Nordea

Interim Report 4th quarter 2004

Nordea Bank Norge Group

Report of the Board of Directors

Through out this report the terms "Nordea Bank Norge ASA" and "NBN" refer to Nordea Bank Norge ASA and its subsidiaries. Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ), the parent company in the Nordea Group.

Nordea Bank Norge ASA is domiciled in Oslo and its business registration number is 911 044 110.

Composition of the Group and business development

Nordea operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The support functions are Group Processing and Technology, Group Corporate Centre and Group Legal and Compliance.

As part of the Nordea Group, NBN operates in the Banking business. All the operations of NBN are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the business areas, encompasses the operations of NBN in their entirety.

Legal Structure

In 2004, Nordea took further steps towards simplifying its legal structure. The parent company, Nordea AB (publ), was granted a bank charter and thus changed its name to Nordea Bank AB (publ) on 30 January 2004. Nordea Bank Sweden was subsequently merged into Nordea Bank. The Swedish Financial Supervisory Authority approved the merger, which took effect on 1 March 2004.

The aim is that Nordea Bank AB (publ) will be converted into a European company, a "Societas Europaea", ("SE"), in accordance with the European Company Statute. The SE will be legally domiciled in Sweden and the conversion will be accomplished through mergers with the other banks in the Group. The conversion is conditional, on among other things, Nordea obtaining necessary approvals from the relevant authorities and is expected to lead to improved operational efficiency, reduced operational risk and complexity as well as enhanced capital efficiency.

Nordea is continuing the preparation for this conversion hence awaiting that the regulatory and legislative framework in Europe will come in place and in particular the EU Commission's review of issues relating to the operation of deposit guarantee schemes in the EU and EEA countries. Following a satisfactory solution to these challenges the final conversion process in itself is estimated to take up to one year from start to execution. Even though significant progress has been made it is not realistic to expect the transformation to be completed at the end of 2005.

Subsidiaries and foreign branches

NBN's most significant subsidiaries are Norgeskreditt AS and Nordea Finans Norge AS. Norgeskreditt AS, working in co-operation with Nordea, offers a broad range of financial services to commercial property clients throughout Norway. Nordea Finans Norge AS has business area responsibility for the Nordea Group's finance company products in Norway. The company's main products are leasing, car financing, factoring and consumer credits.

Business development in 2004

Focus on the core business continued in 2004, and some areas which are not included in the core business, were outsourced or sold.

The process in connection with the sales of the bank's real estates was completed in the second quarter 2004. The transaction includes long-term rental agreements of up to 25 years of the sold real estates. A gain on sales of approximately NOK 300m is included in other income in the second quarter 2004.

The business of Nordea Securities AB's branch in Norway was bought back on 30 April 2004, and has since this date been included in Nordea Bank Norge ASA.

Comments on the income statement

Profit for the year amounted to NOK 2,332m (512), which is an increase of NOK 1,820m compared to 2003. The profit corresponds to a return on equity of 12.7% (3.0). Total income decreased by 1% and expenses by 7%. Net losses are positive with NOK 11m compared to a loss of NOK 2,371m in 2003.

Income

Total income was NOK 7,144m (7,195), which is a decrease of 1% compared to 2003. This is mainly due to lower margins and a weakening USD exchange rate. The interest margins have been reduced due to lower market interest rates, strong competition and improved customer credit quality. NBN has in this period increased the market share of loans to customers, especially house loans with good security, while the market shares regarding loans to and deposits from corporate customers have been stable.

Net interest income decreased by 4% to NOK 4,996m (5,215). It has been an increase in average lending volume of approximately 7% compared to last year. The interest margin earned on lending is the most important source of income for the Group, and increased by 3% to NOK 3,651m. This represents a margin relative to lending of 1.73% in 2004, which is a reduction of 6 basic points compared to 2003. The deposit interest margin amounted to NOK 728m (806). In terms of total deposit volume the margin on deposits was 0.61% in 2004 as compared to 0.72% in 2003. The overall margin between average deposit and lending rates was 2.34 percentage points, which was somewhat lower than in 2003 when it was 2.51 percentage points.

Compared to 2003 the fee to the Guarantee Fund, which is included in interest expenses, is reduced by NOK 47.7m. This is mainly due to changes in the regulations of the calculation of the fee. Interest expenses in the fourth quarter 2004 are due to this reduced with NOK 47.9m compared to third quarter 2004.

Dividends and profit from associated companies were NOK 76 m (76). The most significant contribution was the share of profit from Eksportfinans ASA.

Net commission income increased by 23% to NOK 1,406m, which is mainly due to increased income from brokerage and securities issues among other things due to the purchase of Nordea Securities and commissions from sales of financial derivatives on behalf of Nordea Bank Finland, which in 2003 only was included in the second half year. This must be seen in connection with the decrease in net profit on financial derivatives.

Net change in value and profit (loss) on securities amounted to NOK 91m (219) of which NOK 95m was related to net profit on bonds and commercial papers. It has been a net loss of NOK 4m on trading in equities in 2004.

