Annual Report 2005
Nordea Bank Norge

Nordea Bank Norge ASA is part of the Nordea Group. Nordea is the leading financial services group in the Nordic and Baltic Sea region. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has almost 11 million customers, more than 1,100 branch offices and a leading netbanking position with 4.2 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

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Nordea Bank Norge Group – Five-year overview

Income statements

NOKm	2005	2004 [2]	2003 [1]	2002 [1]	2001 [1]
Net interest income	5,031	4,758	5,215	4,783	4,862
Net fee and commission income	1,572	1,406	1,140	996	1,261
Net gains/losses on items at fair value	887	535	555	1,093	858
Equity method	37	50	63	51	63
Other income	131	62	220	189	389
Total operating income	**7,658**	**6,811**	**7,193**	**7,112**	**7,433**
General administrative expenses:					
Staff costs	-2,386	-2,213	-2,609	-2,241	-2,244
Other expenses	-1,476	-1,433	-1,375	-1,636	-1,884
Depreciation of tangible and intangible assets	-152	-197	-267	-295	-252
Total operating expenses	**-4,014**	**-3,843**	**-4,251**	**-4,172**	**-4,380**
Loan losses	1,030	11	-2,371	-1,242	-705
Disposals of tangible and intangible assets	36	325			
Operating profit	**4,710**	**3,304**	**571**	**1,698**	**2,348**
Income tax expense	-1,362	-906	-59	-670	283
Net profit for the year	**3,348**	**2,398**	**512**	**1,028**	**2,631**

Balance sheets

Assets					
Cash and balances with central banks/loans and receivables to credit institutions	21,931	19,647	26,303	18,241	14,675
Treasury bills and other eligible bills	16,905	19,174	17,111	18,506	17,847
Loans and receivables to the public	257,869	211,608	198,827	190,917	184,232
Other assets	13,655	14,900	14,465	13,511	13,567
Total assets	**310,360**	**265,329**	**256,706**	**241,175**	**230,321**
Liabilities and equity					
Deposits by credit institutions	95,767	66,464	65,285	54,589	41,594
Deposits and borrowings from the public	147,892	126,915	111,322	110,978	104,332
Debt securities in issue	27,543	34,045	44,044	39,455	48,044
Other liabilities	14,211	16,550	15,408	14,956	13,117
Subordinated liabilities	5,299	2,692	3,465	4,045	6,277
Total liabilities	**290,712**	**246,666**	**239,524**	**224,023**	**213,364**
Equity	19,648	18,663	17,182	17,152	16,957
Total liabilities and equity	**310,360**	**265,329**	**256,706**	**241,175**	**230,321**

Ratios and key figures

Earnings per share (EPS), NOK	6.07	4.35	0.93	1.87	4.77
Equity per share, NOK	35.64	33.85	31.16	31.11	30.76
Shares outstanding3, million	551	551	551	551	551
Return on equity, %	18.2	13.7	3.0	5.9	14.8
Cost/income ratio, %	52	56	59	59	59
Tier 1 capital ratio, %	7.6	8.1	8.3	8.2	7.8
Total capital ratio, %	9.9	9.6	10.0	10.4	11.0
Risk-weighted assets, NOKbn	237	204	197	199	203
Number of employees (full-time equivalents)	3,102	3,237	3,586	4,007	4,096
Number of branches	135	125	129	146	150

[1] According to previous GAAP, not restated to IFRS.

[2] Restated to IFRS except for IAS 39

Business definitions and exchange rates

These definitions apply to the descriptions in the Annual Report.

Capital base

The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of certain holdings in companies that conduct insurance or finance operations.

Tier 1 capital

The proportion of the capital base, which includes paid-in share capital and reserves approved by the Financial Supervisory Authority of Norway, excluding proposed dividend and tax assets.

Risk-weighted amounts

Total assets and off-balance-sheet items valued on the basis of the credit and market risks in accordance with regulations governing capital adequacy, excluding book value of assets which have been deducted from the capital base.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk-weighted amounts.

Total capital ratio

Capital base as a percentage of risk-weighted amounts.

Return on equity

Net profit excluding the period's change in fair value related to available for sale holdings and other revaluations recognised direct in equity, as a percentage of average equity for the period. Average equity includes net profit and dividend until paid.

Loan losses as a percentage of total loans

Loan losses, net (incl. losses on guarantees and transfer risk) as a percentage of total loans and guarantees as of previous year-end.

Earnings per share

Net profit divided by the average number of outstanding shares.

Equity per share

Equity divided by the number of shares.

Cost/income ratio

Total operating expenses divided by total operating income.

Abbreviations

AGM	Annual General Meeting
CEO	Chief Executive Officer
EIU	Economist Intelligence Unit
GEM	Group Executive Management
IPS	Individual Pension Savings
OTC	Over-the-counter

Exchange rates applied

European Central Bank rates of exchange for key currencies as at 31 December 2005

EUR	7.98	**CHF**	5.14	**DKK**	107.01
GBP	11.64	**USD**	6.77	**SEK**	85.04

Nordea Bank Norge
Directors' report

Through out this report the terms "Nordea Bank Norge", "NBN" and "Bank Group" 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. The Nordea Group is referred to as "Nordea".

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

Group organisation

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

Nordea is in the process of simplifying its legal structure. 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, particularly 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.

Subsidiaries and foreign branches

NBN has subsidiaries and branches in Norway and abroad. The 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.

NBN has one minor branch in the US and has no foreign representative offices.

IAS/IFRS implementation

As from 2005 the Nordea Bank Norway Group applies the new accounting policies based on International Financial Reporting Standards (IFRS).

Income statements and balance sheets in accordance with IFRS are presented on pages 23 and 24. On pages 25 and 26 the legal income statements and balance sheets of NBN ASA are presented in accordance with the requirements in current legislations regarding annual financial statements for banks.

Business development in 2005

Results for 2005 showed an increase in net interest income, net fees and commissions and net financial gains compared to 2004. Growth in volumes compensated for pressure on the margins. Staff and administrative expenses increased while provisions for bad and doubtful debts were positive also for 2005. Profit before tax was NOK 4,710 (2004: 3,304). Net profit after tax for the year amounted to NOK 3,348m (2,398), which represents a return on equity of 18.2% (13.7).

Comments on the Income statements

Operating income

Total operating income increased by 12% to NOK 7,658m (6,811) following increased volumes and activity in most business areas.

Net interest income increased by 6% to NOK 5,031m (4,758). It has been an increase in lending volume of 22% compared to last year. Volume growth was strong in all segments except for large corporate customers. However, the overall margin between average lending and deposit rates was lower than in 2004, reflecting strong competition in all segments. The positive effect from increased volumes were, therefore, somewhat offset by the lower interest margin.

Mortgage lending to households increased by 23% to NOK 93bn at the end of the year.

Deposits from customers were NOK 148bn, an increase of 17%.

Fee to the Guarantee Fund is not paid in 2005, while NOK 138m was paid in 2004.

Interest income on bonds and certificates in the trading portfolio in Markets has in the second quarter of 2005 been reclassified from Net interest income to Net gains/losses on items at fair value. This was a result of a review in the whole Nordea Group, where the purpose was the same classification of all items. The comparative figures have been changed accordingly and net interest income has therefore decreased by NOK 238m compared to figures presented in the annual report 2004.

Net fee and commission income increased by 12% to NOK 1,572m, which is mainly due to increased income from syndication of loans, issues and brokerage. Net provisions from payment services increased by 2%, while the number of payment transactions increased by 6%.

Net gains/losses on items at fair value increased by 66% to NOK 887m. This item includes large gross flows and should be expected to be fairly volatile. The increase from 2004 is mainly reflecting higher gains on shares.

Profit from companies accounted for under the equity method decreased to NOK 37m and mainly reflects the contribution from the associated company Eksportfinans AS. The associated company Teller AS was sold in the third quarter. The net gain of NOK 62m from this sale is included in other operating income.

Other operating income increased to NOK 131m (62) due to gain from sale of the associated company Teller AS.

Operating expenses

Total operating expenses increased by 4 % to NOK 4,014m (3,843).

Staff costs increased by 8% to NOK 2,386m (2,213) due to higher salaries and higher accrual of social security tax on pensions. The number of employees, measured by full-time equivalents, was reduced by 4% to 3,102, at year end. The average number of full time equivalent positions was 3,161.

Other expenses increased by 3%, reflecting a higher activity level and increased costs for rents and premises.

Depreciation of tangible and intangible assets decreased by 23% to NOK 152m.

The cost/income ratio was 52% (56).

Loan losses

Loan losses were positive by NOK 1,030m (11m). The gain from sale of converted shares in Pan Fish ASA of NOK 794m in the second quarter is included.

There has been a net impairment loss in group-wise provisions of NOK 97m during the year.

Disposals of tangible and intangible assets amounted to NOK 36m (325). The net profit from the sale of properties in 2004 amounted to NOK 300m.

Taxes

Income tax expense was NOK 1,362m. The effective tax rate amounted to 28.9% compared to 27.4% in 2004.

NOK 110 million related to option premiums on Share Index Linked Bonds have been expensed as taxes due to new legislation and unclear situation regarding the process of transitional rules. Nordea aims at recovering the amount.

Net profit

Net profit for the year amounted to NOK 3,348m (2,398) and is an increase of 40% compared to 2004. The return on equity was 18.2% (13.7).

Comments on the Balance sheet

The total balance sheet increased by NOK 45bn, or approximately 17%, during 2005. All balance sheet items in foreign currencies are translated to NOK at the actual year-end currency exchange rates. See note 1 for more information regarding accounting policies.

The increased balance sheet reflects higher business volumes. The growth has been financed through a variety of sources, of which deposits from customers and financial institutions are the most significant. Nordea has a strong capital position and diversified funding base, reflecting an overall sound financial structure.

Assets

Consolidated total assets amounted to NOK 310bn at year-end, an increase of 17% compared to the previous year.

Loans and receivables to credit institutions increased by NOK 13bn to NOK 18bn.

Loans and receivables to the public increased by NOK 46bn to NOK 258bn. Mortgage lending to households increased by 23% to NOK 93bn

Interest-bearing securities decreased by NOK 2bn, reflecting a somewhat lower liquidity buffer compared to the end of 2004.

Other assets decreased by NOK 12bn, mainly due to a decrease in cash and receivable with the Central Bank Norway of NOK 11bn.

Liabilities

Total liabilities amounted to NOK 291bn (247).

Deposits by credit institutions increased by NOK 29bn to NOK 95bn.

Deposits and borrowings from the public increased by NOK 21bn to NOK 148bn.

Debt securities in issue decreased by NOK 7bn and have mainly been replaced by funding from other companies in the Nordea group. The issued securities mainly comprise short-term debt instruments with maturity below one year.

Other liabilities amounted to NOK 20bn (19).

Equity

Shareholders' equity amounted to NOK 18.6bn at the end of 2004. The net profit for the year was NOK 3,348m. After deducting the net effect of the implementation of IFRS, which was booked against equity 1 January 2005, foreign exchange differences and paid out dividend during 2005, the equity amounted to NOK 19.6bn at the end of the year.

Equity in NBN ASA amounted to NOK 16.5bn at the end of 2004. The net profit for the year was NOK 3,352m. After deducting the net effect of items booked directly against the equity and suggested appropriation of net profit for 2005, the equity amounted to NOK 17.9bn at the end of the year.

Appropriation of net profit for the year

The net profit of the NBN ASA for the year amounted to NOK 3,352m. It is proposed that the net profit will be distributed by way of:

- an allocation of dividend of NOK 1,775m
- an allocation of group contribution to companies outside NBN group of NOK 10m
- transfer of NOK 70m to fund for evaluation differences
- NOK 1,497m to retained earnings

The proposed dividend payment of NOK 1,775m is equivalent to 3.22 (3.99) per share.

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.

Exposure attached to these products is described in the section Risk Management & Basel II below.

Capital adequacy and ratings

At year-end, the Group's total capital ratio 9.9% (9.6) and the tier 1 capital ratio 7.6% (8.1). The corresponding figures for the Parent company were 10.3% (10.1) and 7.8% (8.6).

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 2005 to be good.

Rating, December 2005	Short	Long
Moody's	P-1	Aa3
S&P	A-1+	AA-
Fitch-IBCA	F1+	AA-

S&P long rating has been changed from A+ in 2005.

Risk management & Basel II

Being exposed to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to lending to the public. Management of risk is one of the key success factors in the financial services industry and Nordea has clearly defined policies and instructions for risk management.

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

Risk management principles and control

The Board of Directors' of Nordea 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.

The Board of Directors' decides on policies for credit, market, liquidity and operational risk management, as well as on the credit instructions. Furthermore, the Board of Directors decides on powers-to-act for credit committees at different levels within the business areas in Nordea. These authorisations vary for different decision-making levels, mainly in terms of size of limits, and are also dependent on the internal rating of customers. The Board's Credit Committee monitors the development of the credit portfolio including industries and major customer exposures.

The Board of Directors in Nordea also decides on the limits for the market and liquidity risk in the Group.

The Board of Directors of Nordea Bank Norway is ultimately responsible for limiting and monitoring the risk in the Nordea Bank Norway group.

The CEO and the Group Executive Management (GEM) regularly reviews reports on risk exposures. In addition, the following committees for risk management have been established by the CEO and GEM:

- The Asset and Liability Management Committee (ALCO) decides upon issues of major importance concerning the Group's financial operations and financial risks. The CEO is chairman of ALCO. ALCO decides on the limits of the Group's risk management regarding Structural Interest Income Risk (SIIR) and decides, within the Board's statement about the risk appetite, on the investment return targets for the investment portfolio ALCO also decides, within the scope of resolutions adopted by the Board of Directors, the allocation of the market risk limits to business areas. The limits for the business areas are set in accordance with the business strategies and are as a minimum reviewed annually. The heads of the business areas allocate the respective ALCO limits within the business area and may introduce more detailed limits and other risk mitigating techniques such as stop-loss rules.
- Executive Credit Committees (Corporate and Retail) decide on major credit risk limits and industry policies for the Group. Chairman of Executive Credit Committees is the Chief Risk Officer (CRO), who is also a member of GEM. Credit risk limits are decided by the use of individual limits for each customer and consolidated customer group and by means of industry limits. Other credit risk limits, which are not decided by the Executive Credit Committees, are decided by decision-making authorities on different levels (see figure). The responsibility for a credit exposure is assigned to a customer responsible unit. Each customer is assigned a rating in accordance with the Nordea framework for quantification of credit risk.
- The Risk Committee monitors developments of risks on aggregated level. Chairman of the Risk Committee is the CRO, who is also the head of Group Credit and Risk 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 SIIR and liquidity risk, the framework is developed in co-operation with Group Treasury.

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 the risk of loss if counterparts of Nordea fail to fulfil 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 to the public (corporate and households), but also from guarantees and documentary credits. Furthermore, credit risk includes transfer risk, settlement risk and credit risk in financial instruments such as derivatives. The credit risk from guarantees and documentary credits arises from the claim on a customer, which would occur in the case that a claim on Nordea arises in connection with an issued guarantee.

The credit risk in derivative contracts is the risk that Nordea's counterpart in the contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart. Settlement risk is the risk of losing the principal of a financial instrument if a counterpart defaults during the settlement process. Transfer risk is a credit risk attributable to the transfer of money from a country, where a borrower is domiciled, and is affected by changes in the economic and political situation of countries.

The decisions regarding credit risk limits for customers and customer groups are made by the relevant credit decision authorities on different levels within the Group. The responsibility for credit risk lies with the customer responsible unit, which on an ongoing basis assesses the customers' ability to fulfil their commitment and identifies deviations from agreed conditions and weaknesses in the customers' performance. At Group level, the control of credit risk is performed by Group Credit and Risk Control.

If weaknesses are identified in a customer exposure, that exposure is assigned special attention in terms of review of the risk. In addition to the continuous monitoring, an action plan is established outlining how to minimise a potential credit loss. If necessary, a special team is set up to support the customer responsible unit.

An exposure is recognised as impaired and a provision is made, if there is objective evidence of a loss for that exposure. The size of the provision is equal to the estimated loss considering the customer's remaining repayment capacity, the discounted value of the future cash flow and the value of pledged collateral. Impaired exposures can be either performing or non-performing. Impaired exposures are treated as in default when determining default probability in order to quantify Expected Loss and Economic Capital.

Weak and impaired exposures are reviewed on a quarterly basis in terms of current performance, business outlook, future debt service capacity and the possible need for provisions.

Risks in specific industries are controlled through industry policies setting requirements and limits on the overall industry exposure and these risks are monitored by industry monitoring groups. Corporate customers' environmental risks are entered into the overall risk assessment through a process called Environmental Risk Assessment Tool, which has been developed within the Group.

Measurement methods

Quantification of credit risk was initially developed in Nordea as part of the Economic Capital framework. With the approaching Basel II framework a substantial amount of work has been done in aligning the internal quantification of credit risk with the external requirements set by Basel II.

Rating and scoring

Rating and scoring are key components in the risk management framework for credit risk. The common denominator of the rating/scoring models is the ability to rank the customers and predict defaults. While the rating models are used for corporate customers and bank counterparts, scoring models are used for households and small business customers.

The internal rating is an estimate of the repayment capacity of the corporate customers or bank counterparts. Every rating grade equals a Probability of Default percentage (PD), which is currently used as an input in the Economic Capital framework and will in the future also be used in the Basel II framework.

The internal rating scale for corporate rating models consists of 18 grades for non-defaulted customers. It is a descending scale with grade 6+ representing the highest repayment capacity and rating grade 1– representing the lowest repayment capacity. Rating grade 4– and better is comparable to investment grade as defined by external rating agencies such as Moody's and S&P. Rating grade 2+ to 1– are considered as weak, and require special attention. In addition, there are three rating grades for counterparts fulfilling Nordea's internal definition of default.

Ratings are normally assigned in conjunction with limit/credit proposals or the annual review of the customers, and approved by the credit committees. The consistency and transparency of the ratings are ensured by the use of rating models, which have been developed for medium sized and large corporate as well as for bank counterparts. The models are based on an overall rating framework, in which financial factors are combined with qualitative factors. Adjustments of the factors have been made for corporate size and specific industry segments in order to ensure that the model ranks the customers correctly.

Nordea has established an internal validation process in accordance with the Basel II requirements with the purpose of proving that Nordea's rating models, procedures and systems are accurate, consistent and have good rank power as well as high predictability of default. The regular validation also captures the assessment of the relevant risk factors within the model.

Scoring models are pure statistical methods to predict the probability of customer default. Nordea utilises three types of scoring models - application, behaviour and bureau scoring models - in the credit process. The models are based on information in the customers' loan application, the customers' payment behaviour and input from credit-rating agencies. The models are mainly used in the personal customers segment but also for small corporate customers. The scoring models support both the credit approval process, e.g. automatic approvals or decision support, and the risk management process, e.g. "early warning" for high risk customers and monitoring of portfolio risk levels.

As part of Nordea's Basel II activities, a systematic review of the use of scoring models has been initiated. This work comprises both activities making all existing score models and their use compliant with Nordea's ambition regarding Basel II and the development and implementation of new scoring models.

Quantification of credit risk
The most important inputs when quantifying the credit risk are the probability of default (PD), the loss given default (LGD), and the exposure at default (EAD). The inputs are used to quantify Expected Loss and Economic Capital for credit risk, which both are used in the calculation of Economic Profit.

