43	1,042	1,391

Note 7 Equity

NOK million	2004	2003
Equity as at 1 January	17,182	17,152
Profit for the period	1,195	85
Difference between provision and actual group contribution to companies outside NBN group	-	20
Exchange rate differences	-	-
Equity as at 30 June	18,377	17,257

Note 8 Capital ratio

	NOK billion	
Risk-weighted assets as at	30.06.04	30.06.03
Total assets	177.3	172.6
Total off-balance sheet items	21.0	20.9
Total market and foreign exchange risk	5.2	5.0
Risk-weighted assets	203.5	198.5

	NOK million		%	
Capital ratio as at	30.06.04	30.06.03	30.06.04	30.06.03
Core capital	16,498	16,318	8.1	8.2
Supplementary capital	3,385	3,473	1.7	1.8
Deductions	-14	-13	-	-
Total capital	19,869	19,778	9.8	10.0

The capital ratio requirement is 8 per cent.