Net change in value and profit (loss) on foreign exchange and financial derivatives amounted to NOK 185m (325). The decrease is related to sale of foreign exchange and derivative products on behalf of Nordea Bank Finland from June 2003. See also comments regarding the increase in net commission income.

Other non-interest income amounted to NOK 390m (220) and includes gain from sale of real estates of approximately NOK 300m. In 2003 the gain from the sale of the debt collecting business of NOK 63m and income from this business of approximately NOK 50m was included.

Expenses

Total non-interest expenses amounted to NOK 3,939 m (4,251), which is a decrease of 7% compared to 2003.

Staff costs amounted to NOK 2,305m (2,609). In 2003 NOK 317m related to redundancy due to reorganisation, rationalisation and downsizing in parts of the Group was expensed, while the cost regarding these measures amounted to approximately NOK 110m in 2004. The average number of full time equivalent positions was 3,312 (3,809). The reduction has mainly taken place in Retail.

Other non-interest expenses amounted to NOK 1,634m (1,642), which is approximately the same level as in 2003. It has been an increase in rental expenses due to the sale of real estates in the end of 2003 and in the beginning of the second quarter 2004, while depreciations and IT-expenses have been reduced throughout the year. IT-expenses amounted to approximately 12% (12) of total expenses in 2004.

Relative to the average total assets, the costs represented 1.50% (1.69) in 2004. The cost/income ratio amounted to 55% (59). Adjusted for the gain on sale of real estates in 2004 the cost/income ratio amounted to 57.6%.

Loan losses

The net provision for losses on loans and guarantees was NOK -11m (2,371). Provision for losses on loans and guarantees is made up of NOK 40m (-130) in the household market, NOK 401m (2,489) on corporate customers in Norway and NOK -2m (12) on lending by branches outside Norway. General provision for loan losses has been reduced with NOK 450m (0) in the fourth quarter 2004.

Previously booked loan losses and provisions were recovered in the amount of NOK 48m (217).

Taxes
Profit before taxes amounted to NOK 3,212m (571), while the tax expense was NOK 880m (59), corresponding to a tax rate of 27.4%.

Profit for the year
Profit for the year amounted to NOK 2,332m (512), corresponding to a return on equity of 12.7% (3.0).

Comments on the balance sheet
Consolidated total assets amounted to NOK 265bn at year-end, an increase of NOK 8bn compared to the previous year.

Lending
Net loans to customers increased during the year by 6% to NOK 212bn, which represent 80% of total assets. Loans to households increased by approximately 16% compared to previous year (20). Loans to households were 44% (40), corporate customers 55% (59) and public sector 1% (1).

Total loans to the public and credit institutions were NOK 216.3bn (221.6), corresponding to 82 % of total assets.

Interest-bearing securities
Interest-bearing securities consist of commercial papers and bonds divided into a trading portfolio, reported at market value, of NOK 8.6bn (5.8) and a banking portfolio, recognised in the accounts at the lower of cost and market value, of NOK 10.5bn (11.4). There is an unrealised profit in the banking portfolio, adjusted for unrealised loss on hedging instruments, of NOK 99m.

Shares and participations
The business of Nordea Securities AB's branch in Norway was with effect from 30 April 2004 bought back and is now included in Nordea Bank Norge ASA. At year-end the trading portfolio, reported at market value, amounted to NOK 860m. The book value of shares and participations classified as banking portfolio amounted to NOK 111m (313). The reduction is due to the fact that the paid-in capital in Nordea Norge Pensjonskasse of NOK 200m has been reclassified to other assets.

Other assets
Other assets amounted to NOK 10.3bn (7.5) of which the main part is related to unsettled commercial papers and bonds.

Deposits
Deposits from customers were NOK 127bn (111) and constitute the Bank's most important source of funding. At year-end deposits from customers amounted to 48% (43) of total assets.

Other funding
In addition to deposits from customers and shareholder's equity, funding is primarily in the form of loans from other financial institutions, principally within the Nordea Group, and by issuance of commercial papers, bonds and subordinated loans. At year-end debt securities in issue amounted to NOK 36.7bn (47.5) including subordinated loans of NOK 2.7bn (3.5).

Deposits from credit institutions totalled NOK 66.5bn whereof NOK 54.2bn from other Nordea companies.

Other liabilities
Other liabilities, accrued expenses and prepaid receivables and allowances for liabilities amounted to NOK 17.6bn (15.4), of which NOK 5.6bn (7.2) were unsettled commercial papers, bonds and equities. Other significant items were pension liabilities of NOK 1.2bn.

Shareholder's equity
Shareholder's equity amounted to NOK 17.2bn at the beginning of the year. The net profit for the year was NOK 2,332m. After deducting the dividend to the parent company and allowing for foreign exchange differences, equity at the end of the year was NOK 17.3bn.