The PD is the most important parameter when measuring credit risk. In general historical losses are used to calibrate the PDs attached to each rating grade. For some segments the PDs are based on mapping from external rating models due to lack of internal default data. LGD is measured taking into account the security coverage of the exposure, the counterpart's balance-sheet components, and the presence of any structural support. LGD is also estimated using internal historical losses where applicable. Where data is missing a combination of benchmarks and expert opinion is used. EAD is for many products equal to the outstanding exposure but for some products, such as credit lines and derivative contracts, the EAD can be higher than the utilised exposure. The set up for EAD estimation is similar to that for LGD.

Nordea calculates Economic Capital for credit risk with capital factors, which are differentiated based on combinations of PD and LGD. The capital factors are estimated using the output from a credit portfolio model. In addition to estimating these factors the portfolio model is used to assess portfolio imbalances such as concentration risk.

Definition of Expected Loss (EL):
The EL is the normalised loss rate calculated based on the current portfolio. EL is measured using the formula, EL = PD x LGD x EAD, where

- PD is a measure of the probability that the counterpart will default,
- LGD is a measure of how much is expected to be lost in the event of default and
- EAD is a measure of the expected exposure in the event of default.

As a complement to the ordinary credit risk quantification stress tests are performed. These tests are partly focusing on capital requirements and are in accordance with the Basel II requirements.

In order to facilitate the estimation of the credit risk parameters as well as perform portfolio analysis on various dimensions a group-wide credit database has been developed. In 2006 additional activities will be carried out to secure data availability for Basel II compliance.

Credit risk exposure

(excluding cash and balances with central banks and settlement risk exposure)

NOKm	31 Dec 2005	31 Dec 2004
Loans and receivables to credit institutions	17, 860	4,675
Lending to the public	257,869	211,608
Unutilised credit commitments etc	96,981	44,056
Guarantees and documentary credits	30,246	24,604
Credit risk exposure in derivatives [1]	5,281	
Interest-bearing securities issued by public bodies	6,404	6,497
Other interest-bearing securities	10,501	12,677
Total credit risk exposure in the banking operations	**425,142**	**304,117**

[1] After closeout netting and collateral agreements, including current market value exposure as well as potential future exposure.

Credit risk analysis

The credit risk exposure is measured and presented as the principle amount of claims or potential claims on customers and counterparts net after reserves. It consists of all items, that carry credit risk whether on or off Nordea's balance sheet and was 2005 NOK 425bn (304)

The largest item is lending to the public, which in 2005 increased by 22% to NOK 258 bn (212). Lending to corporate customers was NOK 144bn (116), an increase by 24%, and lending to households was NOK 113bn (95), an increase by 19%. Of the total lending portfolio 56% (55) was to corporate customers and 44% (45) to households.

Loans and receivables to credit institutions, mainly in the form of inter-bank deposits, amounted to NOK 18bn at the end of 2005 (5). Of these loans, less than 10% was to banks outside OECD.

One important credit risk mitigation technique is through pledged collateral. This is particularly important in lending to households and to medium sized and small corporate. In the case of larger corporate, collateral is pledged to a lesser extent.

In corporate lending to the public including unutilised credit commitments, the main collateral types are real estate mortgages, floating charges and leasing objects. The collateral coverage is higher for exposures to financially weaker customers than for exposures to financially stronger customers.

Regarding mortgage loans to households, the collateral coverage is high, whereas consumer loans to households are mostly unsecured, but includes objects related to contract lending.

Regarding credit risk in derivatives, other risk mitigation techniques are widely used in Nordea, of which the most common is the use of closeout netting agreements (see below under Risk in derivatives).

Lending

Lending to the public, by customer type

NOKm	31 Dec 2005	%	31 Dec 2004	%
Corporate customers	143,829	55.8	116,182	54.9
Personal customers	113,325	43.9	94,654	44.7
Public sector	715	0.3	772	0.4
Total	**257,869**	**100.0**	**211,608**	**100.0**

Lending to corporate customers, by industry

NOKm	31 Dec 2005	%	31 Dec 2004	%
Real estate management	42,304	29.4	36,470	31.4
Construction	3,173	2.2	3,163	2.7
Agriculture and fishing	9,455	6.6	10,972	9.4
Transport and communication	3,638	2.5	3,405	2.9
Shipping and offshore	27,815	19.3	18,404	15.8
Trade and services	9,389	6.5	8,116	7.0
Manufacturing	16,753	11.6	13,955	12.0
Financial operations	1,587	1.1	16,629	14.3
Renting, consulting and other services	26,838	18.7	1,352	1.2
Other	2,877	2.1	3,715	3.3
Total	**143,829**	**100.0**	**116,181**	**100.0**

Lending to corporate customers, by size of loan

NOKm	31 Dec 2005	%	31 Dec 2004	%
0-10	59,723	41.5	53,659	46.3
10-50	55,662	38.7	46,563	40.0
50-100	18,422	12.8	11,381	9.8
100-250	7,832	5.5	4,578	3.9
250-500	2,190	1.5		
500-				
Total	**143,829**	**100.0**	**116,181**	**100.0**

Lending to personal customers, by type of loan

Mortgage loans	92,497	81.6	74,241	79.5
Consumer loans	20,828	18.4	19,413	20.5
Total	**113,325**	**100.0**	**94,654**	**100.0**

Lending to corporate customers
The main increases in the portfolio could be seen in the sectors: "Shipping and offshore", "Manufacturing", "Real estate management" and "Renting, consulting and other services". A reclassification has been made to "Renting, consulting and other services" from "Financial operations", which affects the figures. Real estate management remains the largest industry sector in Nordea's lending portfolio, with NOK 42bn (NOK 36bn). Relatively large and financially strong companies dominate the portfolio. There is a high level of collateral coverage, especially for exposures, which fall into lower rating grades (3+ or lower).

The shipping exposure increased, partly due to the effect of the strengthened US Dollar. The portfolio is diversified by type of vessel, has a focus on large industrial players and has an even distribution between Nordic and non-Nordic customers. Shipping is the only industry in which Nordea has a global customer strategy. The shipping portfolio exhibiting continued volume growth and strengthening of credit quality.

Lending to households
Mortgage loans increased by 23% while consumer loans increased by 7%. The portion of mortgage loans was 82% (80).

Geographical distribution
Lending distributed by borrower domicile shows that the Norwegian market accounts for 87% (86). Other EU countries and the USA represent the main part of the lending outside the Nordic countries. The exposure to emerging markets is limited.

Transfer risk
The transfer risk exposure is small and is trade-related and primarily short-term. The total transfer risk reserve at the end of 2005 was NOK 13m (12).

Impaired loans
An impaired loan is a claim, for which it is probable that payment will not be made in accordance with the contractual terms of the claim. Impaired loans, gross, decreased to NOK 3,808m from NOK 5,790m. Reserves decreased to NOK 1,894m from NOK 2,981m. The ratio of reserves to impaired loans, gross, amounted to 50% (52).

Impaired loans 2005

NOKm 31 Dec 2005	Corporate customers[1]	Household customers	Total
Impaired loans, gross	2,941	867	3,808
Reserves for impaired loans	-1,530	-364	-1,894
Impaired loans, net	1,411	503	1,914
Reserves/impaired loans, gross (%)	48.0	58.0	50.3
Impaired loans, net/lending (%)	1.0	0.4	0.7

Impaired loans 2004

NOKm 31 Dec 2004	Corporate Customers[1]	Household customers	Total
Impaired loans, gross	4,896	894	5,790
Reserves for impaired loans	-2,506	-475	-2,981
Impaired loans, net	2,390	419	2,809
Reserves/impaired loans, gross (%)	51.2	53.1	51.5
Impaired loans, net/lending (%)	2.1	0.4	1.3

[1]Corporate customers includes in this table also Public sector.

Transfer risk exposure [1)]

NOKm	31 Dec 2005	31 Dec 2004
Asia	231	343
Latin America	8	16
Eastern Europe and CIS	24	17
Middle East	104	146
Africa	0	4

[1)]Base for the country risk reserve, defined as all countries excluding A-rated countries according to EIU and excluding Poland and the Baltic countries. Exposure net of ECA guarantees.

Lending to the public, by geographical area

NOKm	31 Dec 2005	%	31 Dec 2004	%
Nordic countries	235,998	91.5	196,133	92.7
of which Denmark	433		817	
of which Finland	29		216	
of which Norway	232,606	*90.2*	194,457	*91.9*
of which Sweden	2,930		643	
Baltic countries	2	0.0	10	0.0
Poland	64	0.0	138	0.1
EU countries other	7,874	3.1	4,548	2.2
USA	6,255	2.4	4,328	2.0
Asia	85	0.0	1,019	0.5
Latin America	4,180	1.6	2,453	1.1
OECD other	463	0.2	723	0.3
Non-OECD other	2,948	1.2	2,256	1.1
Total	**257,869**	**100.0**	**211,608**	**100.0**

Impaired loans to corporate customers gross, by industry

NOKm	31 Dec 2005	% of lending to the industry	31 Dec 2004	% of lending to the industry
Real estate management	620	1.5	446	1.2
Construction	45	1.4	53	1.7
Agriculture and fishing	980	9.8	2,113	17.5
Transport and communication	55	1.5	325	9.1
Shipping and offshore	106	0.4	82	0.4
Trade and services	182	1.9	179	2.2
Manufacturing	664	3.9	769	5.4
Financial operations	30	1.9	770	4.5
Renting, consulting and other services	197	0.7	86	6.2
Other	62	2.1	72	1.9
Total	**2,941**	**2.0**	**4,895**	**4.1**

Distribution of reserves to corporate customers, by industry

NOKm	31 Dec 2005	%	31 Dec 2004	%
Real estate management	467	30.5	229	9.1
Construction	18	1.2	27	1.1
Agriculture and fishing	473	30.9	1,079	43.1
Transport and communication	33	2.2	167	6.7
Shipping and offshore	67	4.4	42	1.7
Trade and services	71	4.6	92	3.7
Manufacturing	235	15.3	393	15.7
Financial operations	6	0.4	394	15.7
Renting, consulting and other services	133	8.7	44	1.7
Other	27	1.8	38	1.5
Total	**1,530**	**100.0**	**2,505**	**100.0**

Credit risk exposure in derivatives

31 Dec 2005

NOKm	Current exposure	Potential future exposure	Total credit risk exposure
Total	**965**	**4,773**	**5,281**

Settlement risk

Settlement risk is a type of credit risk that arises during the process of settling a contract or executing a payment. The risk amount is the principal of the transaction, and a loss could occur if a counterpart should default after Nordea has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of payment or security has been finally confirmed.

The settlement risk on individual counterparts is restricted by settlement risk limits. Each counterpart is assessed in the credit process and clearing agents, correspondent banks and custodians are selected with a view of minimising settlement risk.

Nordea is a shareholder of, and participates in, the global FX clearing system CLS (Continuous Linked Settlement), which eliminates the settlement risk of FX trades in those currencies and with those counterparts that are settled through CLS. As a result, Nordea's settlement risk exposure against major trading counterparts has decreased considerably over the last years, and is expected to continue to decrease as the number of participants in CLS grows.

Risk in derivatives

Derivative contracts are financial instruments, such as futures, forwards, swaps or option contracts that derive their value from underlying assets; interest rates, currencies, equities, credit or commodity prices. The derivative contracts are often OTC-traded, meaning that the terms connected to the specific contract are agreed upon on individual terms with the counterpart.

NBN, on behalf of Nordea Bank Finland Plc, enters into derivative contracts mainly due to customer demand, both directly and in order to hedge positions that arise through such activities. Furthermore, the Group, through Group Treasury uses interest rate swaps and other derivatives in its hedging activities of the assets and liabilities on the balance sheet.

The derivative contracts are valued at fair value on an ongoing basis and affect the reported result and also the balance sheet. Nordea uses a fair value valuation model for calculating the market value of OTC derivatives.

Derivatives affect credit risk, market risk, SIIR and liquidity risk exposures.

The credit risk in derivative contracts is the risk that Nordea's counterpart in the contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart under the contract. Nordea will then have to replace the contract at the current market rate, which may result in a loss.

The credit risk exposure is treated in the same way as other types of credit risk exposure and is included in customer limits.

The credit risk exposure is measured as the sum of current exposure and potential future exposure. The potential future exposure is an estimation, which reflects possible changes in market values during the remaining lifetime of the individual contract and is measured as the notional amount multiplied by a risk weight. The size of the risk weight depends upon the contract's remaining lifetime and the volatility of the underlying asset in the contract.

To reduce the exposure towards single counterparts, risk mitigation techniques are widely used in Nordea. The most common is the use of closeout netting agreements, which allow the bank to net positive and negative replacement values of contracts under the agreement in the event of default of the counterpart. In line with the market trend Nordea also mitigates the exposure towards large banks, hedge funds and institutional counterparts by an increasing use of collateral management arrangements, where collateral is placed or received to cover the current exposure. Another risk mitigation technique used is agreements that give Nordea the option to terminate contracts at specific time periods or upon the occurrence of credit-related events.

Market risk

Market price risk is 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 trading and investment portfolios in Nordea are valued at fair value.

While the interest rate price risk is the risk of a loss in the present value of the future cash flows when interest rates change, Structural Interest Income Risk (SIIR) is the risk of a decrease in the net interest income if market rates rise or fall. The market price risk refers to products with a fixed maturity, whereas SIIR measures the net interest income sensitivity of the whole balance sheet over a one-year horizon. SIIR is described in a separate section below.

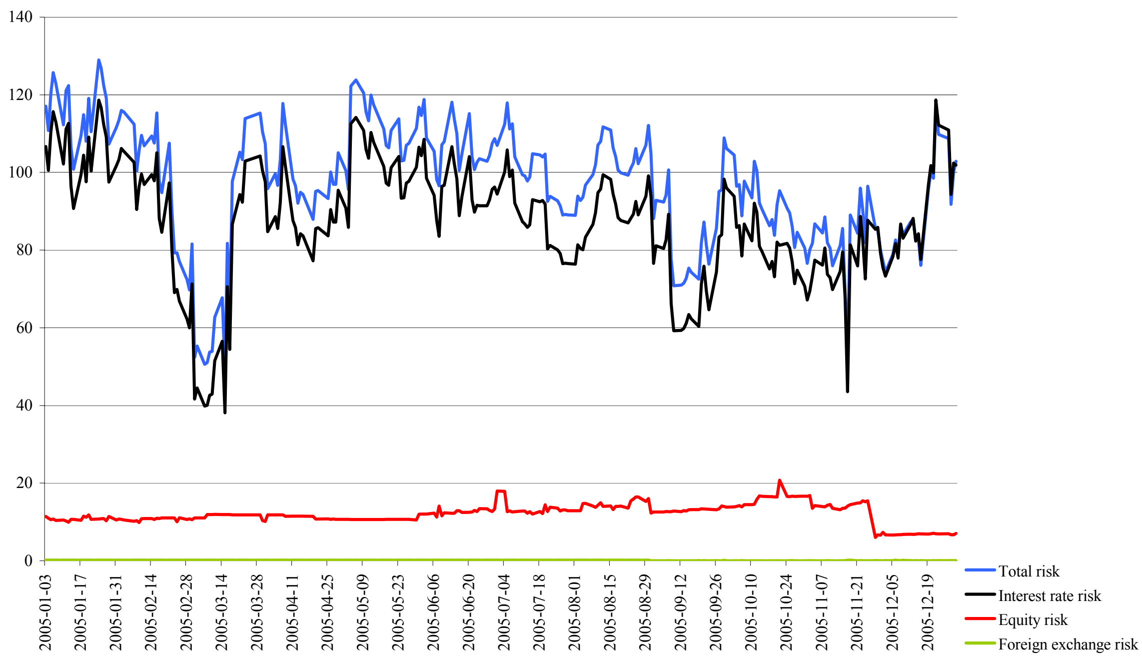
NBN's market risk exposure derives mainly from the investment portfolios of Group Treasury. Furthermore, market risk on Nordea's account arises from the mismatch of the market risk exposure on assets and liabilities in defined benefit pension plans. For all other activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance-sheet items. This is achieved by transactions in Group Treasury.

In addition to foreign exchange risk stemming from trading activities and investment portfolios, structural foreign exchange risk arises from investments in subsidiaries and associated enterprises denominated in foreign currencies. The general principle is to hedge this by matched funding. Furthermore, structural foreign exchange risk arises from earnings and cost streams generated in foreign exchange or from foreign branches. For the individual Nordea companies, this is handled in each company's foreign exchange position. Payments coming to parent companies from subsidiaries as dividends are exchanged to the base currency of the parent company.

Market risk

NOKm	Measure	31 Dec 2005	Maximum	Minimum	Average	31 Dec 2004
Total risk	VaR	101.2	125.7	48.1	96.7	107.4
Interest rate risk	VaR	101.9	118	37.2	86.9	97.5
Foreign exchange risk	VaR	0.0	0.0	0.0	0.0	0.2
Non-linear risk	Simulation	2.8	3.3	0.0	0.7	0.0
Equity risk	VaR	7.0	26.7	6.1	12.2	10.8
Non-linear risk	Simulation	62.8	102.4	4.2	30.1	13.3
Commodity risk, non-linear	Simulation	7.2	29.9	6.8	21.1	0.0

Market Risk, Value-at-Risk
NOKm



Measurement methods

As there is no single risk measure that captures all aspects of market risk, Nordea on a daily basis uses several risk measures including Value-at-Risk (VaR) models, stress testing, scenario simulation and other non-statistical risk measures such as basis point values, net open positions and option key figures.

Normal market conditions

VaR is used by Nordea to measure interest rate, linear foreign exchange and linear equity risks, as well as the risk on interest rate options. A VaR measure across these risk categories, allowing for diversification among the risk categories, is also used.

VaR is a statistical risk measure, which in Nordea is based on the last two years' historical changes in market prices and rates, a holding period of 10 banking days and a probability of 99%. Nordea's historical simulation VaR model is based on the expected tail loss approach, which implies using the average of a number of the most adverse simulation results as an estimate of VaR.

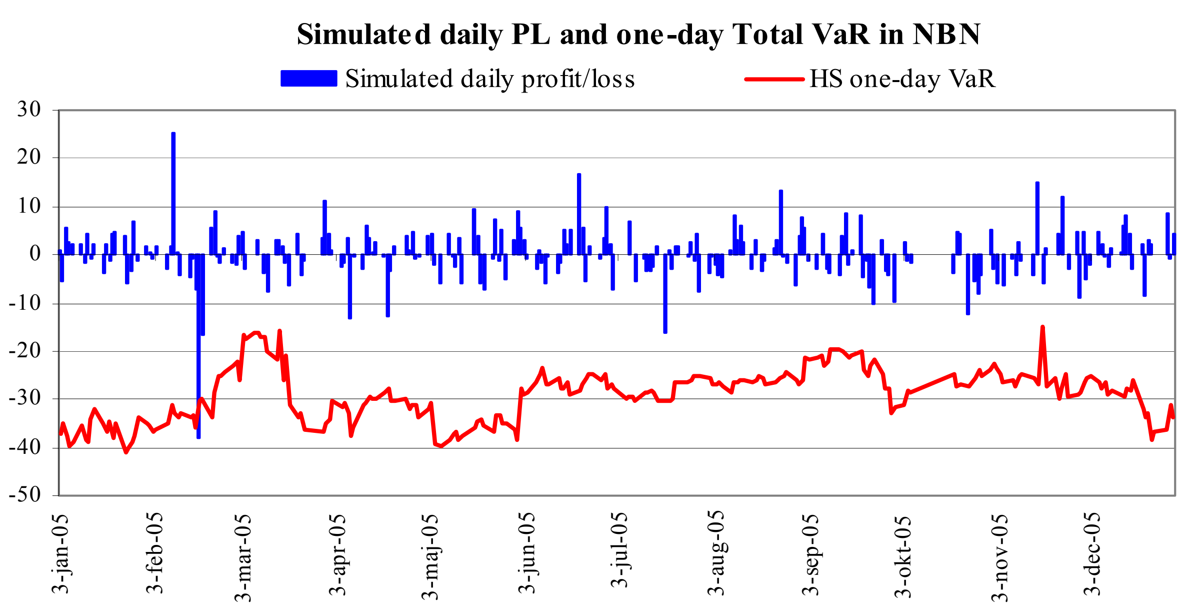
It is Nordea's ambition to use VaR to measure the risk on all significant risk categories for which liquid markets exist and foreign exchange option risk and credit spread risk are included in the Group's VaR models from 2006.