Appropriation of net profit for the year
The net profit of the Parent Bank for the year amounted to NOK 2,332m. It is proposed that the net profit be applied by way of:

- An allocation of dividend of NOK 2,200m
- Transfer of NOK 132m to Other equity

The proposed dividend payment of NOK 2,200m is equivalent to NOK 3.99 (0.91) per share.

Capital ratio and rating
At year-end, the Group's total capital ratio was 9.6% (10.0) and the tier 1 capital ratio 8.1% (8.3). The corresponding figures for the Parent Bank were 10.1% (10.5) and 8.6% (8.8) in 2004.

The minimum level prescribed by the authorities for the total capital ratio, defined as the capital base as a percentage of the risk-weighted assets, is 8%.

The Board of Directors confirms the assumption that the bank is a going concern and the annual accounts have been prepared based on this assumption.

The Board of Directors considers solidity as at 31 December 2004 to be good.

Rating, December 2004	Short	Long
Moody's	P-1	Aa3
S&P	A-1	A+
Fitch-IBCA	F1+	AA-

The rating has not been changed in 2004.

IAS / IFRS implementation

The introduction of new accounting policies based on International Financial Reporting Standards (IFRS) in 2005 will affect the financial statements for the Nordea Bank Norge Group.

The main changes in accounting principles relevant for the Nordea Bank Norge Group include financial instruments (IAS 39) and pensions (IAS 19).

Below the main effects for the Nordea Bank Norge Group on the opening balance 2005 are presented. The effects are based on preliminary calculations and will be subject to revisions and updates during 2005.

Opening balance 2005

Implementation of the impairment rules in IAS 39 on loans and advances will affect the opening balance as at 1 January 2005 with approximately NOK 260m, with a corresponding increase in equity less taxes. This follows as a result of general loan loss provisions not being allowed under IAS 39. As at 31 December 2004 general provisions amounted to NOK 1,188m. The amount has been reversed in the opening balance, while NOK 928m has been allocated to provisions on groups with similar risk characteristics.

Implementation of the IAS 39 standard on hedge accounting will affect the opening balance as at 1 January 2005. Nordea will use hedge accounting for financial assets and liabilities where relevant. All derivatives will be measured at fair value. The net effect of the conversion to hedge accounting applied under IFRS on the equity in the opening balance 1 January 2005 is insignificant. The main effect will be an increase in the value of derivatives in the balance sheet and a corresponding market value effect on the hedged instruments. This follows predominantly as a result of applying fair value on certain assets and related derivatives, as opposed to previously applying deferral hedge accounting.

When implementing IAS 19 the estimate deviations per 31 December 2003 will be booked against equity in the opening balance as at 1 January 2004. Compared to 31 December 2004 the pension liabilities booked in the balance sheet will increase by approximately NOK 1,150m in the opening balance 1 January 2005, with a corresponding reduction in equity reduced for taxes. Per 1 January 2005 the paid-in capital in Nordea Norge Pensjonskasse of NOK 200m, will be written down by NOK 81m. From 1 January 2005 the value of the paid-in capital will be included in assets in Nordea Norge Pensjonskasse.

Net effect on equity

In total these changes add up to a negative effect on the equity in the opening balance per 1 January 2005 of NOK 750m, net, when including the tax effect. It has to be pointed out that this is based on preliminary calculations and that the amount might be changed during 2005.

Expected future effect on profit and loss

The effect of hedge accounting is not expected to involve significant changes in future profit and loss. Pension expenses will be somewhat reduced during the first years as a consequence of booking the estimate deviations in the balance sheet in the opening balance. It is expected somewhat more volatile profit and loss among other things due to market evaluation of unlisted shares and participations, but the portfolio is at the time being too small to affect the bank’s profit and loss significantly.

Risk management

The Board of Directors of Nordea Bank AB (publ) has the ultimate responsibility for limiting and monitoring the Group's risk exposure. Risks in Nordea are measured and reported according to common principles and policies approved by the Board of Directors of Nordea Bank AB (publ).

The Board of Directors of Nordea Bank Norge ASA is ultimately responsible for limiting and monitoring the risk in the Nordea Bank Norge Group.

Risk management and control

Group Credit and Risk Control is responsible for the risk management framework. The framework consists of policies, instructions and guidelines, and is applicable for the Group. For structured interest income risk (SIIR) and liquidity risk, the framework is developed in co-operation with Group Treasury, which is responsible for the asset and liability management and for the allocation of liquidity risk limits to business areas.

Each business area is primarily responsible for managing the risks in their operations, including identification, control and reporting. In addition Group Credit and Risk Control monitors the risks on group level.

Credit risk

Credit risk is defined as the risk that counter parties of Nordea fail to fulfill their agreed obligations and that the pledged collateral does not cover Nordea's claims.

The credit risks in Nordea arise mainly from various forms of lending, but also from guarantees and documentary credits. Furthermore, credit risk includes country risk, settlement risk and credit risk in financial instruments such as derivatives.

The Group has a special decision-making process to establish credit limits. For most engagements, a credit limit is set, establishing conditions for lending, the effect of which is to limit the credit risk.

Credit risk is also controlled through the application of limits to industry sectors.

Credit risk is controlled partly through monitoring the customer's compliance with the agreement and partly in that any lessening of the customer's ability to pay triggers measures that restrict credit risk.

Country risk is assessed with the help of an external institution that continuously assesses different countries' economic and political status.

Analysis of credit risk

Loans to the public

NBN's lending to the public increased in 2004 by 6% to NOK 212bn (199), of which 93% (92) pertained to borrowers in Norway and other Nordic countries. Lending to corporate sector accounted for 55% (60) of the exposure. The household sector's percentage of exposure increased to 44% (40), while the public sector accounted for 0.4% (0.3). Of the total amount, 1% (1) was secured through state and municipal guarantees, while 41% (37) consisted of lending secured by property mortgages.

Lending to the corporate sector amounted to NOK 119bn (120) at the end of 2004. Shipping and aviation accounted for 16% (16) of the exposure, while property companies accounted for 32% (30). The share of the manufacturing industry was 9% (10).

Lending to the household sector increased by 16% to NOK 95bn (82), of which 91% (91) consisted of mortgage loans.

Assets in the form of bonds and other interest-bearing instruments amounted to NOK 19bn (17) and the credit exposure arising from derivative instruments to NOK 11bn (11).

Lending to the public sector amounted to NOK 0.8bn (0.7), of which 80% (97) was to municipalities.

Loans and advances to credit institutions

Lending to credit institutions amounted at the end of the year to NOK 5bn (23), of which 97% (100) was with a maturity of less than one year.

Problem loans

Gross non-performing and doubtful loans decreased by 31% (+4) to NOK 5.4bn (7.9), of which NOK 4.8bn (7.3) were corporate loans and NOK 0.6bn (0.6) loans to household customers. The net amount, after a NOK 2.9bn (2.3) deduction for provisions for non-performing and doubtful loans, was NOK 3.6bn (5.6), corresponding to 1.7% (2.8) of the total volume of loans outstanding. Compared to third quarter it has been a decrease in net non-performing and doubtful loans of NOK 0.4bn.

General provision for loan losses

Based on an evaluation of the credit quality in the performing part of the portfolio, it was decided to reverse NOK 450m of the general provision for loan losses in the fourth quarter 2004. After this, the general provision for loan losses is NOK 1,188m (1,638), equivalent to 0.6% (0.8) of the portfolio to which this provision applies. The level of general provision is considered to be prudent.

Off-balance sheet commitments

The Bank's business operations include a considerable proportion of off-balance sheet items. These include commercial products such as guarantees, documentary credits, credit commitments, etc., as well as financial commitments in the form of derivatives. The latter concern particularly agreements to exchange currencies (currency forwards), contracts to purchase and sell interest-bearing securities at a future date (interest rate forwards) and agreements on exchange of interest payments (swaps, FRAs).

Total exposure pertaining to off-balance sheet commitments were NOK 107bn (90), of which guarantees and documentary credits amounted to NOK 25bn (22).

Total exposure to counter party risk pertaining to off-balance sheet commitments amounted to NOK 23bn (18) at the end of 2004, measured as a risk-weighted amount in accordance with capital adequacy rules.

Market risk
Market price risk is defined as the risk of loss in market value as a result of movements in financial market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. All material portfolios in Nordea are marked to market.

The Board of Directors has set the maximum level of risk on investment portfolios such that it should not lead to an accumulated loss in investment earnings exceeding one quarter's normalised earnings at any time in a calendar year.

Market risk is assessed using the Value at Risk method (VaR), various standardised sensitivity measures, various combined scenario simulations and stress testing. VaR is measuring the worst expected loss under normal market conditions over a specific time period and with a given probability. Nordea uses VaR over a 10 days period and with 99% probability.

Exposure to interest rate risk arises when there is a lack of balance in the interest rate structure between assets and liabilities and corresponding for off-balance-sheet items. Interest cost risk means the types of risks that can lead to loss arising from a change in the market value of interest rate products which is unfavourable for Nordea. Overall limits on interest cost risk are by the end of 2004 based on VaR. At the end of 2004, the total VaR was NOK 97.5m (42.3).

See note 26 regarding Interest sensitivity.

Exposure to currency risk arises when assets and liabilities in the same currency are of unequal amounts. Overall limits are based on VaR for linear risk and scenario simulations for non-linear risk. At the end of 2004, the VaR risk amounted to NOK 0.2m (0.1). It was no non-linear risk at the end of 2004 (0.2).

Overall limits for equity risk are based on VaR for linear risk and scenario simulations for non-linear risk. At the end of 2004, the VaR risk amounted to NOK 10.8m (3.9). The non-linear risk amounted to NOK 13.3m (8.9).

Operational risk
In the Operational Risk Policy for the Nordea Group operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or from external events. Legal and compliance risks constitute subgroups to operational Risk.

Operational risks are inherent in all activities within the organisation, in outsourced activities and in all interaction with external parties.