The risk on commodity positions, both linear and non-linear, is also measured using scenario simulation. The scenarios are based on the sensitivity to changes in commodity prices and their volatility.

Stress testing

Stress tests are used to estimate the possible losses that may occur under extreme market conditions. Nordea performs stress tests based on the current portfolio and information about the daily financial market developments since the beginning of 1993. In addition, Nordea's portfolios are stress tested for subjective scenarios, which are most often based on selected historical events prior to 1993 or adverse scenarios relevant at the current state of the economic cycle or geopolitical situation.

Market risk back-testing



Market risk analysis

The analysis is based on the consolidated risk stemming from both investment and trading activities. Overall, the risk was broadly at the same level at the end of 2005 as the end of 2004.

Total risk

The total VaR was NOK 101m (107) at the end of 2005, which shows that there is a noticeable diversification effect between interest rate, linear equity and linear foreign exchange risk, as the total VaR is lower than the sum of the risk in the three categories.

Interest rate risk

The total interest related VaR was NOK 102m at the end of 2005 (98). The total gross sensitivity to a 1-percentage point parallel shift, which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates move adversely for Nordea, was NOK 271m at the end of 2005 and the net interest rate sensitivity was NOK –264m. The largest interest rate exposures are in NOK and EUR.

Foreign exchange risk

Nordea's foreign exchange VaR of NOK 0m (0) at year-end. The gross sensitivity to a 5% change in the exchange rate of all currencies vis-à-vis NOK was NOK 0m at the end of 2005. The foreign exchange option risk grew to NOK 3m. The largest exposure is to the Euro.

Equity risk

At the end of 2005, Nordea's equity VaR stood at NOK 7m (11). The largest equity exposure was to the manufacturing industry sector.

Equity option risk increased during 2005, reflecting the increased activity in these markets.

In addition to the listed shares, the book value of private equity funds and unlisted equities (excluding business-related and credit-related unlisted equities) is limited and monitored in the market risk management, but are not included in the equity VaR figures in the tables and charts in this report.

Commodity risk

Nordea's exposure to commodity risk, primarily pulp and paper, is solely related to client-driven activities. The commodity option risk was NOK 7m (0).

Structural Interest Income Risk

Structural Interest Income Risk (SIIR) is the amount Nordea's accumulated net interest income would change during the next 12 months if all interest rates change by one percentage point.

It reflects the mismatch in the balance sheet items and the off-balance-sheet items when the interest rate re-pricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly.

Measurement methods

The basic measures for SIIR are the two re-pricing gaps that measure the effect on Nordea's net interest income for a 12 months period of a one percentage point increase in all interest rates respectively a one percentage point decrease in all interest rates. The re-pricing gaps are calculated under the assumption that no new market transactions are made during the period. Main elements of the customer behaviour and Nordea's decision process concerning Nordea's own rates are taken into account. For example in a low interest rate environment, when rates are decreasing further, the total decrease of rates cannot be applied to non-maturity deposits since rates cannot be negative. Similarly in an increasing rate environment Nordea may chose not to increase interest rates on all customer deposits immediately.

SIIR analysis

At the end of the year, the SIIR for decreasing market rates was NOK -132m and the SIIR for increasing rates was NOK 132m, implying that net interest income would decrease if interest rates fall and increase if interest rates rise.
SIIR is actively managed in order to reduce the effects of the low market rate environment. A portion of Nordea's non-maturity deposits is in practice stable and the interest rates are rarely changed. These accounts have been redefined as long-term and hedged on a rolling basis, which has reduced SIIR.

Liquidity risk

In Nordea, liquidity risk is the risk of only being able to meet liquidity commitments at increased cost or, ultimately, being unable to meet obligations as they fall due.

Measurement methods

The liquidity risk management focuses both on short-term liquidity risk and long-term structural liquidity risk. Nordea's liquidity risk management includes a business continuity plan and stress testing for liquidity management. In order to measure the exposure on both horizons, a number of liquidity risk measures have been developed.

In order to avoid short-term funding pressures, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 14 days. Funding gap risk is measured for each currency and as a total figure for all currencies combined.

To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. The liquidity buffer consists of high-grade liquid securities that can be sold or used as collateral in funding operations.

The structural liquidity risk of Nordea is measured by the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. ALCO has set as a target that the net balance of stable funding must be positive, which means that stable assets are funded by stable liabilities. These liabilities primarily comprise retail deposits, bank deposits and bonds with a term to maturity longer than 6 months, and shareholders equity. Stable assets primarily comprise retail loans and other loans with a term to maturity longer than 6 months.

SIIR, GAP Analysis per 31 Dec 2005

Re-pricing gap for increasing interest rates, static gap
NOKm

Interest Rate Fixing Period	Group B/S	Within 3 months	3-6 month	6-12 month	1-2 year	2-5 year	>5 year	Non Repricing	Total
Assets									
Interest bearing assets	296,704	257,540	19,668	5,269	3,496	6,462	3,473	796	296,704
Off-balance sheet items	0	74,499	15,979	8,310	10,092	6,602	940	0	116,421
Non interest bearing assets	13,817	0	0	0	0	0	0	13,817	13,817
Total assets	310,521	332,039	35,647	13,579	13,587	13,063	4,414	14,613	426,942
Liabilities									
Interest bearing liabilities	276,556	235,905	15,957	5,729	11,387	6,414	1,164	0	276,556
Off-balance sheet items	0	87,270	10,855	8,257	3,370	4,721	1,948	0	116,421
Non interest bearing liabilities	33,964	0	0	0	0	0	0	33,964	33,964
Total liabilities	310,521	323,175	26,812	13,986	14,757	11,135	3,112	33,964	426,942
Exposure	0	8,864	8,834	-407	-1,169	1,928	1,302	-19,351	0
Cumulative exposure	0	0	17,698	17,291	16,122	18,050	19,351	0	0

Liquidity risk analysis

The short-term liquidity risk has been held at moderate levels throughout 2005. The average funding gap risk, i.e. the average expected need for raising liquidity in the course of the next 14 days, has been NOK 0bn.

Nordea's liquidity buffer has been in the range NOK 9-20bn throughout 2005 with an average of NOK 14bn. Nordea considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular.

The yearly average for the net balance of stable funding was 2005 NOK –8bn, which is well within the allowed limit for negative net balance.

Operational risk

In the Group's Policy for Internal Control and Risk Management, operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes and systems or from external events. Legal and Compliance risks constitute sub-categories 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. An annual report on the quality on Internal Control in the Group is submitted to the Board, incorporating all main issues on financial and operational risks.

Each business area is primarily responsible for managing its own operational risks. Group Credit and Risk Control develops and maintains a framework for identifying, measuring, monitoring and controlling operational risks and supports the line organisation to implement the framework.

Information security, physical security and crime prevention are important components when managing operational risks. To cover this broad scope, the group security function is included in Group Credit and Risk Control, and close cooperation is maintained with Group IT, Group Legal and Compliance.

The main processes for managing operational risks are an ongoing monitoring through self-assessment and the documenting and registering of incidents and quality deficiencies. The analysis of operational risk-related events, potential risk indicators and other early-warning signals are in focus when developing the processes.

The mitigating techniques consist of business continuity plans together with crisis management preparedness and a broad insurance cover for handling major incidents. Mitigation efforts target reliability and continuity in the value chains rather than focusing on single units in the organisation. Special emphasis is put on quality and risk analysis in change management and product development.

The techniques and processes for managing operational risks are structured around the risk sources as described in the definition of operational risk. This approach improves the comparability of risk profiles in different business areas and globally throughout the organisation. It also supports the focus on limiting and mitigating measures to the sources rather than the symptoms.

Reliable and risk-sensitive methods to quantify the operational risks constitute another important target when developing the techniques and processes. A convincing quantification is a prerequisite for more advanced models to calculate Economic Capital for operational risks.

Liquidity risk, liability maturity analysis per 31 Dec 2005

NOKm Remaining maturity	Payable on demand	< 1 year	1-5 year	> 5 year	Total
Liabilities	**166,804**	**92,168**	**17,588**	**6,144**	**282,704**

Economic Capital

Nordea defines Economic Capital (EC) as the capital required to cover unexpected losses in the course of its business with a certain probability and it is estimated from a shareholder perspective.

Losses occur as an unpreventable part of the businesses that Nordea performs. The size of the losses is uncertain and will vary around an expected loss level. EC is the amount of capital that Nordea needs to hold in order to be able to absorb the losses at a certain level of confidence and it is a more sophisticated measure of required capital than the current regulatory capital. It is also an important input in the Economic Profit (EP) calculations.

Nordea calculates EC for the following risk types: credit risk, market risk, operational risk, and business risk. The EC from the different risk types are aggregated to total Nordea EC taking diversification effects between the risk types into account.

In order to achieve consistent risk measurement throughout Nordea, the measurement period is set to one year and the confidence level is 99,7% for all risk types. Nordea's total EC equals the amount needed to cover unexpected losses during one year in 99.7% of all possible cases.

Quantitative models are used to estimate the unexpected losses for each of the risk types compiled into EC:

- Credit risk is calculated using a set of capital factors. The capital factors are developed for different products, customer segments and credit quality categories. The factors have been estimated using a portfolio model, where PD, LGD and EAD are inputs, and are reviewed and updated annually. The parameter estimation framework used for EC will to a large extent also be used in the upcoming Basel II.
- The Market risk measurement for the banking business is based on scenario simulation and Value-at-Risk (VaR) models tailor-made for EC. The market risk in Nordea's internal defined benefit plans is based on VaR models.
- Operational risk is calculated according to the proposed standardised approach within Basel II.
- Business risk is calculated based on the observed volatility in historical profit and loss time series that is attributed to business risk.

When all types of risk of the Group are combined, considerable diversification effects will arise, since it is highly improbable that all unexpected losses occur at the same time. However, the achievable level of diversification is reduced by highly correlated risk types. Credit risk and market risk are both highly correlated with the development of the general economy and thus reduce the level of diversification. Still, the diversification effects mean that the total EC is lower than the sum of the EC for each risk type.

New Capital Requirements Directive (Basel II)

The new Basel II Capital Accord was initiated to improve the risk sensitivity of the regulatory capital framework, to institute tougher disclosure requirements as well as a more rigorous supervisory review process for banks. The EU has in October 2005 approved the content of the "Capital Requirements Directive". On national level, the consolidating supervisor for Nordea, the Swedish Finansinspektionen, has in October 2005 published a national Internal Rating Based (IRB) Approach regulation. Draft regulation for other areas and from Nordea host supervisors has been published as well during 2005.

By applying the revised framework, the internal assessment of risk will serve as an input into the capital requirement calculations. The EU Directive contains a detailed set of minimum requirements to assure the conceptual soundness and integrity of internal risk assessments. In order to comply with the set of minimum requirements related to the IRB Approach, Nordea has refined internal models and processes used within the Economic Capital framework. In addition, a comprehensive financial data warehouse is under development.

Studies indicates that the new regulations will have a positive effect on minimum required capital, the main reason being the Group's lending portfolio mix. For Nordea, a decrease in risk-weighted assets is expected to increase the Group's flexibility to manage its regulatory capital in a more efficient way.

The business case for Basel II can be drawn from the reduction in risk-weighted assets and hence capital needed under the chosen implementation plan. Equally important are the indirect benefits, which can be summarized as follows:

- Improved risk management standards
- Improved efficiency in the credit process
- Improved management information and pricing
- Consolidation of processes and reporting standards.

During 2005 Nordea has submitted an application to use foundation IRB approach from 2007 for calculating capital requirements for credit risk as well as the standardised approach for operational risk to the consolidating and host supervisors. The application for credit risk covers exposures to corporate entities and institutions. Nordea will gradually move towards advanced IRB approach for all material portfolios during the transition period.

In Nordea the process of aligning Nordea's IT systems and risk management processes has required substantial efforts and resources during 2005. The Basel II Programme is one of the largest programmes in Nordea involving personnel from Nordea business areas, Group Process and Technology, Group Corporate Center, Group Credit and Risk Control and Group Legal. During 2005 the focus has been on the following factors:

- Continuous work with the validation of rating and scoring models and parameters such as PD, LGD and EAD
- Development of a data warehouse fulfilling Basel II requirements with main focus on future external and internal risk reporting
- Aligning the Internal Capital Adequacy Assessment Process (ICAAP)
- Ensure competence build up throughout the organisation via internal seminars and workshops.

Important activities to align the ICAAP with Pillar II requirements have been to set up a Capital Planning Forum headed by the CFO, in which the capital planning activities within the Group are co-ordinated, and to finalize the framework for stress-tests and treatment of Other risks.

In 2006 additional effort and resources will be allocated to further close the gaps between the Group's framework for Economic Capital and risk management process and the anticipated IRB requirements. Continued focus will be the further development of a data warehouse as well as the delivery of quarterly parallel capital adequacy report, beginning the first quarter of 2006 and covering the portfolios where IRB approach is applied for the corporate entities and institutions portfolios in 2007.

Human resources

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

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

Employees
During 2005 the decline in the number of employees continued as a consequence of Nordea's ongoing focus on integration and efficient processes. The Group had 3,475 (3,645) employees at the end of 2005. This represents 3,102 fulltime equivalent positions as compared to 3,237 fulltime equivalent positions at the end of 2004. The average number of fulltime equivalents positions was 3,161 (3,312) in 2005.

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

Incentive Programmes
All employees participate in a profit sharing programme. In addition, an executive incentive programme for managers of the Nordea Group has been implemented. The performance criteria 2005 included Economic Profit and Nordea's relative performance compared to the Nordic peer group as measured by return on equity (excluding goodwill).

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

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

Sick leave
Sick leave amounted to 44,953 days in 2005 (47,047), equivalent to 6.04% (6.00), adjusted for holidays and leave of absence. Sick leave below 20 days increased somewhat compared to 2004 due to many cases of flue in the forth quarter. Long term sick leave has decreased by 5% in 2005. 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 2005.

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% (48) of the employees of Nordea Bank Norge are women. The share of females with personnel

responsibility is 31% (29). 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 369,000 (352,000) and NOK 467,000 (447,000), respectively, and reflects a higher number of men in leading and key positions in the Bank.

88% (90) of part time employees were women. Only 21% of part time employees were younger than 40 years. 43% (38) of new employees in 2005 were women.

Equal opportunities issues are an integrated part of the development of the organisation and employees. 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, for example career planning and appointments to higher management positions. When recruiting to higher management positions at least 1 out of 3 finalist candidates have to be a woman.

During 2005 NBN started a mentor programme for female managers who have ambitions for higher management positions. The programme last for 18 months and the participants will 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.

The Norwegian Financial Services Association has developed a programme for female talents, FUTURA, where Nordea will have participants in 2006.

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 activitites 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

Within the framework of the normal business operations, the Group faces a number of claims in lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position.

Subsequent events

No events have occurred after the balance sheet date, which may affect the assessment of the annual financial statements.

Outlook

The economic outlook for 2006 indicates a continued strong growth in GDP in Nordea's home markets as well as in private consumption and investments. On the back of this, and Nordea's strong market position as well as the business activity among Nordea's clients, a strong volume growth is expected also in 2006. Continued margin pressure implies that income growth will be lower than the volume growth also in 2006.

During the last three years Nordea's cost base has been reduced by 6%. A strict cost management culture has been established in the Group. When the extended flat cost target for the period 2005-2007 was communicated at the Capital Markets Day in November 2004, a gap between income and cost growth of approx 4% was implicit in the targets. In 2005 revenues in the Nordea group increased by 7% and costs were unchanged.

For 2006, the target is to achieve a gap between growth in income and costs of at least 5 percentage points. Costs are expected to be largely unchanged. The development in Nordea Bank Norway is expected to contribute to reaching this target.

Credit quality remains strong. Based on the solid economic forecasts, as well as estimates in internal credit rating models, loan losses are expected to remain low in 2006.

Nordea Bank Norge

Income statements

NOKm	Note	Group 2005	Group 2004	Parent company[1] 2005	Parent company[1] 2004
Operating income					
Interest income	3	10,991	9,995	9,893	8,809
Interest expense	3	-5,960	-5,237	-5,361	-4,536
Net interest income	3	5,031	4,758	4,532	4,273
Fee and commission income	4	2,001	1,817	2,002	1,817
Fee and commission expense	4	-429	-411	-427	-410
Net fee and commission income	4	1,572	1,406	1,575	1,407
Net gains/losses on items at fair value	5	850	509	842	514
Profit from companies accounted for under the equity method	19	37	50	274	266
Dividends		37	26	37	26
Other operating income	7	131	62	158	98
Total operating income		**7,658**	**6,811**	**7,418**	**6,584**
Operating expenses					
General administrative expenses:					
Staff costs	8	-2,386	-2,213	-2,271	-2,109
Other expenses	9	-1,476	-1,433	-1,438	-1,398
Depreciation of tangible and intangible assets	10, 21	-152	-197	-145	-192
Total operating expenses		**-4,014**	**-3,843**	**-3,854**	**-3,699**
Loan losses	11	1,030	11	1,044	27
Disposals of tangible and intangible assets		36	325	6	305
Operating profit		**4,710**	**3,304**	**4,614**	**3,217**
Income tax expense	12	-1,362	-906	-1,262	-820
Net profit for the year		**3,348**	**2,398**	**3,352**	**2,397**
Earnings per share, after full dilution, NOK		6.07	4.35	6.08	4.35

[1] NBN ASA's (the Parent Company's) financial statements have been prepared in accordance with the Norwegian Accounting Act and GAAP in Norway, including current regulations regarding annual financial statements for banks, but are here presented in the same format as the Group's financial statements prepared in accordance with IFRS. On pages 25 and 26 the legal income statement and balance sheet are presented in accordance with the format regulated in the Norwegian current regulations.