Solid internal control and quality management, consisting of a risk-management framework, leadership and skilled personnel, is the key to successful operational risk management.

Personnel
The Group had 3,645 (3,827) employees at the end of 2004. This represents 3,237 fulltime equivalent positions as compared to 3,586 fulltime equivalent positions at the end of 2003. The average number of fulltime equivalents positions was 3,312 (3,809) in 2004.

Change in Management
Tom Ruud, who is a member of Group Executive Management in Nordea and head of Corporate and Institutional Banking, was appointed chief executive officer of Nordea Bank Norge ASA effective 4 November 2004. Baard Syrrist, who was the former head of Retail Banking in Norway, held this position earlier. With effect from 1 November 2004 the national management level in Retail Banking in all countries was removed. The head of local regional banks in each country is now reporting directly to the head of Retail Banking. Baard Syrrist has been appointed vice president of Group HR and head of HR in Retail Banking.

Sick leave
Sick leave amounted to 47,047 days in 2004 (62,778), equivalent to approximately 6.00% (7.35), adjusted for holidays and leave of absence. Sick leave below 16 days has for several years been constant, whilst long term sick leave has decreased by 20% in 2004. The decrease must be seen in connection with the systematically reviews of the physical and psychosocial working environment performed by HR Health & Work Environment, particularly in those areas where sick leave is most frequent. Further, the employees on sick leave are followed-up more closely in accordance with the agreement on Including Work Life (IA).

No injuries to human beings have been reported due to accidents or other incidents in NBN in 2004.

The working environment is considered to be good in the Bank. It has not been necessary to carry out any specific measures.

Equal opportunities
48% (49) of the employees of Nordea Bank Norge are women. The share of female bank managers and females with personnel responsibility is 20% (18) and 29% (29), respectively. During the last few years the women's share in leading positions has been relatively stable. Taken into account that NBN has nearly the same numbers of female and male employees, the basis for recruiting employees to leading and other key positions should be good for both genders.

Average salary for women and men was NOK 352,000 (335,500) and NOK 447,000 (424,500), respectively, and reflects a higher number of men in leading and key positions in the Bank.

90% (92) of part time employees were women. 38% (35) of new employees in 2004 were women.

Equal opportunities issues are an integrated part of the development of the organisation and employees. The Bank does not any longer have a separate committee primarily aiming at equal opportunities. The Bank will, however, include this issue in the management responsibility on all management levels. Nordea's "Corporate Citizenship Principles" includes the following overall provision: "We do not discriminate based on gender, ethnic background, religion or any other ground." The equal opportunities issue is included in the various personnel policies under development, for example career planning and appointments to higher management positions.

During 2004 NBN ASA has participated in an investigation regarding women and leadership under the direction of Norwegian Financial Services Association. In Nordea the work regarding the results of the investigation has been completed and propositions regarding activities will be evaluated. On the initiative of Nordea's Nordic competence center a mentor programme for female leaders will be implemented in spring 2005. The programme will last for 18 months and the participants shall be registered in an internal talent pool. The intention is that the talent pool will make it easier to find female candidates to leading positions.

Environmental concerns
The Nordea Group has adopted an environmental policy that will provide guidance on how the group entities will manage and control environmental issues in their own operations.

Nordea Bank Norge's direct impact on the external environment is limited to the use of material and energy as well as the production of services necessary for the Group's business.

NBN's strong focus on general reduction of costs supports a reduced use of resources and energy.

A majority of the Bank's offices have systems for energy conserving heating and for turning the lightening down after working hours. Waste is as far as possible sorted according to their source material and contributes to recycling of resources. The Bank has implemented new guidelines for its travelling activities i.e. video- and telephone conferences replace physical meetings.

An increasingly number of the Group's financial services and daily operations are handled electronically, thus contributing to a lower use of resources.

Indirect influence on the environment takes place via business activities such as the granting of credits and asset management. Environmental consideration is included in the credit policy and environmental issues thus form a part of the risk analysis.

Legal proceedings
Nordea Bank Norge Group is involved in a number of disputes of minor financial consequences arising from its normal business activities.

Important events after the end of the financial year

In a ruling dated 31 January 2005 Oslo Tingrett gave Nordea Finans Norge AS support in a case that the company had raised against the State in respect of the right to carry forward losses after a merger with a subsidiary. If the ruling is upheld, Nordea Finans Norge AS will book NOK 96m in taxes to income in the second quarter 2005. The State has one month to enter an appeal.

On 1 February 2005 the Board of Directors of The Banks' Guarantee Fund (Bankenes Sikringsfond) resolved that the members should not pay fee in 2005. To NBN this means a reduction in other interest expenses of approximately NOK 138m in 2005 as compared to 2004.

Outlook

Markets remain competitive and the challenging margin trend is expected to continue in 2005. However, Nordea's performance in 2004 supports the overall increased ambition level communicated at the Capital Markets Day on 30 November 2004. Nordea is well positioned to deliver results in line with the revised financial targets.

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 continue to be low. However, loan losses cannot reasonably be expected to be at the very low level experienced in 2004.

Nordea Bank Norge ASA
Oslo, 23 February 2005

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	Peter Schütze	Tom Ruud Managing director

Statement of income

NOK million	Note	Group 4th quarter 2004	Group 4th quarter 2003	Group Year 2004	Group Year 2003	Parent company 4th quarter 2004	Parent company 4th quarter 2003	Parent company Year 2004	Parent company Year 2003
Interest income		2,576	2,831	10,245	13,834	2,288	2,516	9,059	12,309
Interest expenses		1,270	1,538	5,249	8,619	1,107	1,320	4,548	7,703
Net interest income		**1,306**	**1,293**	**4,996**	**5,215**	**1,181**	**1,196**	**4,511**	**4,606**
Dividends and profit from group companies and associated companies		26	18	76	76	63	63	292	458
Commissions and fees		510	414	1,817	1,490	511	415	1,817	1,489
Commission expenses		- 110	- 90	- 411	- 350	- 110	- 91	- 410	- 350
Net change in value and profit (loss) on securities		1	85	91	219	2	85	91	219
Net change in value and profit (loss) on foreign exchange and financial derivatives		53	22	185	325	53	22	185	325
Other non-interest income		32	57	390	220	49	54	412	115
Total non-interest income		**512**	**506**	**2,148**	**1,980**	**568**	**548**	**2,387**	**2,256**
Staff costs		590	673	2,305	2,609	558	653	2,199	2,494
Administrative expenses		213	253	1,009	988	206	247	985	958
Ordinary depreciation and write-downs		47	67	197	267	46	62	192	253
Other non-interest expenses		118	129	428	387	116	131	418	378
Total non-interest expenses		**968**	**1,122**	**3,939**	**4,251**	**926**	**1,093**	**3,794**	**4,083**
Operating profit before loan losses and profit on long-term securities		**850**	**677**	**3,205**	**2,944**	**823**	**651**	**3,104**	**2,779**
Provision for losses on loans and guarantees	2, 3	16	521	- 11	2,371	8	515	- 27	2,350
Profit (losses/write-downs) on long-term securities		- 4	- 1	- 4	- 2	- 5	- 1	- 4	- 2
Operating profit		**830**	**155**	**3,212**	**571**	**810**	**135**	**3,127**	**427**
Income taxes	4	227	- 57	880	59	207	- 77	795	- 85
Net profit		**603**	**212**	**2,332**	**512**	**603**	**212**	**2,332**	**512**
Transferred (to)/from Reserve for evaluation differences								- 266	-
Transferred to Other equity								134	- 12
Dividend								-2,200	- 500
Total allocation								**-2,332**	**- 512**
Earnings per share, fully diluted (NOK) (per quarter/year)		**1.09**	**0.38**	**4.23**	**0.93**				

Interim results

NOK million	2nd quarter 2003	3rd quarter 2003	4th quarter 2003	1st quarter 2004	2nd quarter 2004	3rd quarter 2004	4th quarter 2004
Interest income	3,693	3,349	2,831	2,732	2,418	2,519	2,576
Interest expenses	2,388	1,979	1,538	1,400	1,280	1,299	1,270
Net interest income	**1,305**	**1,370**	**1,293**	**1,332**	**1,138**	**1,220**	**1,306**
Dividends and profit from associated companies	25	20	18	13	26	11	26
Commissions and fees	317	424	414	403	427	477	510
Commission expenses	- 88	- 83	- 90	- 90	- 99	- 112	- 110
Net change in value and profit (loss) on securities	68	16	85	75	3	12	1
Net change in value and profit (loss) on foreign exchange and financial derivatives	71	51	22	32	52	48	53
Other non-interest income	34	95	57	13	330	15	32
Total non-interest income	**427**	**523**	**506**	**446**	**739**	**451**	**512**
Staff costs	708	649	673	580	587	548	590
Administrative expenses	244	205	253	322	254	220	213
Ordinary depreciation and write-downs	68	65	67	57	55	38	47
Other non-interest expenses	72	86	129	93	93	124	118
Total non-interest expenses	**1,092**	**1,005**	**1,122**	**1,052**	**989**	**930**	**968**
Operating profit before loan losses and profit on long-term securities	**640**	**888**	**677**	**726**	**888**	**741**	**850**
Provision for losses on loans and guarantees	629	584	521	31	- 54	- 4	16
Profit (losses/write-downs) on long-term securities	- 1	-	- 1	-	-	-	- 4
Operating profit	**10**	**304**	**155**	**695**	**942**	**745**	**830**
Income taxes	-	89	- 57	179	263	211	227
Net profit	**10**	**215**	**212**	**516**	**679**	**534**	**603**
Average total assets	**253,268**	**261,314**	**268,659**	**264,777**	**267,437**	**255,337**	**262,770**