Balance sheets

NOKm	Note	Group 31 Dec 2005	Group 31 Dec 2004	Parent company[1] 31 Dec 2005	Parent company[1] 31 Dec 2004
Assets					
Cash and balances with central banks		4,071	14,972	4,071	14,972
Treasury bills and other eligible bills	13	16,905	19,174	17,777	18,999
Loans and receivables to credit institutions	14, 16	17,860	4,675	28,793	13,320
Loans and receivables to the public	15,16	257,869	211,608	226,994	185,330
Shares	17	509	971	509	971
Derivatives	18	2,730	1,683	2,239	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	40	491	0	0	0
Investments in associated undertakings	19	626	651	626	651
Investments in group undertakings	20	0	0	3,338	3,235
Property and equipment	21	440	508	422	492
Deferred tax assets	12	821	1,107	808	1,004
Prepaid expenses and accrued income	23	1,241	1,323	1,147	1,155
Other assets	24	6,797	8,657	6,982	10,484
Total assets		**310,360**	**265,329**	**293,706**	**250,613**
Liabilities					
Deposits by credit institutions	25	95,767	66,464	88,431	58,384
Deposits and borrowings from the public	26	147,892	126,915	144,069	126,992
Debt securities in issue	27	27,543	34,045	23,523	28,515
Derivatives	18	1,966	1,024	1,159	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	40	199	0	0	0
Current tax liabilities		1,131	702	1,033	571
Other liabilities	28	7,287	10,023	8,972	13,200
Accrued expenses and prepaid income	29	1,362	2,408	1,158	1,435
Retirement benefit obligations	30	2,267	2,393	2,213	2,334
Subordinated liabilities	31	5,298	2,692	5,298	2,691
Total liabilities		**290,712**	**246,666**	**275,856**	**234,122**
Equity	32				
Share capital		3,860	3,860	3,860	3,860
Other reserves		953	953	953	953
Retained earnings		11,487	11,452	9,685	9,281
Net profit for the year		3,348	2,398	3,352	2,397
Total equity		**19,648**	**18,663**	**17,850**	**16,491**
Total liabilities and equity		**310,360**	**265,329**	**293,706**	**250,613**

[1] NBN ASA's (the Parent company's) financial statements have been prepared in accordance with the Norwegian Accounting Act and GAAP in Norway, including current regulations regarding annual financial statements for banks, but are here presented in the same format as the Group's financial statements prepared in accordance with IFRS. On pages 25 and 26 the legal income statement and balance sheet are presented in accordance with the format regulated in the Norwegian current regulations.

	Note	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Assets pledged as security for own liabilities	33	16,884	14,067	16,884	14,067
Contingent liabilities	34	29,983	24,398	29,723	24,213
Commitments	35	230,601	233,997	229,257	222,656

Other notes

Note 36 Capital adequacy
Note 37 Classification of financial instruments
Note 38 Assets and liabilities at fair value
Note 39 Assets and liabilities in foreign currencies
Note 41 Continued involvement in assets that have been transferred and associated liabilities
Note 42 Related-party transactions

Income statements

NBN ASA

NOKm	Note	Morbank 2005	2004
Interest income	3	9 893	8 809
Interest expenses	3	-5 361	-4 536
Net interest income	3	**4 532**	**4 273**
Dividends and profit from group companies and associated companies	43	311	292
Commissions and fees	4,43	2 002	1 817
Commission expenses	4,43	- 427	- 410
Net change in value and profit (loss) on securities	5,43	531	329
Net change in value and profit (loss) on foreign exchange and financial derivatives	5,43	213	185
Other non-interest income	43	170	412
Total non-interest income		**2 800**	**2 625**
Staff costs	8	-2 271	-2 109
Administrative expenses	9	- 981	- 985
Ordinary depreciation and write-downs	10,21	- 145	- 192
Other non-interest expenses	9	- 463	- 418
Total non-interest expenses		**-3 860**	**-3 704**
Operating profit before loan losses and profit on long-term securities		**3 472**	**3 194**
Provision for losses on loans and guarantees	11	1 044	27
Profit (losses/write-downs) on long-term securities	5	98	- 4
Operating profit		**4 614**	**3 217**
Income taxes	12	-1 262	- 820
Net profit		**3 352**	**2 397**
Transferred (to)/from Reserve for evaluation differences	32	- 70	- 266
Transferred to Other equity	32	-1 497	69
Group contribution	32	- 10	-
Dividend	32	-1 775	-2 200
Total		**-3 352**	**-2 397**

Balance sheets

NBN ASA

NOKm	Note	Parent Bank 31.12.05	31.12.04
Assets			
Cash and deposits with central banks	44	4,071	14,972
Deposits with and loans to credit institutions	14,16,44	28,793	13,320
Total cash and claims on credit institutions		**32,864**	**28,292**
Loans to customers		228,810	188,123
Specific allowance		-791	-1,718
General allowance for loan losses		-1,025	-1,075
Net loans to customers	15,16,22,44	**226,994**	**185,330**
Repossessed assets	16,44	1	7
Certificates and bonds	13,44,45	17,777	18,999
Equities and investments	17,44,45	509	971
Total securities		18,286	19,970
Associated companies	19,44	626	651
Equities and investments in group companies	20,44	3,338	3,235
Deferred tax asset, goodwill and other intangible assets	12,44	808	1,004
Fixed assets	21,44	421	487
Other assets	44,45	9,221	10,482
Prepaid expenses and accrued income	23,44	1,147	1,155
Total assets		**293,706**	**250,613**
Liabilities and equity			
Deposits from credit institutions	25,46	88,431	58,384
Deposits from customers	26,46	144,069	126,992
Total deposits		**232,500**	**185,376**
Certificates and bond loans	27,46	23,523	28,515
Other liabilities	46	11,140	13,769
Accrued expenses and prepaid receivables	29,46	1,158	1,435
Provisions for liabilities	30,46	2,237	2,336
Total other liabilities		**38,058**	**46,055**
Subordinated loan capital	31	**5,298**	**2,691**
Share capital	32	3,860	3,860
Reserves	32	13,990	12,631
Total equity		**17,850**	**16,491**
Total liabilities and equity		**293,706**	**250,613**

Off balance commitments, see page 24

Nordea Bank Norge ASA
Oslo, 16. februar 2006

Lars G Nordström Styreleder	Markku Pohjola Styrets nestleder	Liv Irene Haug	Carl Erik Krefting
Arne Liljedahl	Hege Marie Norheim	Peter Schütze	Tom Ruud Administrerende direktør

Statement of recognised income and expense

Group NOKm	2005	2004
Currency translation differences during the year	6	-13
Net income recognised directly in equity	**6**	**-13**
Profit for the period	**3,348**	**2,398**
Total recognised income and expense for the year	**3,354**	**2,385**
Attributable to:		
Shareholders of Nordea Bank Norge ASA	3,354	2,385
Minority interest	-	-
	3,354	**2,385**
Effect of changes in accounting policies	-2,359	-904
Group contribution to companies outside NBNGroup	-10	0
Other changes in equity	**-2,369**	**-904**
Change in equity	**985**	**1,481**

Cash Flow Statements

	Group		Parent company	
NOKm	2005	2004	2005	2004
Operating activities				
Operating profit	4,710	3,304	4,614	3,217
Adjustments for items not included in cash flow	-1,320	-561	-702	-2,357
Income taxes paid	-631	-357	-545	-205
Cash flow from operating activities before changes in operating assets and liabilities	**2,759**	**2,386**	**3,367**	**655**
Changes in operating assets				
Change in loans and receivables to credit institutions	-4,424	-255	-7,420	9,635
Change in loans and receivables to the public	-45,750	-12,780	-41,138	-12,368
Change in interest-bearing securities	2,005	-2,063	958	-1,852
Change in shares	208	-658	208	-858
Change in derivatives, net	-213	-1,683	-768	0
Change in other assets	1,859	1,411	3,682	-2,317
Changes in operating liabilities				
Change in deposits by credit institutions	29,303	1,179	30,047	1,084
Change in deposits and borrowings from the public	20,977	15,593	17,077	15,959
Change in debt securities in issue	-6,502	-9,999	-4,992	-6,585
Change in other liabilities	-2,737	387	-4,228	3,953
Cash flow from operating activities	**-2,515**	**-6,482**	**-3,201**	**7,306**
Investing activities				
Sale of investments in associated undertakings	16	0	16	0
Acquisition of tangible assets	-120	-89	-112	-83
Sale of tangible assets	72	932	42	923
Cash flow from investing activities	**-32**	**843**	**-54**	**840**
Financing activities				
Issued subordinated liabilities	3,385	0	3,385	0
Amortised subordinated liabilities	-778	-772	-778	-771
Dividend paid	-2,200	-500	-2,200	-500
Cash flow from financing activities	**407**	**-1,272**	**407**	**-1,271**
Cash flow for the year	**-2,140**	**-6,911**	**-2,848**	**6,875**
Cash and cash equivalents at the beginning of year	18,031	24,942	21,953	15,078
Cash and cash equivalents at the end of year	15,891	18,031	19,105	21,953
Change	**-2,140**	**-6,911**	**-2,848**	**6,875**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7 and shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby net profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

Cash Flow Statements cont.

	Group	
NOKm	2005	2004
Depreciation	152	197
Write-downs	0	-5
Equity method	-37	-50
Loan losses	-506	33
Unrealised gains/losses	-92	-136
Capital gains/losses (net)	-36	-325
Change in accruals and provisions	-968	907
Other	167	-1,182
	-1,320	**-561**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans and receivables and deposits. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group	
NOKm	2005	2004
Interest payments received	11,073	12,895
Interest expenses paid	7,006	7,041

Investing activities

Investing activities include the acquisition and disposal of fixed assets, financial as well as tangible and intangible assets. Aggregated cash flows arising from acquisition and sale of subsidiaries are presented separately and consist of:

Liquid assets

The following items are included in liquid assets:

	Group	
	31 Dec	31 Dec
NOKm	2005	2004
Cash and balances at central banks	4,071	14,972
Loans and receivables to credit institutions, payable on demand	11,820	3,059
	15,891	**18,031**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with 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 any time.

Loans 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

Basis for presentation

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Additional disclosure requirements in accordance with the current legislation and regulation governing banks in Norway have further been applied. On 16 February 2006 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on the same date.

The separate financial statements of the parent company, Nordea Bank Norge ASA, are prepared in accordance with Norwegian regulatory requirements. The section "Parent company" further describes the principles applied and how they deviate from IFRS standards.

The standard IFRS 7 "Financial instruments: Disclosures" was endorsed by the EU in January 2006. However, Nordea has chosen to apply this standard already in the accounts for 2005 as the endorsement took place before the annual report was issued.

The disclosure requirements in IFRS 1 "First-time Adoption of International Financial Reporting Standards" have been applied when presenting the changes to the financial statements following the adoption of IFRS. A description of the effects of implementing IFRS can be found in the following section.

Comparative figures

The comparative figures for 31 December 2004 includes effects of all relevant IFRS apart from revised IAS 39 that came into force in 2005.

In accordance with the transition rules for the application of IFRS 7 "Financial Instruments: Disclosures", included in IFRS 1, Nordea does not present comparative information for disclosures required by this standard.

In the Annual report for 2004 Norwegian GAAP was applied. The main differences between Norwegian GAAP and IFRS principles affecting the financial statements and comparative figures for 2004 of Nordea are:

IAS 19 Employee benefits

In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" actuarial

net losses related to retirement benefit obligations not recognised in the balance sheet, have been booked directly against equity (net of tax) when implementing IFRS. Comparative figures for 2004 have been changed accordingly.

Dividend

Dividend proposed to the shareholder of Nordea Bank Norge ASA is reclassified from liabilities to equity.

Changed accounting policies

Revised IAS 39 came into force in 2005 and has affected the opening balance 1 January 2005.

IAS 39, Financial Instruments: Recognition and Measurement

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into the categories described in section "Financial instruments: Classification of financial instruments".

The classification is the basis for how each financial instrument is measured in the balance sheet after initial recognition and how changes in value are recognised.

Interest income from impaired loans

Implementation of IAS 39 regarding impairment means that the interest income from impaired loans is recognised as interest income, calculated at the effective interest rate, while the value of a loan at the time of impairment is calculated based on net present value of future cash flows discounted with the original effective interest rate.

Loan loss provisions

General loan loss provisions are not allowed under IAS 39. The standard instead requires impairment to be identified in groups of loans with similar risk characteristics. Consequently, Nordea has partly reclassified general provisions to provisions by group (collective impairment). Remaining general provisions have been dissolved.

Hedge accounting

Following the implementation of IAS 39 all derivatives are measured at fair value, also those that previously were accounted for under deferral hedge accounting requirements. Fair value hedge accounting is applied, meaning that both the hedging instrument and the hedged item are measured at fair value, with changes in fair values recognised directly in the income statement.

Upfront fees on loans

Implementation of IAS 39 regarding the measurement of loans at amortised cost using the effective interest rate method means that all fees received when entering into a loan agreement are to be amortised over the expected lifetime of the loans as part of the measurement. The effect on equity in the opening balance as at 1 January 2005 was 161 NOKm. The effect on the income statement for 2005 was not material.

Effects of IFRS

The effects, per standard, of applying IFRS on the comparative figures in the income statement and in the balance sheet are disclosed in the following tables:

NOKm	Year 2004
Net income under Norwegian GAAP	2,332
IAS 19, Pensions	+92
Tax	-26
Net income under IFRS	**2,398**

Balance sheet, NOKm	Norwegian GAAP 20041231	IAS 19	IAS 10	IFRS 20041231	IAS 39	IAS 32	IFRS 20050101
Assets							
Treasury bills and other interest-bearing securities	19,174			19,174	82	-1,481	17,775
Loans and receivables to credit institutions	19,647			19,647		12,500	32,147
Loans and receivables to the public	211,608			211,608	2		211,610
Shares	971			971	2		973
Derivatives	1,683			1,683	1,231		2,914
Fair value changes of the hedged items in portfolio hedge of interest rate risk					877		877
Other assets	11,921	325		12,246	-121	-6	12,119
Total assets	**265,004**	**325**		**265,329**	**2,073**	**11,013**	**278,415**
Liabilities and equity							
Deposits by credit institutions	66,464			66,464		12,497	78,961
Deposits and borrowings from the public	126,915			126,915		3	126,918
Debt securities in issue	34,045			34,045	87	-1,481	32,651
Derivatives	1,024			1,024	1,286		2,310
Fair value changes of the hedged items in portfolio hedge of interest rate risk					786		786
Subordinated liabilities	2,692			2,692			2,692
Other liabilities and minority interests	16,563	1,163	-2,200	15,526	73	-6	15,593
Core equity	17,301	-838	2,200	18,663	-159		18,504
Total liabilities and equity	**265,004**	**325**	**0**	**265,329**	**2,073**	**11,013**	**278,415**

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles in certain cases requires the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and commitments, as well as income and expenses in the financial statements presented. Actual outcome can later to some extent differ from the estimates and the assumptions made.

Critical judgements and key sources of estimation uncertainty

Certain accounting policies are considered to be important to the portrayal of Nordea's financial position, since they require management to make difficult, complex of subjective judgements and estimates, some of which nay relate to matters that are inherently uncertain. These critical judgements and assumptions are in particular associated with:

- Fair value measurement of financial instruments
- Impairment testing of loans and receivables
- Recognition of tax assets
- Actuarial calculations of pension liabilities
- Claims in lawsuits

Fair value measurement

Financial instruments

Critical judgements are exercised when determining fair value of financial instruments in the following areas:

- The choice of valuation techniques
- The determination of when quoted prices fail to represent fair value
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk
- The judgement of which market parameters that are observable

In all of these instances, decisions are based upon professional judgement in accordance with the principles in Nordea's accounting and valuation policies. All such decisions are subject to approval by relevant Group functions.

Impairment testing loans and receivables

For individual loans and for groups of loans that are identified as impaired, a calculation is made to establish a value for the loan or groups of loans. As a basis for this calculation judgements that are vital for the accuracy of the calculated value are applied.

For individual loans the most critical judgement is to assess the most probable future cash flow that the obligor might generate. As a part of the judgement the management uses all available information and past experience regarding the obligor's record to handle difficult financial situations.

To assess the value of a group of loans identified as impaired historical data is commonly used. These data have emerged in a different situation than the current one, which implies that there is a need to make some adjustments of the data. The accuracy of the assessed value is dependent on how well the adjusted data reflects the current situation.

Recognition of tax assets

Nordea's recognition of deferred tax assets is subject to a continuous evaluation, involving assumptions and assessment of Nordeas future possibilities to utilise tax losses carried forward.

Actuarial calculations of pension liabilities

The Projected Benefit Pension Obligation for the pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of financial parameters are used. The most important financial parameter - the discount rate – is an estimated Norwegian government bond rate based on the yield curve on swap rates with a maturity matching the duration of the pension liabilities, deducted the spread to government bonds for existing government bond maturities. Other parameters like assumptions on salary increases, inflation and pension increases are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is shown in note 30.

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at market price at year-end. The expected return on plan assets is fixed taking the asset composition into account and using long-term expectations for the return on the different classes. The expected return is also shown in note 30.

Claims in lawsuits

Within the framework of the normal business operations, the Group faces a number of claims in lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position.

Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank Norge

ASA, and those entities that meet the definition of a subsidiary according to IAS 27. This definition is generally fulfilled when the parent company owns, directly or indirectly through group undertakings, more than 50% of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the purchase method. Group undertakings are included in the consolidated accounts from the date on which control is transferred to the Group and are no longer consolidated from the date on which control ceases.

In the consolidation process the reporting from the subsidiaries are adjusted to ensure consistency with IFRS principles applied by the Group.

Investments in associated undertakings

The equity method of accounting is used for associated undertakings where the share of voting rights is between 20% and 50% and/or where the owning entity has significant influence.

Profits from companies accounted for under the equity method are in the income statement reported net of taxes.

For further information on the undertakings included in the Nordea Group see notes 19 and 20.

Principles of elimination

Intra-group transactions and balances between the consolidated group undertakings are eliminated. Unrealised losses are eliminated unless the loss constitutes an impairment cost.

Changes in Group structure

The shares in the associated company Teller AS have been sold in 2005. Apart from this there has been no acquisitions or divestments of group undertakings during 2005.

Currency translation of foreign entities

The consolidated financial statements are prepared in NOK, the presentation currency of the parent company Nordea Bank Norge ASA. The current method is used when translating the financial statements of foreign entities into NOK from their functional currency. The assets and liabilities of foreign entities have been translated at the year-end exchange rates, while items in the income statements are translated at the average exchange rate for the year. Translation differences are booked directly to equity.

Translation of assets and liabilities denominated in foreign currencies

The functional currency of an entity has been decided based upon the primary economic environment in which the entity operates, in accordance with IAS 21.

Foreign currency is defined as any other currency than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item “Net gains/losses on items at fair value”.

Recognition and derecognition

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date.

Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets other than those for which trade date accounting are applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting are applied, are derecognised from the balance sheet when the liability is extinguished. Normally this is when Nordea performs, for example when Nordea repay a deposit to the counterpart, i.e. settlement date.

For further information, see sections “Securities borrowing and lending agreements”, “Repurchase and reverse repurchase agreements”, as well as note 41.

Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so called hedge accounting. Following the implementation of IAS 39 all derivatives are measured at fair value. This also includes those derivatives that previously were accounted for under deferral hedge accounting requirements, which was the case for the Group at the financial year-end 2004. All derivatives that were used for hedging purposes at the end of December 2004 are included in hedge accounting as of 2005. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities.

The hedge accounting policy within the Group has been developed to fulfil the requirements set in IAS 39. Nordea uses hedge accounting in the financial statement in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. In the Group, the overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are in general three forms of hedge accounting:

- cash flow hedge accounting
- fair value hedge accounting
- hedges of net investments

In the Group, fair value hedge accounting is applied for all hedges apart from hedges of net investments, meaning that both the hedging instrument and the hedged item are measured at fair value, with changes in fair values recognised directly in the income statement. The reason why Nordea has chosen to apply fair value hedge accounting is that cash flow hedge accounting could cause volatility in equity. Looking forward there could be situations when Nordea starts to apply cash flow hedge accounting as a complement.

Fair value hedge accounting

Fair value hedge accounting is used for derivatives that serves to hedge changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item will be recognised separately in the income statement under the line item "Net gains/losses on items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be zero.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net gains/losses on items at fair value".

Hedging instruments

The hedging instruments used in Nordea are predominantly interest rate swaps. Currency interest rate swaps and cash instruments are only utilised in a few transactions. Cash instruments are only used as hedging instruments when hedging currency risk.