Balance sheet

NOK million	Note	Group 31.12.04	Group 31.12.03	Parent company 31.12.04	Parent company 31.12.03
Assets					
Cash and deposits with central banks		**14,972**	3,498	**14,972**	3,498
Deposits with and loans to credit institutions		**4,675**	22,805	**13,320**	27,554
Total cash and claims on credit institutions		**19,647**	**26,303**	**28,292**	**31,052**
Loans to customers	6	**214,589**	202,757	**188,123**	176,662
Specific provision	3, 6	**-1,793**	-2,292	**-1,718**	-2,202
General provision for loan losses	6	**-1,188**	-1,638	**-1,075**	-1,525
Net loans to customers		**211,608**	**198,827**	**185,330**	**172,935**
Repossessed assets		**10**	14	**7**	10
Certificates and bonds	5	**19,174**	17,111	**18,999**	17,011
Equities and investments	5	**971**	313	**971**	113
Total securities		**20,145**	**17,424**	**19,970**	**17,124**
Associated companies		**651**	652	**651**	652
Equities and investments in group companies		**-**	-	**3,235**	3,444
Deferred tax asset, goodwill and other intangible assets		**782**	812	**689**	769
Fixed assets		**503**	1,228	**487**	1,213
Other assets		**10,335**	7,473	**10,482**	7,681
Prepaid expenses and accrued income		**1,323**	3,973	**1,155**	3,790
Total assets		**265,004**	**256,706**	**250,298**	**238,670**
Liabilities and equity					
Deposits from credit institutions		**66,464**	65,285	**58,384**	57,300
Deposits from customers		**126,915**	111,322	**126,992**	111,033
Total deposits		**193,379**	**176,607**	**185,376**	**168,333**
Certificates and bond loans		**34,045**	44,044	**28,515**	35,100
Other liabilities		**13,948**	10,030	**13,769**	9,788
Accrued expenses and prepaid receivables		**2,403**	4,200	**1,435**	3,668
Provisions for liabilities		**1,236**	1,179	**1,211**	1,137
Total other liabilities		**51,632**	**59,453**	**44,930**	**49,693**
Subordinated loan capital		**2,692**	**3,464**	**2,691**	**3,462**
Share capital		**3,860**	3,860	**3,860**	3,860
Reserves		**13,441**	13,322	**13,441**	13,322
Total equity	7	**17,301**	**17,182**	**17,301**	**17 182**
Total liabilities and equity		**265,004**	**256,706**	**250,298**	**238 670**

Nordea Bank Norge ASA
Oslo, 23 February 2005

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

Peter Schutze

Tom Ruud
Managing director

Key figures

NOK million	30.06.03	30.09.03	31.12.03	31.03.04	30.06.04	30.09.04	31.12.04
Total assets	256,025	251,624	256,706	259,971	254,009	255,961	265,004
Net loans to customers	197,297	199,398	198,827	205,672	211,586	212,482	211,608
Net loans to customers as percentage of total assets	77.1	79.2	77.5	79.1	83.3	83.0	79.9
Deposits from customers	107,271	107,515	111,322	114,526	118,618	118,166	126,915
Deposits from customers as percentage of total assets	41.9	42.7	43.4	44.1	46.7	46.2	47.9
Deposit ratio (customer deposits to net loans to customers)	54.4	53.9	56.0	55.7	56.1	55.6	60.0
Total non-performing commitments	3,747	3,353	2,728	2,451	1,881	1,890	1,609
Net non-performing commitments	1,855	1,751	1,552	1,391	1,042	1,084	925
Risk-weighted assets	198,500	197,400	197,200	202,100	203,500	206,600	203,600
Book equity per share (NOK) *	31.30	31.69	31.16	32.10	33.33	34.29	31.38
Earnings per share (per quarter) (NOK)	0.02	0.39	0.38	0.94	1.23	0.97	1.09
Cost/income ratio	63.0	53.1	62.4	59.2	52.7	55.8	53.2
Numbers of employees (full-time positions)	3,919	3,752	3,586	3,339	3,288	3,288	3,237

* *Excluding allocations of dividend, not yet paid at the time, NOK 0.91 as at 4Q03 and NOK 3.99 as at 4Q04.*

Notes to the statement of income and the balance sheet

Note 1 General principles and composition of the Group

The quarterly accounts have been set out in accordance with the same principles as the 2003 annual accounts. See note 1 in the annual report for 2004 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

	4th quarter 2004			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	21	95,129	0.1	40	95,129	0.0
Primary industries (agriculture/fisheries)	399	10,365	15.4	309	10,365	3.0
Mining, oil extraction and drilling	-	2,331	0.0	-	2,331	0.0
Manufacturing industry	17	10,389	0.7	34	10,389	0.3
Power and water supply, building and construction	2	4,712	0.2	19	4,712	0.4
Wholesale and retail trade	1	6,502	0.1	-1	6,502	0.0
Hotels and restaurants	5	1,871	1.1	9	1,871	0.5
Shipping and aviation	2	19,449	0.0	16	19,449	0.1
Real estate	21	37,806	0.2	19	37,806	0.1
Commercial services	-2	23,662	0.0	-4	23,662	0.0
Other	-	2,373	0.0	-2	2,373	-0.1
Total	466	214,589	0.9	439	214,589	0.2
Change in general provision	-450			-450		
Net loan loss provision	**16**	**214,589**	**0.0**	**-11**	**214,589**	**0.0**

**) Annualised*

Note 3 Charge-offs and changes in provisions

NOK million	4th quarter 2004	2004
Specific provision, beginning of period	1,551	2,292
New loan loss provisions	65	196
Change in previous provision	321	-77
Charge-offs	-133	-608
Exchange rate differences	-11	-10
Specific provision, end of period	1,793	1,793
Of which specific provision on guarantees	-	-
Specific provision on loans, end of period	**1,793**	**1,793**

Net losses on loans and guarantees during the period		
New specific loan loss provisions	65	196
Charge-offs that affect the result	37	26
Change in previous provisions	321	-77
Net loss (profit) on repossessed assets etc.	51	342
Recoveries on commitments previously written off	-8	-48
Change in general provision	-450	-450
Provision for losses on loans and guarantees	**16**	**-11**

Note 4 Taxes

The tax charge for the period includes payable taxes and changes in deferred taxes. The calculated taxes for 2004 are NOK 880 million corresponding to 27.4 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 tried in Oslo Tingrett in January 2005, and in a ruling dated 31 January Oslo Tingrett gave Nordea Finans Norge AS support. The ruling can be appealed to Lagmannsretten.

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 11 February 2003 Ligningsnemda decided to be persistent to the Central Taxation Office for Large-Sized Enterprises' ruling. The company lodged an appeal, and Overligningsnemda has, on 9 June 2004 handed down a ruling, which decreases the taxable income from the sale by NOK 2 million. The case was served with a summons to Oslo Tingrett on 23 November 2004.

Note 5 Securities

Trading portfolio	31.12.04 Cost	31.12.04 Book value/ market value	31.12.03 Cost	31.12.03 Book value/ market value
Certificates and bonds	8,574	8,641	5,705	5 750
Equities and investments	843	860	-	-
Total trading portfolio	**9,417**	**9,501**	**5,705**	**5,750**
Short positions *)				
Certificates and bonds	1,555	1,555	1,291	1,293
Equities and investments	15	21	-	-

Other current and fixed assets	31.12.04 Book value	31.12.03 Book value
Certificates and bonds	10,533	11,361
Equities and investments	111	313
Total other current and fixed assets	**10,644**	**11,674**
Unrealised gains on other current and fixed assets		
Certificates and bonds	99	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 back 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		Provisions NOK million		Provisions %		Net NOK million	
	31.12.04	**30.09.04**	**31.12.04**	**30.09.04**	**31.12.04**	**30.09.04**	**31.12.04**	**30.09.04**
Non-performing commitments	1,609	1,890	684	806	43	43	925	1,084
Doubtful commitments	3,820	3,735	1,109	745	29	20	2,711	2,990
Total	5,429	5,625	1,793	1,551	33	28	3,636	4,074
Of which guarantees etc.	-829	-764	-	-	-	-	-829	-764
Other loans	209,989	210,810	1,188	1,638	0.6	0.8	208,801	209,172
Total	**214,589**	**215,671**	**2,981**	**3,189**	**1**	**1**	**211,608**	**212,482**

Non-performing commitments were distributed as follows

	Total non-performing NOK million		Provisions NOK million		Provisions %		Net non-performing NOK million	
	31.12.04	**30.09.04**	**31.12.04**	**30.09.04**	**31.12.04**	**30.09.04**	**31.12.04**	**30.09.04**
Corporate commitments	1,062	1,308	480	594	45	45	582	714
Retail commitments	547	582	204	212	37	36	343	370
Total	**1,609**	**1,890**	**684**	**806**	**43**	**43**	**925**	**1,084**

Note 7 Equity

NOK million	2004	2003
Equity as at 1 January	17,182	17,152
Profit for the period	2,332	512
Provision for dividend	-2,200	-500
Difference between provision and actual group contribution to companies outside NBN group	-	21
Exchange rate differences	-13	-3
Equity as at 31 December	17,301	17,182

Note 8 Capital ratio

	NOK billion	
Risk-weighted assets as at	**31.12.04**	**31.12.03**
Total assets	173.8	174.1
Total off-balance sheet items	23.8	20.2
Total market and foreign exchange risk	6.0	2.9
Risk-weighted assets	**203.6**	**197.2**

	NOK million		%	
Capital ratio as at	**31.12.04**	**31.12.03**	**31.12.04**	**31.12.03**
Tier 1 capital	16,510	16,342	8.1	8.3
Supplementary capital	3,032	3,288	1.5	1.7
Deductions	-32	- 13	-	-
Total capital	**19,510**	**19,617**	**9.6**	**10.0**

The capital ratio requirement is 8 per cent. At the end of 2004 the parent bank had a capital ratio of 10,1 per cent based on a risk-weighted asset base of NOK 176.4 billion and a total capital of NOK 17,745 million.