Hedged items

According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness

In order to apply hedge accounting it is required that the hedge is highly effective. A hedge is normally regarded as highly effective if at inception and throughout the life of the hedge it can be expected that changes in fair value of the hedged item can be fully offset by changes in fair value of the hedging instrument. The result should be within a range of 80-125%.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the relationship does not fulfil the requirement, hedge accounting will be terminated and the unrealised value of the derivatives will be accounted for in the income statement as before but the valuation of the hedged item will change to be measured at amortised cost.

Interest income and interest expenses

Interest income and interest expenses are calculated based on the effective interest rate or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expenses related to the trading activities in Markets is recognised in the income statement in the item "Net gains/losses on items at fair value".

Financial fees

The accounting for fees received depends on the purposes for which the fees are collected.

Fees received when entering into loan agreements are amortised over the expected lifetime of the loans as part of the measurement.

Fees earned when services are provided, are classified as "Fee and commission income" and are recorded as revenue over the relevant period.

A loan syndication fee received as payment for arranging a loan as well as other fees received as payments for certain acts are recognised as revenue when the act is completed.

Determination of fair value of financial instruments

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counter party credit risk and liquidity risk.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are fully based on data from observable markets. By data from observable markets, Nordea consider data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data is used, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the contract.

Nordea has chosen to apply the requirements in IAS 39 regarding upfront gains during previous periods prospectively for transactions entered into from 1 January 2004.

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments, and incorporate the factors that market participants consider when setting a price. Each new valuation model is subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled;

- The central bank is domiciled in a country where Nordea is operating under a banking licence.
- The balance is readily available at any time.

Loans and receivables to credit institutions payable on demand are also defined as Cash and cash equivalents in the cash flow statement.

Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets

- Financial assets at fair value through profit or loss
  - Held for trading
  - Financial assets designated as measured at fair value through profit or loss
- Loans and receivables
- Available for sale financial assets

Financial liabilities

- Financial liabilities at fair value through profit or loss
  - Held for trading
  - Financial liabilities designated as measured at fair value through profit or loss
- Other financial liabilities

The classification of financial instruments into different categories forms the basis for how each instrument is measured in the balance sheet and how changes in its value is recognised. In note 37 the classification of the financial instruments in the Nordea Group's balance sheet is presented.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value. All changes in fair values are recognised directly in the income statement in the item "Net gains/losses on items at fair value".

The category consists of two sub-categories; Held for trading and Financial assets/financial liabilities designated as measured at fair value through profit or loss.

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions.

Loans and receivables

Loans and receivables are non-derivative financial assets not quoted in an active market. These assets and their impairment are further described in a separate section "Loans and receivables".

Available for sale financial assets

Available for sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised directly in the revaluation reserves in equity. Interest is recognised as interest income in the income statement. Foreign exchange effects and impairment losses from Available for sale financial assets are recognised in the income statement in the item "Net gains/losses on items at fair value".

When an Available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in equity are removed from equity and recognised in the income statement in the item "Net gains/losses on items at fair value".
This category is used only to a very limited extent in Nordea see note 37.

Other financial liabilities

Financial liabilities, other than those classified as Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interests from Other financial liabilities are recognised in the item "Interest expenses" in the income statement.

Hybrid (combined) financial instruments

Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by the bank are considered to be part of the funding activities. The embedded derivatives in those instruments are separated from the host contract and accounted for as a stand-alone derivative at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative actually meets the definition of a derivative instrument. Changes in fair values are recognised in the income statement in the item "Net gains/losses on items at fair value".

Securities borrowing and lending agreements

Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the transfer of securities is not reflected on the balance sheet.

Cash collateral advanced to the counterparts are recognised on the balance sheet as Loans and receivables to credit institutions and central banks or as Loans and receivables to the public. Cash collateral received from the counterparts are recognised on the balance sheet as Deposits by credit institutions or as Deposits and borrowing from the public.

Repurchase and reverse repurchase agreements

Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet.

Cash received under repurchase agreements are recognised on the balance sheet as Deposits by credit institutions or as Deposits and borrowings from the public. Cash delivered under reverse repurchase agreements are recognised on the balance sheet as Loans and receivables to credit institutions and central banks or as Loans and receivables to the public.

Derivatives

All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item “Derivatives”. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item “Derivatives”.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item “Net gains/losses on items at fair value”.

Financial guarantee contracts

Based on the amended IAS 39 in 2005, financial guarantee contracts are financial instruments measured at the higher of either the amortised guarantee fee, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Provisions and changes in provisions are classified as impairment losses in the income statement.

Loans and receivables

Loans and receivables are measured at amortised cost, see note 37 on classification of financial instruments.

Impairment

Nordea monitors loans and receivables as described in the separate section on Risk management and Basel II. Through this process loans attached to individual customers or group of customers are identified as impaired if there is objective evidence of impairment and an impairment test indicates a loss.

Impairment test for loans attached to individual customers

Regarding individual customers an impairment test process is performed. The purpose of this test is to assess the value of the loans attributed to the customer. This assessment is to estimate the most probable future cash flow from the customer as a basis for Net Present Value (NPV) calculation using the effective interest rate. Collaterals given to mitigate the credit risk are assessed by the nature of the collateral. If the value of the loans is less than book value the loans are impaired and the difference to book value represents the impairment cost.

Impairment test for loans attached to groups of customers

Through the monitoring process Nordea identifies different kinds of groups of customers, which have been affected by one or more events. Loans in such groups attached to individual customers have not been found to be individually impaired. Each group is formed by certain common risk characteristics typical for the individual customers in the group. The event or events that have occurred have incurred impairment of the loans in the group although they have not been individually identified. The methods used to assess the recovery value of the loans in a group differ due to the composition of the group and the information available.

Groups of loans are divided into two subcategories, i.e. groups where the single loan is significant and groups where the single loan is not significant.

Impairment loss

The difference between the book value (amortised cost) of a loan and its assessed value is the impairment loss. Where the impairment is not regarded as final the impairment loss is booked to an allowance account representing the accumulated decrease in the value of the loan. A change in the value will be reported as a change of the reserve.

Final impairment losses are reported as realised loan losses. An impairment loss is regarded as final when the obligor is put in bankruptcy and the administrator has stated a likely outcome of the bankruptcy procedure, or when the bank forgive its claims either through a legal based or voluntary reconstruction or when the bank, for other reasons, deem it unlikely that the bank will be able to recover the claim.

Discount rate

The discount rate used is the estimated current effective interest rate for the loans attached to an individual customer and, if applicable, on groups of loans.

Restructured loans

In this context a restructured loan is defined as a loan where the creditor has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for the creditor. After a reconstruction the loan is normally regarded as not impaired under new conditions. Concessions made in a reconstruction are regarded as a final loss. If the creditor retains a possibility to regain the impairment loss incurred then this is reported as a recovery of realised loan losses.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquire an asset pledged for the conceded loans or shares issued by the obligor or other assets.

The asset acquired is assessed at the lower of cost or fair value. Changes in the value of the acquired asset will be reported as a final impairment loss or as a recovery of a final impairment loss, in the latter case as long as the value does not exceed the concession cost originally incurred.

Leasing

Nordea as lessor

The Group's leasing operations only comprise finance leases. Finance leases are reported as receivable from the lessee in the balance sheet item "Loans and receivables to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Nordea as lessee

Nordea Bank Norge Group has only entered into operating lease agreements. In the consolidated accounts the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflect the time pattern of the user's benefit. The lease terms range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts.

Sale and lease back

During 2004 Nordea completed its real estate divestment process by the sale of central business district properties. The sale transaction was established at fair value and the profit was recognised immediately in the income statement. The properties are leased back and the duration of the lease agreements were initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term and contain no economic benefits from appreciation in value of the leased property, and are thus classified as operating leases.

Another systematic basis than straight-line has been used in accounting for the rents. The basis is more representative of the time-pattern of Nordea's economic benefit and resembles better an ordinary lease rent (with escalation close).

Intangible assets

Computer software

Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life over three years and that will generate economic benefits, are recognised as intangible assets. These costs include software development employee costs and an appropriate portion of relevant overheads.

Depreciation is calculated on a straight-line basis over a period of 3 to 5 years.

Other intangible assets

Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

Impairment

At each balance sheet date all intangible assets are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable. The recoverable amount is the higher of the net selling price and the value in use.

The value in use is the present value of the cash flows expected to be realised from the asset. The cash flow is assessed based on the asset in its current condition and discounted at a discount rate determined as the cost of equity, estimated according to standard capital asset pricing.

If the recoverable amount is less than the book value, the value is written down as required.

Tangible assets

Tangible assets are reported at their acquisition value less any accumulated depreciation according to plan and any accumulated impairment losses. The cost of an item of plant or equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use.

Depreciation is calculated on a straight-line basis as follows:

Buildings	30-75 years
Equipment	3-5 years

Tangibles assets are regularly tested for impairment and written down if necessary.

The majority of Nordea's own real estate holdings were divested during 2003-2004.

Dividends

Dividends to the shareholder of Nordea Bank Norge ASA are recorded as a liability following the approval by the Annual General Meeting.

Dividends received by Markets are recognised in the income statement as "Net gains/losses on items at fair value".

Equity

Core equity

Core equity is the equity attributable to the shareholder of Nordea Bank Norge ASA and excludes below mentioned other reserves, comprising of revaluation reserves, translation differences and the reserve for evaluation differences.

Share premium account

The share premium account covers funds related to the issue of equity capital in the parent company, exceeding the nominal value of the shares.

Other reserves

Other reserves comprise income and expenses, net after tax effects that are reported in equity in accordance with IFRS. These reserves include revaluation reserves in accordance with IAS 39 as well as translation differences in accordance with IAS 21.

In accordance with local legislation accumulated earnings that have not been distributed from companies accounted for by the equity method have been transferred to a reserve for evaluation differences in the parent company.

Retained earnings

Retained earnings includes the undistributed profits form previous years.

Pensions

Pension plans

The companies within Nordea have various defined benefit pension plans. The major plans are funded schemes covered by assets in pension funds. If the fair value of plan assets, associated with a specific pension plan, is smaller than the gross present value of the defined benefit obligation (considering also some adjustments in accordance with IAS 19), the net amount is recognised as a liability (retirement benefit obligation). If not, the net amount is recognised as an asset (retirement benefit asset). Non-funded pension plans are recognised as retirement benefit obligations. Nordea also contributes to public pension systems.

Pension costs

The pension calculations are carried out per company and per pension plan in accordance with IAS 19.

Actuarial calculations are applied to assess the present value of defined benefit obligations and related costs. When the net cumulative unrecognised actuarial gain or loss exceeds a "corridor", equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the surplus amount is recognised in the income statement over 10 years or shorter if the expected average remaining employment period is below 10 years.

Taxes

Income tax includes current tax and deferred tax. These shall be recognised as income or expense and included in the income statement as income tax expense, except current and deferred tax arisen from transactions that are recognised directly in equity.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Furthermore, deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax liabilities are calculated on untaxed reserves and other temporary differences. Deferred tax assets and liabilities are measured at the currently enacted tax rates. Deferred tax assets and liabilities are offset when the legal right to offset exist.

Equity participation plans

Nordea is not providing any equity participation plans for management or employees.

Earnings per share (EPS)

Earnings per share is calculated as Net profit for the period divided by the average number of shares. Dilution is not applicable.

Related party transactions

Nordea defines related parties as:

- Group undertakings and other group companies
- Associated undertakings
- Key management personnel
- Other related parties

Group undertakings and other group companies

For the definition of Group undertakings see section "Principles of consolidation". Further information on the undertakings included in the Nordea Group is found in note 20.

Other group companies are Nordea Bank AB (publ)'s group undertakings that are not part of NBN group.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing.

Associated undertakings

For the definition of Associated undertakings see section "Principles of consolidation".

Further information on the associated undertakings included in the Nordea Group is found in note 19.

Key management personnel

Key management personnel include the Board of Directors and NBN Group Management.

For information about compensation and pensions as well as loans to key management personnel, see note 8.

Information about other transactions with key management personnel is found in note 42.

Other related parties

Other related parties comprise companies significantly influenced by key management personnel in Nordea Group as well as close family members to these key management personnel and companies significantly influenced by them.

Information about transactions with other related parties is found in note 42.

Parent company

Financial Institutions in Norway have not been given admittance to prepare the accounts in the legal entities in accordance with IFRS. New regulation regarding loans, which came into force 1 January 2005, made it possible to use the same accounting principles in the Group's and the parent company's accounts. The local GAAP has also been adjusted so that IAS 19 Employee benefits could be implemented in the separate entities. With the exceptions mentioned above, the accounts of the parent company have been prepared using the same principles as described in the Annual Report 2004. The Financial Statements of Nordea Bank Norge ASA, according to the local requirement to form and elements of financial statements are therefore presented separately behind the financial statement of the Group.

Notes that are not covered by the financial statements and notes prepared in accordance with IFRS, and that are only required for the Parent Company, is presented from note 43 and onwards.

The accounting principles applied mainly differ from IFRS in the following aspects:

Derivatives

Derivatives used for hedging are assessed together with the hedged item. Income or expenses linked to the agreements are recorded together with the hedged item using the deferred hedge accounting method. In the group all derivatives are measured at fair value according to IAS 39. The main effect is a decrease in the value of the derivatives in the parent company's balance sheet and only minor effects in the income statement.

Securities

Some holdings of securities that are measured at fair value in the Group must be measured at the lowest of cost and market value in the Parent company.

Equity method

Group undertaking and associated companies are measured using the equity method in the Parent company.

Dividends

Suggested dividend is classified as a liability at the balance sheet day. Under IFRS dividend is classified as equity until the date it is formally approved.

Segment reporting

Primary segments

Nordea's operations are organised into three business areas. The business areas are Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The business areas operate as profit centres. In addition to the results of the business areas, the result for Group Treasury, which conducts the Group's financial management operations is also disclosed.

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.

Economic capital

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. Standard tax is applied when calculating risk adjusted return on economic capital.

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

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

Allocation principles

Cost is allocated based on calculated unit prices and the individual business areas' consumption. Income is allocated with the underlying business transactions as driver combined with the identification of the customer responsible unit.

The assets allocated to the business areas include trading assets, loans and receivables to the public as well as to credit institutions. The liabilities allocated 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 are placed in the Group Functions and Eliminations.

Transfer pricing

Funds transfer pricing is based on current market interest rate and applied to all assets and liabilities allocated to or booked in the business areas or group functions.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. The financial result of such transactions is reported in the relevant business area based on assigned product and customer responsibilities.

Group functions and Eliminations

Group Functions and Eliminations include the unallocated results of the four group functions: Group Processing and Technology, Group Corporate Centre (excluding Group Treasury), Group Credit and Risk Control and Group Legal and Compliance.

Expenses in Group functions, not defined as services to business areas, and profits from associated undertakings that are not included in the customer responsible units are reported under this heading.

Risk

Risk, risk exposure and monitoring of risk are described and commented on in the Directors' report under the heading "Risk management and Basel II".

Exchange rates

EUR 1 = NOK	2005	2004
Income statement (average)	8.0124	8.3716
Balance sheet (at end of period)	7.9840	8.2400
USD 1 = NOK		
Income statement (average)	6.4424	6.7401
Balance sheet (at end of period)	6.7700	6.0400
SEK1 = NOK		
Income statement (average)	0.8640	0.9174
Balance sheet (at end of period)	0.8504	0.9133
DKK1 = NOK		
Income statement (average)	1.0753	1.1230
Balance sheet (at end of period)	1.0701	1.1078

Note 2
Segment reporting

Group, NOKm

Primary segment - Business segments 2005	Retail Banking	Corporate and Institutional Banking	Group functions and eliminations	Total
Customer responsible units				
Net interest income	3,941	705	385	5,031
Net fee and commission income	1,001	435	136	1,572
Net gains/losses on items at fair value	465	142	280	887
Profit from companies accounted for under the equity method	0	21	16	37
Other income	3	7	121	131
Total income incl allocations	**5,410**	**1,310**	**938**	**7,658**
of which allocations	959	-251	-708	0
Staff costs	-1,240	-281	-865	-2,386
Other expenses	-1,722	-116	362	-1,476
Depreciation of tangible and intangible assets	-65	-1	-86	-152
Expenses incl allocations	**-3,027**	**-398**	**-589**	**-4,014**
of which allocations	-708	-31	739	0
Loan losses	653	-110	487	1,030
Disposals of tangible and intangible assets	27	0	9	36
Operating profit	**3,063**	**802**	**845**	**4,710**
Balance sheet, NOKbn				
Loans and receivables	203	55	21	279
Other assets	2	15	14	31
Total assets	**205**	**70**	**35**	**310**
Deposits	123	51	70	244
Other liabilities	33	6	8	47
Total liabilities	156	57	78	291
Economic capital / equity	7	3	9	19
Total liabilities and allocated equity	**163**	**60**	**87**	**310**
Other segment items				
Capital expenditure	53	18	14	85

Secondary segment - Geographical segments
In accordance with prevailing rules, the secondary segment reporting shows Nordea's operations divided into the geographical areas where the Group operates. NBN operates only to a minor extent outside Norway, consequently, in accordance with IAS 14 no information is given regarding the secondary segment.

Note 2
Segment reporting cont.

Group, NOKm

Primary segment - Business segments 2004	Retail Banking	Corporate and Institutional Banking	Group functions and eliminations	Total
Customer responsible units				
Net interest income	3,833	967	-42	4,758
Net fee and commission income	876	552	-22	1,406
Net gains/losses on items at fair value	355	12	168	535
Profit from companies accounted for under the equity method	0	48	2	50
Other income	33	-9	38	62
Total income incl allocations	**5,097**	**1,570**	**144**	**6,811**
of which allocations	830	-140	-690	0
Staff costs	-1,194	-374	-645	-2,213
Other expenses	-1,689	-219	475	-1,433
Depreciation of tangible and intangible assets	-60	-1	-136	-197
Expenses incl allocations	**-2,943**	**-594**	**-306**	**-3,843**
of which allocations	-644	-66	710	0
Loan losses	4	16	-9	11
Disposals of tangible and intangible assets	21	0	304	325
Operating profit	**2,179**	**992**	**133**	**3,304**
Balance sheet, NOKbn				
Loans and receivables	173	39	19	231
Other assets	2	17	15	34
Total assets	**175**	**56**	**34**	**265**
Deposits	108	41	44	193
Other liabilities	34	9	11	54
Total liabilities	142	50	55	247
Economic capital / equity	7	3	9	19
Total liabilities and allocated equity	**149**	**52**	**64**	**265**
Other segment items				
Capital expenditure	56	18	10	84

Secondary segment - Geographical segments
In accordance with prevailing rules, the secondary segment reporting shows Nordea's operations divided into the geographical areas where the Group operates. NBN operates only to a minor extent outside Norway, consequently, in accordance with IAS 14 no information is given regarding the secondary segment.

Note 3
Interest income and interest expense

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Interest income				
Loans and receivables to credit institutions	783	645	1,139	847
Loans and receivables to the public	9,602	8,836	8,159	7,433
Interest-bearing securities	606	326	595	342
Other interest income	0	188,0	0	187
Total interest income	**10,991**	**9,995**	**9,893**	**8,809**
Interest expense				
Deposits by credit institutions	-2,989	-1470	-2,945	-1,344
Deposits and borrowings from the public	-2,222	-1693	-2,234	-1,684
Debt securities in issue	-1,199	-1710	-858	-1,145
Subordinated liabilities	-130	-70	-130	-70
Other interest expenses	580	-294	806	-293
Total interest expense	**-5,960**	**-5237**	**-5,361**	**-4,536**
Net interest income	**5,031**	**4,758**	**4,532**	**4,272**

Average balance and interest rate

	Group 2005 Interest NOKm	Group 2005 %	Group 2004 Interest NOKm	Group 2004 %	Parent company 2005 Interest NOKm	Parent company 2005 %	Parent company 2004 Interest NOKm	Parent company 2004 %
Assets								
Loans and receivables to credit institutions	40,577	1.9	21,770	3.0	27,941	4.1	21,861	3.9
Loans and receivables to the public	234,451	4.1	210,035	4.2	211,414	3.9	184,440	4.0
Interest-bearing securities	17,340	3.5	17,666	1.8	18,012	3.3	17,514	2.0
Other interest-bearing assets	0	0.0	0	0.0	0	0.0	0	0.0
Total interest-bearing assets	292,368	3.8	249,471	4.0	257,367	3.8	223,815	3.9
Non-interest-bearing assets	31,172	0.0	13,774	0.0	32,947	0.0	28,437	0.0
Total assets	**323,540**	**3.4**	**263,245**	**3.8**	**290,314**	**3.4**	**252,252**	**3.5**
Liabilities and equity								
Deposits by credit institutions	118,483	2.5	47,081	3.1	88,185	3.3	61,767	2.2
Deposits and borrowings from the public	134,765	1.6	118,970	1.4	134,924	1.7	118,680	1.4
Debt securities in issue	31,492	3.8	40,608	4.2	26,976	3.2	33,554	3.4
Subordinated liabilities	3,433	3.8	3,019	2.3	3,403	3.8	2,988	2.3
Other interest-bearing liabilities	0	0.0	0	0.0	0	0.0	0	0.0
Total interest-bearing liabilities	288,173	2.1	209,678	2.5	253,488	2.1	216,989	2.1
Non-interest-bearing liabilities	16,675	0.0	36,287	0.0	19,173	0.0	17,730	0.0
Total liabilities	**304,848**	**2.0**	**245,965**	**2.1**	**272,661**	**2.0**	**234,719**	**1.9**
Equity	18,692		17,280	0.0	17,653	0.0	17,533	0.0
Total liabilities and equity	**323,540**	**1.8**	**263,245**	**2.0**	**290,314**	**1.8**	**252,252**	**1.8**
Overall interest margin, %		**1.6**		**1.8**		**1.6**		**1.7**

Note 4
Net fee and commission income

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Fee and commission income				
Loans and receivables	112	74	117	78
Guarantees and documentary payments	154	138	154	138
Life insurance	46	38	46	38
Investment products / services	93	96	93	96
Deposits, payments and e-services	895	885	895	885
Brokerage	216	113	216	113
Other commission income	485	473	481	469
Total fee and commission income	**2,001**	**1,817**	**2,002**	**1,817**
Fee and commission expense				
Life insurance				
Payments and e-services	-359	-359	-358	-359
Other commission expenses	-70	-53	-69	-51
Total fee and commission expenses	**-429**	**-411**	**-427**	**-410**
Net fee and commission income	**1,572**	**1,406**	**1,575**	**1,407**

Note 5
Net gains/losses on items at fair value

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Shares/participations and other share-related instruments	330	-8	330	-8
Interest-bearing securities and other interest-related instruments	298	331	298	331
Other financial instruments	16	3	8	3
Foreign exchange gains/losses	206	183	206	188
Total	**850**	**509**	**842**	**514**

Note 6
Dividends

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Shares				
Investments in associated undertakings	46	51	46	51
Investments in group undertakings	190	355	190	355
Total	**236**	**406**	**236**	**406**

Note 7
Other operating income

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Income from real estate	28	26	41	40
Other	103	36	117	58
Total	**131**	**62**	**158**	**98**

Note 8
Staff costs

	Group		Parent company	
NOKm	2005	2004	2005	2004
Salaries and remunerations	1,561	1,490	1,484	1,423
Pension costs (note 30)	415	322	397	306
Social insurance contributions	266	266	255	254
Allocation to profit-sharing foundation	59	68	55	64
Other staff costs	85	67	80	62
Total	**2,386**	**2,213**	**2,271**	**2,109**

Number of employees/full time positions	2005	2004
Full-time equivalents as at 31.12.	3,102	3,237
Number of employees as at 31.12	3,475	3,645
Average full time equivalents	3,161	3,312

Gender distribution

Per cent	2005	2004
Nordea Bank Norge ASA		
Board of Directors		
- Men	75	75
- Women	25	25

Salaries and other remunerations

NOKm	2005	2004
Remunerations to the Board of Directors	508	519
Remunerations to the Supervisory Board	116	178
Remunerations to the control committee	490	518

Tom Ruud, Chief Executive Officer of Nordea Bank Norge ASA, has his main employment with Nordea Bank AB (publ), where he is remunerated from. As a compensation to Nordea Bank AB (publ) for the part of Tom Ruud’s work relating to his position as chief executive officer of Nordea Bank Norge ASA, the Board of Representatives has approved an amount of NOK 1,500,000 for 2005. The amount is paid to Nordea Bank AB (publ). NBN does not have expenses to pensions and other remunerations to the Chief Executive Officer, and has neither any obligations towards the Chief Executive Officer or the Chairman of the Board to pay individual compensation when the assignment comes to an end or by changes in the assignment.

The Chief Executive Officer and leading employees are part of a bonus programme which is based upon achieved results. The bonus available is agreed to be set as a percentage of the employee's regular salary.

Loans to elected officers and Group Management as at 31.12.2005

NOK 1,000	
Group Management	
President and Chief Executive Officer Tom Ruud	-
Executive Vice President Alex Madsen	2.723
Executive Vice President Carl E Steen	1.318
Executive Vice President Egil Valderhaug	958
The Board of Directors	
Lars G Nordström, Chairman	-
The Board of Directors, total	2.492
Supervisory Board	
Tord Arnerup, Chairman	-
Supervisory Board, total	18.461
Control Committee, total	-

Loans to the Group's employees (including retired employees) totalled NOK 3.9 billion, of which NOK 3.5 billion was to present employees. There has been a positive interest margin totalling NOK 0.4 million on these loans in 2005. The effect is included in net interest income.

Note 9
Other expenses

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Information technology [1]	518	504	508	494
Marketing	117	130	113	128
Postage, telephone and office expenses	116	123	113	121
Rents, premises and real estate	359	328	358	328
Other [2]	366	348	346	327
Total	**1,476**	**1,433**	**1,438**	**1,398**

[1] Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc, but excluding IT expenses in insurance operations, were NOK 744m (NOK 766m).

[2] Including fees and remuneration to auditors distributed as described below:

Auditors' fees

During the year the Group has expensed fees of NOK 3.3 million including VAT to its external auditors whereof NOK 3.0 million was related to auditing functions and NOK 0.3 million to advisory and other services.

Note 10
Depreciation of tangible and intangible assets

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Property and equipment (Note 21)				
Equipment	150	191	143	186
Buildings	2	6	2	6
Total	**152**	**197**	**145**	**192**

Note 11
Loan losses

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Loan losses divided by category				
Write-offs and provisions for loans and receivables	1,196	1,075	1,161	1,035
- Of which, credit institutions				
- Of which, the public	1,196	1,075	1,161	1,035
- Of which, associated undertakings				
- Of which, group undertakings				
Reversals and recoveries for loans and receivables	-2,226	-1,086	-2,205	-1,062
- Of which, credit institutions				
- Of which, the public	-2,226	-1,086	-2,205	-1,062
- Of which, associated undertakings				
- Of which, group undertakings				
Total	**-1,030**	**-11**	**-1,044**	**-27**

Specifications

Specific provisions for individually assessed loans				
Realised loan losses during the year	382	726	355	680
Reversed amount of previous provisions made for realised loan losses during the year	-364	-634	-342	-601
This year’s provisions for probable loan losses	356	613	326	585
Recoveries of previous years' realised loan losses	-31	-48	-29	-45
Reversals of provisions for probable loan losses no longer required	-968	-572	-949	-550
This year’s costs for individually assessed loans, net	**-625**	**85**	**-639**	**69**
Provisions for groups of significant loans				
Allocation to reserve	618	9	618	9
Withdrawal from reserve	-733	-450	-733	-450
This year's change of provisions for groups of significant loans	**-115**	**-441**	**-115**	**-441**
Provisions for groups of not significant loans				
Realised loan losses during the year	0	0	0	0
Recoveries of previous years' realised loan losses	0	0	0	0
Allocation to reserve	176	12	176	12
Withdrawal from reserve	0	0	0	0
This year’s net costs of provisions for groups of not significant loans	**176**	**12**	**176**	**12**
Transfer risks				
Allocation to reserve for transfer risks	4	0	4	0
Withdrawal from reserve for transfer risks	-3	-9	-3	-9
This year's change of provisions for transfer risks	**1**	**-9**	**1**	**-9**
Contingent liabilities				
Net cost for redemption of guarantees and other contingent liabilities	23	1	23	1
The year’s net cost for redemption of guarantees and other contingent liabilities	**23**	**1**	**23**	**1**
Change in value of assets taken over for protection of claims (specification below)	**-490**	**341**	**-490**	**341**
Loan losses	**-1,030**	**-11**	**-1,044**	**-27**

The gain from sale of converted shares in Pan Fish ASA of NOK 794m in the second quarter 2005 is included in loan losses.

Change in value of assets taken over for protection of claims [1]

	Group		Parent company	
NOKm	2005	2004	2005	2004
Realised change in value				
Property taken over	0	-1	0	-1
Other assets taken over	-490	342	-490	342
Total	**-490**	**341**	**-490**	**341**

[1] See also corresponding Note 16.

Note 12
Income tax expense

NOKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Current tax[1]	1,060	869	1,006	735
Deferred tax[3]	302	37	256	85
Total[2]	**1,362**	**906**	**1,262**	**820**

[1] Of which tax pertaining to prior years	64	184	64	184

[2] The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of Norway as follows:

Profit before tax	4,710	3,304	4,614	3,217
Tax calculated at a tax rate of 28%	1,319	925	1,292	901
Effect of different tax rates in other countries	31	-31	26	-29
Tax-exempt income	-80	-21	-148	-75
Non-deductible expenses	28	33	28	23
Adjustments relating to prior years	64	0	64	0
Tax charge	**1,362**	**906**	**1,262**	**820**
Average effective tax rate	29%	27%	27%	25%

[3] Deferred tax

Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences	-302	-37	-256	-85
Income tax expense, net	**-302**	**-37**	**-256**	**-85**
Deferred tax assets				
Deferred tax assets due to tax losses	88	89	85	87
Deferred tax assets due to temporary differences:				
- Retirement benefit obligations	635	670	620	653
- Tangible assets	43	101	41	44
- Financial derivatives	36	224	46	205
- Other	19	23	16	15
Deferred tax assets, net	**821**	**1,107**	**808**	**1,004**
Deferred tax assets to be recovered within 12 months	75	131	71	100
Deferred tax assets to be recovered within more than 12 months	746	976	737	904
Total	**821**	**1,107**	**808**	**1,004**

Current and deferred tax recognised directly in equity

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Deferred tax relating to changed accounting policies	9	326	38	315
Total	**9**	**326**	**38**	**315**

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax income taxes related to the same fiscal authority.

Note 13
Treasury bills and other eligible bills

NOKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Government and government-guaranteed certificates (weighted 0%)	6,233	6,203	6,183	6,203
Certificates issued/guaranteed by state owned enterprises (weighted 10%)	171	294	171	244
Certificates issued/guaranteed by financial institutions (weighted 20%)	8,871	8,053	8,746	7,928
Certificates issued/guaranteed by others (weighted 100%)	1,630	3,271	1,630	3,271
Own certificates and bonds for market-making purposes (weighted 0%)	-	1,353	1,047	1,353
Total	**16,905**	**19,174**	**17,777**	**18,999**

All bills are subject to variable interest rate risk.

	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	8,085	8,604	8,512	8,604
1–5 years	7,347	8,682	7,841	8,557
5–10 years	1,203	1,843	1,154	1,793
More than 10 years	270	45	270	45
Total	**16,905**	**19,174**	**17,777**	**18,999**
Average remaining maturity, years	2.5	2.6	2.4	2.5

Note 14
Loans and receivables to credit institutions

NOKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Financial non-current assets				
Central banks	3,274	14,167	3,274	14,162
Other banks	13,718	3,375	6,888	3,380
Other credit institutions	4,142	1,300	21,905	9,940
Total	**21,134**	**18,842**	**32,067**	**27,482**
Of which, group undertakings	0	0	0	0
Of which, associated undertakings	0	1	0	0
- subordinated	0	0	30	0
- other	0	1	0	0
Maturity information				
Remaining maturity (book value)				
Payable on demand	15,094	15,436	18,794	18,344
Maximum 3 months	4,926	3,209	13,041	8,941
3 months–1 year	1,114	54	95	54
1–5 years	0	13	9	13
More than 5 years	0	130	128	130
Total	**21,134**	**18,842**	**32,067**	**27,482**
Average remaining maturity, years	1.0	1.0	1.0	1.0

Note 15
Loans and receivables to the public

	Group		Parent company	
NOKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Financial non-current assets				
Loans and receivables to the public	257,869	211,608	226,994	185,330
Total	**257,869**	**211,608**	**226,994**	**185,330**
Of which, group undertakings	-	-	152	132
Of which, associated undertakings	0	0	0	0
- subordinated	0	0	37	83
- other	0	0	0	0
Maturity information				
Remaining maturity (book value)				
Payable on demand	51,328	39,198	41,274	38,388
Maximum 3 months	46,036	33,420	50,736	33,242
3 months–1 year	27,681	21,427	24,976	19,556
1–5 years	37,509	34,309	29,487	26,957
More than 5 years	95,315	83,254	80,521	67,187
Total	**257,869**	**211,608**	**226,994**	**185,330**
Average remaining maturity, years	5.3	5.6	5.1	5.2

Note 16
Loans and receivables and their impairment

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Loans and receivables to credit institutions	21,134	18,842	32,067	27,482
Loans and receivables to the public[1]	257,869	211,608	226,994	185,330
Total	**279,003**	**230,450**	**259,061**	**212,812**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans and receivables to the public, see Note 22 Leasing.

Note 16a
Loans and receivables by categories of borrowers

Group

31 Dec 2005, NOKm	Credit institutions	Corporates	Households	Public sector	Total
Loans and receivables, not impaired	21,134	142,418	112,822	715	277,089
Impaired loans and receivables	0	2,941	867	0	3,808
Loans and receivables before reserves	**21,134**	**145,359**	**113,689**	**715**	**280,897**
Specific reserves for individually assessed loans	0	-698	-171	0	-869
Reserves for groups of significant loans	0	-814	0	0	-814
Reserves for groups of not significant loans	0	-18	-193	0	-211
Reserves	**0**	**-1,530**	**-364**	**0**	**-1,894**
Loans and receivables, book value	**21,134**	**143,829**	**113,325**	**715**	**279,003**
Of which, associated undertakings	0	0	0	0	0
Specification of impaired loans and receivables					
Impaired loans and receivables before reserves	**0**	**2,941**	**867**	**0**	**3,808**
Of which non-performing	0	482	562	0	1,044
Of which performing	0	2,459	305	0	2,764
Reserves for impaired loans and receivables	**0**	**-1,530**	**-364**	**0**	**-1,894**
Of which non-performing	0	-269	-195	0	-464
Of which performing	0	-1,261	-169	0	-1,430
Book value of impaired loans and receivables	**0**	**1,411**	**503**	**0**	**1,914**
Of which non-performing	0	213	367	0	580
Of which performing	0	1,198	136	0	1,334
Ratios and key figures					
Reserves/impaired loans and receivables before reserves, %					49.7
Impaired loans and receivables before reserves/ loans and receivables to the public before reserves, %					1.5

Note 16a
Loans and receivables by categories of borrowers cont.

31 Dec 2004, NOKm	Credit institutions	Corporates	Households	Public sector	Total
Loans and receivables, not impaired	18,842	113,791	94,235	773	227,641
Impaired loans and receivables	0	4,895	894	1	5,790
Loans and receivables before reserves	**18,842**	**118,686**	**95,129**	**774**	**233,431**
Specific reserves for individually assessed loans	0	-1,576	-182	-1	-1,759
Reserves for groups of significant loans	0	-928	-260	0	-1,188
Reserves for groups of not significant loans	0	-1	-33	0	-34
Reserves	**0**	**-2,505**	**-475**	**-1**	**-2,981**
Loans and receivables, book value	**18,842**	**116,181**	**94,654**	**773**	**230,450**
Of which, associated undertakings	0	0	0	0	0

Specification of impaired loans and receivables

Impaired loans and receivables before reserves	**0**	**4,895**	**894**	**1**	**5,790**
Of which non-performing	0	1,010	547	1	1,558
Of which performing	0	3,885	347	0	4,232
Reserves for impaired loans and receivables	**0**	**-2,505**	**-475**	**-1**	**-2,981**
Of which non-performing	0	-480	-204	-1	-685
Of which performing	0	-2,025	-271	0	-2,296
Book value of impaired loans and receivables	**0**	**2,390**	**419**	**0**	**2,809**
Of which non-performing	0	530	343	0	873
Of which performing	0	1,860	76	0	1,936

Ratios and key figures

Reserves/impaired loans and receivables before reserves, %	51
Impaired loans and receivables before reserves/ loans and receivables to the public before reserves, %	2.7

Note 16a
Loans and receivables by categories of borrowers cont.

Parent company

31 Dec 2005, NOKm	Credit institutions	Corporates	Households	Public sector	Total
Loans and receivables, not impaired	32,067	114,240	110,656	592	257,555
Impaired loans and receivables	0	2,525	797	0	3,322
Loans and receivables before reserves	**32,067**	**116,765**	**111,453**	**592**	**260,877**
Specific reserves for individually assessed loans	0	-652	-139	0	-791
Reserves for groups of significant loans	0	-814	0	0	-814
Reserves for groups of not significant loans	0	-18	-193	0	-211
Reserves	**0**	**-1,484**	**-332**	**0**	**-1,816**
Loans and receivables, book value	**32,067**	**115,281**	**111,121**	**592**	**259,061**
Of which, associated undertakings	0	0	0	0	0
Of which, group undertakings	17,969	152	0	0	18,121
Specification of impaired loans and receivables					
Impaired loans and receivables before reserves	**0**	**2,525**	**797**	**0**	**3,322**
Of which non-performing	0	393	505	0	898
Of which performing	0	2,132	292	0	2,424
Reserves for impaired loans and receivables	**0**	**-1,484**	**-332**	**0**	**-1,816**
Of which non-performing	0	-250	-167	0	-417
Of which performing	0	-1,234	-165	0	-1,399
Book value of impaired loans and receivables	**0**	**1,041**	**465**	**0**	**1,506**
Of which non-performing	0	143	338	0	481
Of which performing	0	898	127	0	1,025
Ratios and key figures					
Reserves/impaired loans and receivables before reserves, %					54
Impaired loans and receivables before reserves/ loans and receivables to the public before reserves, %					2.9

Note 16a
Loans and receivables by categories of borrowers cont.

31 Dec 2004, NOKm	Credit institutions	Corporates	Households	Public sector	Total
Loans and receivables, not impaired	27,482	89,629	92,574	550	210,235
Impaired loans and receivables	0	4,624	742	4	5,370
Loans and receivables before reserves	**27,482**	**94,253**	**93,316**	**554**	**215,605**
Specific reserves for individually assessed loans	0	-1,523	-161	-2	-1,686
Reserves for groups of significant loans	0	-928	-147	0	-1,075
Reserves for groups of not significant loans	0	-1	-31	0	-32
Reserves	**0**	**-2,452**	**-339**	**-2**	**-2,793**
Loans and receivables, book value	**27,482**	**91,801**	**92,977**	**552**	**212,812**
Of which, associated undertakings	0	1	0	0	1
Of which, group undertakings	8,645	132,151	0	0	140,796

Specification of impaired loans and receivables

Impaired loans and receivables before reserves	**0**	**4,624**	**742**	**4**	**5,370**
Of which non-performing	0	896	508	4	1,408
Of which performing	0	3,728	234	0	3,962
Reserves for impaired loans and receivables	**0**	**-2,452**	**-339**	**-2**	**-2,793**
Of which non-performing	0	-453	-180	-2	-635
Of which performing	0	-1,999	-159	0	-2,158
Book value of impaired loans and receivables	**0**	**2,172**	**403**	**2**	**2,577**
Of which non-performing	0	443	328	2	773
Of which performing	0	1,729	75	0	1,804

Ratios and key figures

Reserves/impaired loans and receivables before reserves, %	52
Impaired loans and receivables before reserves/ loans and receivables to the public before reserves, %	2.9

Note 16b

Corporate loans by industry

Group

31 Dec 2005, NOKm	Real estate management	Construc-tion	Agriculture and fishing	Tran-sport	Shipping	Trade and service	Manufac-turing	Financial opera-tions	Renting, consulting, and other company services	Other	Total
Loans and receivables, not impaired	42,109	3,146	8,975	3,643	27,785	9,288	16,259	1,586	26,764	2,863	142,418
Impaired loans and receivables	620	45	980	55	106	182	664	30	197	62	2,941
Loans and receivables before reserves	**42,729**	**3,191**	**9,955**	**3,698**	**27,891**	**9,470**	**16,923**	**1,616**	**26,961**	**2,925**	**145,359**
Specific reserves for individually assessed loans	-67	-18	-90	-15	-65	-71	-235	-6	-115	-14	-698
Reserves for groups of significant loans	-398	0	-383	-18	-2	0	0	0	0	-13	-814
Reserves for groups of not significant loans									-18		-18
Reserves	**-467**	**-18**	**-473**	**-33**	**-67**	**-71**	**-235**	**-6**	**-133**	**-27**	**-1,530**
Loans and receivables, book value	**42,262**	**3,173**	**9,482**	**3,665**	**27,824**	**9,399**	**16,688**	**1,610**	**26,828**	**2,898**	**143,829**

Specification of impaired loans and receivables

Impaired loans and receivables before reserves	**620**	**45**	**980**	**55**	**106**	**182**	**664**	**30**	**197**	**62**	**2,941**
Of which non-performing	56	33	62	8	17	74	83	30	82	35	480
Of which performing	564	12	918	47	89	108	581	0	115	27	2,461
Reserves for impaired loans and receivables	**-467**	**-18**	**-473**	**-33**	**-67**	**-71**	**-235**	**-6**	**-133**	**-27**	**-1,530**
Of which non-performing	-48	-16	-41	-3	-17	-33	-48	-6	-39	-19	-270
Of which performing	-419	-2	-432	-30	-50	-38	-187	0	-94	-8	-1,260
Book value of impaired loans and receivables	**153**	**27**	**507**	**22**	**39**	**111**	**429**	**24**	**64**	**35**	**1,411**
Of which non-performing	8	17	21	5	0	41	35	24	43	16	210
Of which performing	145	10	486	17	39	70	394	0	21	19	1,201

Note 16b

Corporate loans by industry cont.

31 Dec 2004, NOKm	Real estate management	Construction	Agriculture and fishing	Transport	Shipping	Trade and service	Manufac-turing	Financial operations	Renting, consulting, and other company services	Other	Total
Loans and receivables, not impaired	36,252	3,137	9,939	3,246	18,364	8,029	13,579	16,252	1,311	3,682	113,791
Impaired loans and receivables	446	53	2,113	325	82	179	769	770	86	72	4,895
Loans and receivables before reserves	**36,698**	**3,190**	**12,052**	**3,571**	**18,446**	**8,208**	**14,348**	**17,022**	**1,397**	**3,754**	**118,686**
Specific reserves for individually assessed loans	-229	-27	-151	-167	-42	-92	-393	-394	-43	-38	-1,576
Reserves for groups of significant loans	0	0	-928	0	0	0	0	0	0	0	-928
Reserves for groups of not significant loans	0	0	0	0	0	0	0	0	-1	0	-1
Reserves	**-229**	**-27**	**-1,079**	**-167**	**-42**	**-92**	**-393**	**-394**	**-44**	**-38**	**-2,505**
Loans and receivables, book value	**36,469**	**3,163**	**10,973**	**3,404**	**18,404**	**8,116**	**13,955**	**16,628**	**1,353**	**3,716**	**116,181**

Specification of impaired loans and receivables

Impaired loans and receivables before reserves	**446**	**53**	**2,113**	**325**	**82**	**179**	**769**	**770**	**86**	**72**	**4,895**
Of which non-performing	92	11	436	67	17	37	159	159	18	14	1,010
Of which performing	354	42	1,677	258	65	142	610	611	68	58	3,885
Reserves for impaired loans and receivables	**-229**	**-27**	**-1,079**	**-167**	**-42**	**-92**	**-393**	**-394**	**-44**	**-38**	**-2,505**
Of which non-performing	-44	-5	-207	-32	-8	-18	-75	-75	-8	-8	-480
Of which performing	-185	-22	-872	-135	-34	-74	-318	-319	-36	-30	-2,025
Book value of impaired loans and receivables	**217**	**26**	**1,034**	**158**	**40**	**87**	**376**	**376**	**42**	**34**	**2,390**
Of which non-performing	48	6	229	35	9	19	84	84	10	6	530
Of which performing	169	20	805	123	31	68	292	292	32	28	1,860

Note 16b

Corporate loans by industry cont.

Parent company 31 Dec 2005, NOKm	Real estate management	Construction	Agriculture and fishing	Transport	Shipping	Trade and service	Manufac- turing	Financial operations	Renting, consulting, and other company services	Other	Total
Loans and receivables, not impaired	22,658	2,501	8,689	2,846	26,451	6,761	13,953	1,170	26,374	2,837	114,240
Impaired loans and receivables	491	43	789	47	106	165	628	30	173	53	2,525
Loans and receivables before reserves	**23,149**	**2,544**	**9,478**	**2,893**	**26,557**	**6,926**	**14,581**	**1,200**	**26,547**	**2,890**	**116,765**
Specific reserves for individually assessed loans	-47	-16	-83	-13	-65	-65	-230	-6	-114	-13	-652
Reserves for groups of significant loans	-398	0	-383	-18	-2	0	0	0	0	-13	-814
Reserves for groups of not significant loans									-18		-18
Reserves	**-445**	**-16**	**-466**	**-31**	**-67**	**-65**	**-230**	**-6**	**-132**	**-26**	**-1,484**
Loans and receivables, book value	**22,704**	**2,528**	**9,012**	**2,862**	**26,490**	**6,861**	**14,351**	**1,194**	**26,415**	**2,864**	**115,281**

Specification of impaired loans and receivables

Impaired loans and receivables before reserves	**491**	**43**	**789**	**47**	**106**	**165**	**628**	**30**	**173**	**53**	**2,525**
Of which non-performing	48	31	57	4	17	63	56	30	65	28	399
Of which performing	443	12	732	43	89	102	572	0	108	25	2,126
Reserves for impaired loans and receivables	**-445**	**-16**	**-466**	**-31**	**-67**	**-65**	**-230**	**-6**	**-132**	**-26**	**-1,484**
Of which non-performing	-42	-14	-39	-2	-17	-29	-47	-6	-38	-18	-252
Of which performing	-403	-2	-427	-29	-50	-36	-183	0	-94	-8	-1,232
Book value of impaired loans and receivables	**46**	**27**	**323**	**16**	**39**	**100**	**398**	**24**	**41**	**27**	**1,041**
Of which non-performing	6	17	18	2	0	34	9	24	27	10	147
Of which performing	40	10	305	14	39	66	389	0	14	17	894

Note 16b
Corporate loans by industry cont.

31 Dec 2004, NOKm	Real estate management	Construction	Agriculture and fishing	Transport	Shipping	Trade and service	Manufacturing	Financial operations	Renting, consulting, and other company services	Other	Total
Loans and receivables, not impaired	19,206	2,640	9,572	2,593	18,082	6,116	11,791	15,783	705	3,141	89,629
Impaired loans and receivables	423	50	1,996	309	78	170	726	726	79	67	4,624
Loans and receivables before reserves	**19,629**	**2,690**	**11,568**	**2,902**	**18,160**	**6,286**	**12,516**	**16,509**	**784**	**3,208**	**94,253**
Specific reserves for individually assessed loans	-224	-27	-129	-163	-42	-90	-385	-385	-41	-36	-1,523
Reserves for groups of significant loans			-928								-928
Reserves for groups of not significant loans									-1		-1
Reserves	**-224**	**-27**	**-1,057**	**-163**	**-42**	**-90**	**-385**	**-385**	**-43**	**-36**	**-2,452**
Loans and receivables, book value	**19,405**	**2,663**	**10,510**	**2,739**	**18,118**	**6,196**	**12,132**	**16,124**	**741**	**3,172**	**91,801**

Specification of impaired loans and receivables

	Real estate management	Construction	Agriculture and fishing	Transport	Shipping	Trade and service	Manufacturing	Financial operations	Renting, consulting, and other company services	Other	Total
Impaired loans and receivables before reserves	**423**	**50**	**1,996**	**309**	**78**	**170**	**726**	**726**	**79**	**67**	**4,624**
Of which non-performing	82	10	387	60	15	33	141	141	15	12	896
Of which performing	341	40	1,609	249	63	137	585	585	64	55	3,728
Reserves for impaired loans and receivables	**-224**	**-27**	**-1,057**	**-163**	**-42**	**-90**	**-385**	**-385**	**-43**	**-36**	**-2,452**
Of which non-performing	-41	-5	-195	-30	-8	-17	-71	-71	-8	-7	-453
Of which performing	-183	-22	-862	-133	-34	-73	-314	-314	-35	-29	-1,999
Book value of impaired loans and receivables	**199**	**23**	**939**	**146**	**36**	**80**	**341**	**341**	**36**	**31**	**2,172**
Of which non-performing	41	5	192	30	7	16	70	70	7	5	443
Of which performing	158	18	747	116	29	64	271	271	29	26	1,729

Note 16c
Type of loans, book value

	Group		Parent company	
NOKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Property loans	135,412	132,934	115,884	112,648
Credit card loans	1,099	1,076	1,099	1,076
Financial leases	3,591	3,369	3,591	3,369
Other	138,901	93,071	138,487	95,719
Total	**279,003**	**230,450**	**259,061**	**212,812**

Note 16d
Loans and receivables by geographic area

Group

31 Dec 2005, NOKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countrie s, other	USA	Latin America	Asia	Other OECD	Non-OECD, other	Total
Loans and receivables, not impaired	1,315	4,309	241,131	5,669	72	8,671	8,084	4,172	113	613	2,940	277,089
Impaired loans and receivables	0	0	3,673	36	0	17	51	0	2	29	0	3,808
Loans and receivables before reserves	**1,315**	**4,309**	**244,804**	**5,705**	**72**	**8,688**	**8,135**	**4,172**	**115**	**642**	**2,940**	**280,897**
Specific reserves for individually assessed loans	0	0	-792	-15	0	-8	-43	0	-1	-10	0	-869
Reserves for groups of significant loans			-814									-814
Reserves for groups of not significant loans			-211									-211
Reserves	**0**	**0**	**-1,817**	**-15**	**0**	**-8**	**-43**	**0**	**-1**	**-10**	**0**	**-1,894**
Loans and receivables, book value	**1,315**	**4,309**	**242,987**	**5,690**	**72**	**8,680**	**8,092**	**4,172**	**114**	**632**	**2,940**	**279,003**
Specification of impaired loans and receivables												
Impaired loans and receivables before reserves	**0**	**0**	**3,673**	**36**	**0**	**17**	**51**	**0**	**2**	**29**	**0**	**3,808**
Of which non-performing	0	0	909	36	0	17	51	0	2	29	0	1,044
Of which performing	0	0	2,764	0	0	0	0	0	0	0	0	2,764
Reserves for impaired loans and receivables	**0**	**0**	**-1,817**	**-15**	**0**	**-8**	**-43**	**0**	**-1**	**-10**	**0**	**-1,894**
Of which non-performing	0	0	-387	-15	0	-8	-43	0	-1	-10	0	-464
Of which performing	0	0	-1,430	0	0	0	0	0	0	0	0	-1,430
Book value of impaired loans and receivables	**0**	**0**	**1,856**	**21**	**0**	**9**	**8**	**0**	**1**	**19**	**0**	**1,914**
Of which non-performing	0	0	522	21	0	9	8	0	1	19	0	580
Of which performing	0	0	1,334	0	0	0	0	0	0	0	0	1,334

Note 16d

Loans and receivables by geographic area cont.

31 Dec 2004, NOKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries, other	USA	Latin America	Asia	Other OECD	Non-OECD, other	Total
Loans and receivables, not impaired	824	12,642	196,130	1,036	167	5,211	4,573	2,453	1,046	1,299	2,260	227,641
Impaired loans and receivables	0	0	5,188	38	0	358	9	0	1	160	36	5,790
Loans and receivables before reserves	**824**	**12,642**	**201,318**	**1,074**	**167**	**5,569**	**4,582**	**2,453**	**1,047**	**1,459**	**2,296**	**233,431**
Specific reserves for individually assessed loans	0	0	-1,501	-15	0	-167	-8	0	-1	-31	-36	-1,759
Reserves for groups of significant loans			-1,188									-1,188
Reserves for groups of not significant loans			-34									-34
Reserves	**0**	**0**	**-2,723**	**-15**	**0**	**-167**	**-8**	**0**	**-1**	**-31**	**-36**	**-2,981**
Loans and receivables, book value	**824**	**12,642**	**198,595**	**1,059**	**167**	**5,402**	**4,574**	**2,453**	**1,046**	**1,428**	**2,260**	**230,450**
Specification of impaired loans and receivables												
Impaired loans and receivables before reserves	**0**	**0**	**5,188**	**38**	**0**	**358**	**9**	**0**	**1**	**160**	**36**	**5,790**
Of which non-performing	0	0	956	38	0	358	9	0	1	160	36	1,558
Of which performing	0	0	4,232	0	0	0	0	0	0	0	0	4,232
Reserves for impaired loans and receivables	**0**	**0**	**-2,723**	**-15**	**0**	**-167**	**-8**	**0**	**-1**	**-31**	**-36**	**-2,981**
Of which non-performing	0	0	-427	-15	0	-167	-8	0	-1	-31	-36	-685
Of which performing	0	0	-2,296	0	0	0	0	0	0	0	0	-2,296
Booked value of impaired loans and receivables	**0**	**0**	**2,465**	**23**	**0**	**191**	**1**	**0**	**0**	**129**	**0**	**2,809**
Of which non-performing	0	0	529	23	0	191	1	0	0	129	0	873
Of which performing	0	0	1,936	0	0	0	0	0	0	0	0	1,936

Note 16d

Loans and receivables by geographic area cont.

Parent Company

31 Dec 2005, NOKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries, other	USA	Latin America	Asia	Other OECD	Non-OECD, other	Total
Loans and receivables, not impaired	457	407	229,142	2,912	71	8,670	8,066	4,172	113	613	2,932	257,555
Impaired loans and receivables	0	0	3,193	36	0	11	51	0	2	29	0	3,322
Loans and receivables before reserves	**457**	**407**	**232,335**	**2,948**	**71**	**8,681**	**8,117**	**4,172**	**115**	**642**	**2,932**	**260,877**
Specific reserves for individually assessed loans	0	0	-720	-15	0	-2	-43	0	-1	-10	0	-791
Reserves for groups of significant loans	0	0	-814	0	0	0	0	0	0	0	0	-814
Reserves for groups of not significant loans	0	0	-211	0	0	0	0	0	0	0	0	-211
Reserves	**0**	**0**	**-1,745**	**-15**	**0**	**-2**	**-43**	**0**	**-1**	**-10**	**0**	**-1,816**
Loans and receivables, book value	**457**	**407**	**230,590**	**2,933**	**71**	**8,679**	**8,074**	**4,172**	**114**	**632**	**2,932**	**259,061**
Specification of impaired loans and receivables												
Impaired loans and receivables before reserves	**0**	**0**	**3,193**	**36**	**0**	**11**	**51**	**0**	**2**	**29**	**0**	**3,322**
Of which non-performing	0	0	769	36	0	11	51	0	2	29	0	898
Of which performing	0	0	2,424	0	0	0	0	0	0	0	0	2,424
Reserves for impaired loans and receivables	**0**	**0**	**-1,745**	**-15**	**0**	**-2**	**-43**	**0**	**-1**	**-10**	**0**	**-1,816**
Of which non-performing	0	0	-346	-15	0	-2	-43	0	-1	-10	0	-417
Of which performing	0	0	-1,399	0	0	0	0	0	0	0	0	-1,399
Book value of impaired loans and receivables	**0**	**0**	**1,448**	**21**	**0**	**9**	**8**	**0**	**1**	**19**	**0**	**1,506**
Of which non-performing	0	0	423	21	0	9	8	0	1	19	0	481
Of which performing	0	0	1,025	0	0	0	0	0	0	0	0	1,025

Note 16d

Loans and receivables by geographic area cont.

31 Dec 2004, NOKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries, other	USA	Latin America	Asia	Other OECD	Non-OECD, other	Total
Loans and receivables, not impaired	824	12,642	179,239	1,036	167	5,211	4,573	2,453	1,046	783	2,261	210,235
Impaired loans and receivables	0	0	4,768	38	0	358	9	0	1	160	36	5,370
Loans and receivables before reserves	**824**	**12,642**	**184,007**	**1,074**	**167**	**5,569**	**4,582**	**2,453**	**1,047**	**943**	**2,297**	**215,605**
Specific reserves for individually assessed loans	0	0	-1,434	-15	0	-161	-8	0	-1	-31	-36	-1,686
Reserves for groups of significant loans	0	0	-1,075	0	0	0	0	0	0	0	0	-1,075
Reserves for groups of not significant loans			-32									-32
Reserves	**0**	**0**	**-2,541**	**-15**	**0**	**-161**	**-8**	**0**	**-1**	**-31**	**-36**	**-2,793**
Loans and receivables, book value	**824**	**12,642**	**181,466**	**1,059**	**167**	**5,408**	**4,574**	**2,453**	**1,046**	**912**	**2,261**	**212,812**
Specification of impaired loans and receivables												
Impaired loans and receivables before reserves	**0**	**0**	**4,768**	**38**	**0**	**358**	**9**	**0**	**1**	**160**	**36**	**5,370**
Of which non-performing	0	0	806	38	0	358	9	0	1	160	36	1,408
Of which performing	0	0	3,962	0	0	0	0	0	0	0	0	3,962
Reserves for impaired loans and receivables	**0**	**0**	**-2,541**	**-15**	**0**	**-161**	**-8**	**0**	**-1**	**-31**	**-36**	**-2,793**
Of which non-performing	0	0	-383	-15	0	-161	-8	0	-1	-31	-36	-635
Of which performing	0	0	-2,158	0	0	0	0	0	0	0	0	-2,158
Book value of impaired loans and receivables	**0**	**0**	**2,227**	**23**	**0**	**197**	**1**	**0**	**0**	**129**	**0**	**2,577**
Of which non-performing	0	0	423	23	0	197	1	0	0	129	0	773
Of which performing	0	0	1,804	0	0	0	0	0	0	0	0	1,804

Note 16e

Restructured loans and receivables current year

	Group		Parent company	
NOKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Loans and receivables before restructuring, book value	1,875	514	1,875	514
Loans and receivables after restructuring, book value	1,215	226	1,215	226

Reclassified loans and receivables current year

	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Impaired loans and receivables reclassified as normal loans, book value	1,215	226	1,215	226

Note 16f

Loans and receivables with transfer risk[1, 2]

	Group				Parent company			
	Loans and receivables comprised by the transfer risk		Contingent liabilities comprised by the transfer risk		Loans and receivables comprised by the transfer risk		Contingent liabilities comprised by the transfer risk	
NOKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Loans and receivables before transfer risk reserve	**351**	**528**	**0**	**0**	**351**	**528**	**0**	**0**
Transfer risk reserve	-13	-12	0	0	-13	-12	0	0
Loans and receivables after transfer risk reserve, book value	**338**	**516**	**0**	**0**	**338**	**516**	**0**	**0**

1 Transfer risk is handled as a group of significant loans.

2 Individual customer or customer group, which is identified individually as impaired, is handled as individually assessed loans.

Note 16g

Impairment and reserves for off-balance-sheet items

	Group		Parent company	
31 Dec 2005, NOKm	Impaired volumes	Reserves for impaired volumes	Impaired volumes	Reserves for impaired volumes
Contingent liabilities	732	23	732	23
31 Dec 2004, NOKm				
Contingent liabilities	828	0	828	0

Note 16h

Reconciliation of reserve accounts for impaired assets

Group

31 Dec 2005, NOKm	Opening balance	Changes through profit/loss	Changes due to currency rates	Closing balance
Reserves for individually assessed loans	1,793	-931	7	869
Reserves for groups of significant loans	928	-114	0	814
Reserves for groups of not significant loans	0	211	0	211
Total	**2,721**	**-834**	**7**	**1,894**

31 Dec 2004, NOKm	Opening balance	Changes through profit/loss	Changes due to currency rates	Closing balance
Reserves for individually assessed loans	2,292	-489	-10	1,793
Reserves for groups of significant loans	1,638	-450	0	1,188
Reserves for groups of not significant loans	0	0	0	0
Total	**3,930**	**-939**	**-10**	**2,981**

Note 16h
Reconciliation of reserve accounts for impaired assets cont.

Parent company 31 Dec 2005, NOKm	Opening balance	Changes through profit/loss	Changes due to currency rates	Closing balance
Reserves for individually assessed loans	1,718	-934	7	791
Reserves for groups of significant loans[1]	928	-114	0	814
Reserves for groups of not significant loans	0	211	0	211
Total	**2,646**	**-837**	**7**	**1,816**

31 Dec 2004, NOKm	Opening balance	Changes through profit/loss	Changes due to currency rates	Closing balance
Reserves for individually assessed loans	2,202	-491	7	1,718
Reserves for groups of significant loans	1,525	-450	0	1,075
Reserves for groups of not significant loans	0	0	0	0
Total	**3,727**	**-941**	**7**	**2,793**

[1] **The ending balance of 2004 has been changed due to implementation of IAS 39. Consequently the general loan loss provision has partly been reclassified to group-wise provisions and remaining general provisions have been dissolved as at 1 January 2005.**

Note 16i
Assets taken over for protection of claims

	Group		Parent company	
NOKm	2005	2004	2005	2004
Current assets, book value				
Land and buildings	1	5	1	5
Shares and other participations	0	2	0	2
Other assets	2	3	0	0
Total	**3**	**10**	**1**	**7**

Note 16j
Analysis of loans and other exposure by risk category

Parent company	2005				2004			
Category	Gross loans	Off-balance sheet exposure[1]	Total committed exposure	Specific loan loss pro-visions	Gross loans	Off-balance sheet exposure[1]	Total committed exposure	Specific loan loss pro-visions
Very good and good repayment ability	75,515	96,578	172,093	-	53,404	80,913	134,317	-
Medium repayment abilitiy	32,203	12,816	45,019	-	22,554	10,386	32,940	-
Weak repayment ability	7,362	2,952	10,314	831	5,059	2,998	8,057	-
Non-performing/doubtful - corporate market	1,693	775	2,468	654	3,701	828	4,529	1,526
Un-categorised corporate market	584	8	592	-	11,321	2,958	14,279	-
Retail market	110,806	6,404	117,210	150	91,489	6,624	98,113	-
Non-performing/doubtful - retail market	647	-	647	181	595	-	595	192
Total loans and other exposure	**228,810**	**119,533**	**348,343**	**1,816**	**188,123**	**104,707**	**292,830**	**1,718**

[1] Commitments not drawn, foreign exchange and documentary credit instruments

The table above shows a breakdown of the credit exposure in Parent bank in risk segments for corporate customers and as a total figure for exposure to households, together with non-performing/doubtful exposures for the corporate customers and household customers respectively. In the table above “very good and good repayment ability” refers to customers with rating 6+ to 4-, “medium repayment ability” refers to customers with rating 3+ to 3- and “weak repayment ability” refers to customers with rating 2+ to 1-. It refers to the section in the Board og Directors' report about risks.

Note 16k

Off-balance exposure by industry and retail market

Parent company	2005 Off-balance sheet exposure[1]	2004 Off-balance sheet exposure[1]
Households	6,404	6,624
Real estate management	6,649	6,140
Construction	6,604	15,761
Agriculture and fishing	1,572	1,590
Transport	6,268	0
Shipping	14,051	11,657
Trade and service	6,288	6,909
Manufac-turing	30,975	21,544
Financial operations	4,600	0
Renting, consulting, and other company services	18,451	20,341
Other	17,671	14,141
Total	**119,533**	**104,707**

[1] Commitments not drawn, foreign exchange and documentary credit instruments.

Note 16l

Non-performing and boubtful commitments

Parent company	2005	2004	2003	2002	2001
Non-performing commitments[1]					
Total non-performing commitments	944	1 460	2 485	4 838	1 880
Specific allowance	- 440	- 635	-1 104	-1 520	- 824
Net non-performing commitments	**504**	**825**	**1 381**	**3 318**	**1 056**
Doubtful commitments[1]					
Total doubtful commitments	2 172	3 663	4 886	2 373	2 246
Specific allowance	- 418	-1 083	-1 098	- 564	- 363
Net doubtful commitments	**1 754**	**2 580**	**3 788**	**1 809**	**1 883**
[1]Of which non-accruing commitments					
Total non-accruing commitments	906	1 294	2 329	1 789	1 391
Specific allowance	- 557	- 567	- 897	- 741	- 633
Net non-accruing commitments	**349**	**727**	**1 432**	**1 048**	**758**

Note 16m
Total loan loss provisions

	Group		Parent Bank	
	2005	2004	2005	2004
Specific provisions as at 31 Dec	1 793	2 292	1 718	2 202
General provisions as at 31 Dec	1 188	1 638	1 075	1 525
Total provisions as at 1 Jan	**2 981**	**3 930**	**2 793**	**3 727**
Changes of provisions against equity IAS 39	- 260	-	- 147	-
Adjust total provisions as at 1 Jan	**2 721**	**3 930**	**2 646**	**3 727**
Increased loan loss provisions for individually assessed loans	46	428	39	413
New loan loss provisions for individually assessed loans	333	196	309	183
Reversed loan loss provisions for individually assessed loans	- 950	- 505	- 932	- 484
Charge-offs on commitments where specific provisions have not been made previous years	1	26	-	15
Charge-offs	- 302	- 634	- 291	- 601
Changes in general provisions in 2004	-	- 450	-	- 450
Increased loan loss provisions for groups of significant loans	618	-	618	-
Reversed loan loss provisions for groups of significant loans	- 733	-	- 733	-
Increased loan loss provisions for groups of not significant loans	176	-	176	-
Reversed loan loss provisions for groups of not significant loans	-	-	-	-
Exchange rate differences	7	- 10	7	- 10
Total provisions as at 31 December	**1 917**	**2 981**	**1 839**	**2 793**
Of which, provisions of guarantees which are booked as reserves for off-balance-sheet items	23	-	23	-

Note 17
Shares

NOKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Current assets				
Shares in trading portfolio	442	860	442	860
Shares taken over for protection of claims[1]	0	0	0	0
Other shares	0	15	0	15
Non-current assets				
Other shares	67	96	67	96
Total	**509**	**971**	**509**	**971**
Listed shares	426	858	426	858
Unlisted shares	83	113	83	113
Total	**509**	**971**	**509**	**971**

[1] See Note 16 regarding Assets taken over for protection of claims

Parent company

Movement in non-current assets

NOKm	31 Dec 2005	31 Dec 2004
Acquisition value at beginning of year	96	291
Acquisitions during the year	1	4
Sales during the year	-31	-7
Reclassifications	2	-192
Translation differences	-1	0
Acquisition value at end of year	**67**	**96**

Note 17
Shares cont.

Specification of shares

31 Dec 2005	Group Book value NOKm	Group Market value NOKm	Group Voting power of holding %	Parent company Book value NOKm	Parent company Market value NOKm	Parent company Voting power of holding %
Current assets						
ACTA HOLDING	1	1	0.03	1	1	0.03
AKER KVÆRNER	1	1	0.01	1	1	0.01
CREW GOLD CORPORATION	48	48	1.60	48	48	1.60
DNO ASA	65	65	0.48	65	65	0.48
DYNAPEL SYSTEMS	4	4	3.26	4	4	3.26
FAST SEARCH AND TRANSFER	51	51	0.72	51	51	0.72
GOLAR LNG LIMITED	9	9	0.15	9	9	0.15
HAFSLUND ASA B-AKSJER	10	10	0.18	10	10	0.18
NORSK HYDRO ASA	52	52	0.03	52	52	0.03
NORSKE SKOGINDUSTRIER ASA	10	10	0.05	10	10	0.05
OCEAN RIG ASA	5	5	0.06	5	5	0.06
OPTICOM ASA	2	2	0.08	2	2	0.08
PETROLEUM GEO-SERVICES ASA	6	6	0.05	6	6	0.05
SCHIBSTED	1	1	0.01	1	1	0.01
SINVEST	17	17	0.34	17	17	0.34
STEEN OG STRØM	50	50	0.91	50	50	0.91
STOLT OFFSHORE S.A	2	2	0.01	2	2	0.01
STOLT-NIELSEN	1	1	0.01	1	1	0.01
STOREBRAND ASA ORDINÆRE	2	2	0.01	2	2	0.01
TGS NOPEC GEOPHYSICAL COMPANY ASA	1	1	0.01	1	1	0.01
TOMRA SYSTEMS ASA	46	46	0.01	46	46	0.01
TRYGVESTA	5	5	0.55	5	5	0.55
YARA INTERNATIONAL ASA	12	12	0.13	12	12	0.13
Other, listed	25	25		25	25	
Other, unlisted	16	16		16	16	
Total	**442**	**442**		**442**	**442**	
Non-current assets						
BANKENES BETALINGSSENTRAL AS	10	10	16.63	10	10	16.63
NORSK TILLITSMANN AS	1	1	9.68	1	1	9.68
NOS ASA	6	6	12.18	6	6	12.18
P-HUS VEKST AS	1	1	5.26	1	1	5.26
SALTENS BILRUTER A/S	2	2	2.43	2	2	2.43
SOLNØR GAARD GOLFBANE AS	1	1	0.04	1	1	0.04
SYDVESTOR VEKST AS	9	9	12.50	9	9	12.50
Viking Ship Finance Ltd.	20	20	13.50	20	20	13.50
Other Norwegian shares	17	17	-	17	17	-
Total	**67**	**67**		**67**	**67**	

Note 18

Derivatives

Group	Fair value		
31 Dec 2005, NOKm	Positive	Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	20	117	4,133
FRAs	4	0	7,000
Total	**24**	**117**	**11,133**
Foreign exchange derivatives			
Currency and interest rate swaps	140	53	8,137
Currency forwards	1,016	29	52,227
Total	**1,156**	**82**	**60,364**
Other derivatives			
Options bought	20	20	60
Total	**20**	**20**	**60**
Total derivatives held for trading	**1,200**	**219**	**71,557**

	Fair value		
31 Dec 2005, NOKm	Positive	Negative	Total nom amount
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	839	937	49,854
Total	**839**	**937**	**49,854**
Equity derivatives			
Options written	7	640	7,447
Options bought	640	7	7,446
Total	**647**	**647**	**14,893**
Foreign exchange derivatives			
Currency and interest rate swaps	44	163	966
Total	**44**	**163**	**966**
Total derivatives used for hedge accounting	**1,530**	**1,747**	**65,713**

31 Dec 2004, NOKm	Book value Positive	Negative	Total nom amount
Derivatives reported in the balance sheet			
Interest rate derivatives			
Interest rate swaps	44	44	1,226
Interest rate futures			6,486
Total	**44**	**44**	**7,712**
Equity derivatives			
Options written	0	439	8,797
Options bought	439	0	8,797
Total	**439**	**439**	**17,594**
Foreign exchange derivatives			
Currency and interest rate swaps	1,125	466	11,490
Options written	0	75	980
Options bought	75	0	980
Total	**1,200**	**541**	**13,450**
Total derivatives in the balance sheet	**1,683**	**1,024**	**38,758**

31 Dec 2004, NOKm	Fair value Positive	Negative	Total nom amount
Derivatives not reported in the balance sheet			
Interest rate derivatives			
Interest rate swaps	1,076	1,444	52,126
FRAs	4	0	8,500
Total	**1,080**	**1,444**	**60,626**
Foreign exchange derivatives			
Currency forwards	15	551	50,960
Total	**15**	**551**	**50,960**
Total derivatives not in the balance sheet	**1,095**	**1,995**	**111,586**

	31 Dec 2005		31 Dec 2004	
Maturity information	Positive	Negative	Positive	Negative
Remaining maturity (book value)				
Maximum 3 months	1,000	170	489	608
3-12 months	663	496	1,032	595
1-5 years	954	989	968	1,307
More than 5 years	113	311	290	509
Total	**2,730**	**1,966**	**2,778**	**3,019**

Note 18
Derivatives cont.

Parent Company	Nominal value 31.12.05	Nominal value average 2005	Book value 31.12.05	Book value average 2005	Net profit (loss) 2005
Trading portfolio					
Interest rate agreements	287	3,969	-5	-3	8
Foreign exchange agreements	793	1,081	-	-	-
Equity related agreements	-	-	-	-	-
Commodities related agreements	60	36	-	-	-
Total trading portfolio	**1,140**	**5,086**	**-5**	**-3**	**8**
Banking portfolio					
Interest rate agreements	51 771	49 005	- 2	97	
Foreign exchange agreements	60 537	60 207	955	1 004	
Equity related agreements	14 893	16 540	-	0	

Note 19
Investments in associated undertakings

	Group		Parent company	
NOKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Non-current assets				
Financial institutions	626	651	626	651
Total	**626**	**651**	**626**	**651**
Of which, listed shares	0	0	0	0
Value at beginning of year	651	652	651	652
Acquisitions during the year	0	0	0	0
Sales during the year	-16	0	-16	0
Share in earnings	37	50	37	50
Dividend received	-46	-51	-46	-51
Acquisition value at end of year	**626**	**651**	**626**	**651**
Total	**626**	**651**	**626**	**651**

The Group's and the Parent Company's share of the associated undertaking's balance sheets and income statements can be summarised as follows:

NOKm	31 Dec 2005	31 Dec 2004
Total assets	31,551	25,381
Total liabilities	30,952	24,786
Operating income	86	104
Operating profit	42	70

Nordeas' share of contingent liabilities in associated undertakings amounts to NOK 0.

31 Dec 2005	Registration number	Domicile	Book value NOKm	Voting power of holding %
Credit institutions				
Eksportfinans ASA	816 521 432	Oslo	**626**	23

Note 20
Investments in group undertakings

Parent company NOKm	31 Dec 2005	31 Dec 2004
Non-current assets		
Shares, financial institutions	3,181	3,117
Other	157	118
Total	**3,338**	**3,235**
Of which, listed shares	0	0
Acquisition value at beginning of year	3,235	3,244
Acquisitions during the year	36	0
Sales during the year	0	-24
Equity adjustments	-171	-202
Share in earnings	238	217
Acquisition value at end of year	**3,338**	**3,235**

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies. The full specification and statutory information are available on request from Nordea Investor Relations.

31 Dec 2005	Number of shares	Book value NOKm	Voting power of holding %	Domicile	Registration number
Nordea Bank Norge ASA					
Norgeskreditt AS	15,336,269	2,426	100.0	Oslo	971 227 222
Nordea Finans Norge AS	63,000	728	100.0	Oslo	924 507 500
Nordea Essendropsgate Eiendomsforvaltning AS	1,000	0	100.0	Oslo	986 610 472
Solheimsveien 3 AS	100	0	100.0	Oslo	884 590 752
Christiania Forsikring AS[1]	172,560	29	100.0	Oslo	941 219 349
Christiania Corporate AS[1]	16,000	78	100.0	Oslo	930 739 979
Nordea Inkasso AS[1]	300,000	24	100.0	Oslo	938 013 284
O.Tryggvasons g 39/41 AS[1]	1,000	6	100.0	Trondheim	930 289 132
O.Tryggvasons g 39/41 KS AS[1]	-	2	100.0	Trondheim	962 172 792
Rosenkrantz Tårn AS[1]	1,000	17	100.0	Oslo	918 389 318
Christiania Nominees Ltd.[1]	10,200	-1	100.0	UK	-
Christiania Finance S.A. [1]	750,000	27	100.0	Luxembourg	-
K-Fondene AS[1]	100	0	100.0	Oslo	980 528 626
Nordea Markets Norge AS[1]	1,500	0	100.0	Oslo	958 565 801
Trondheim City AS[1]	100	2	100.0	Trondheim	953 020 114
Total		**3,338**			

[1] Dormant companies

Note 21
Property and equipment

NOKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Current assets	1	5	1	5
Non-current assets	439	503	421	487
Of which buildings for own use	25	45	23	43
Total	**440**	**508**	**422**	**492**
Current assets				
Taken over for protection of claims[1]	1	5	1	5
Total	**1**	**5**	**1**	**5**

[1] See Note 16 for Assets taken over for protection of claims.

NOKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Non-current assets				
Equipment				
Acquisition value at beginning of year	1,500	1,514	1,428	1,449
Acquisitions during the year	115	88	107	82
Sales/disposals during the year	-190	-102	-189	-103
Reclassifications	2	0	2	2
Acquisition value at end of year	**1,427**	**1,500**	**1,348**	**1,430**
Accumulated depreciation at beginning of year	-1,042	-939	-985	-886
Sales/disposals during the year	181	88	180	88
Depreciations according to plan for the year	-150	-191	-143	-186
Reclassifications	-2	0	-2	-2
Accumulated depreciation at end of year	**-1,013**	**-1,042**	**-950**	**-986**
Total	**414**	**458**	**398**	**444**
Land and buildings				
Acquisition value at beginning of year	81	1,138	79	1,136
Acquisitions during the year	5	1	5	1
Sales/disposals during the year	-28	-1,060	-28	-1,060
Reclassifications	0	2	0	2
Acquisition value at end of year	**58**	**81**	**56**	**79**
Accumulated depreciation at beginning of year	-36	-485	-36	-485
Sales/disposals during the year	5	457	5	457
Depreciation according to plan for the year	-2	-6	-2	-6
Reclassifications	0	-2	0	-2
Accumulated depreciation at end of year	**-33**	**-36**	**-33**	**-36**
Total	**25**	**45**	**23**	**43**

Note 22
Leasing

Nordea as a lessor

Finance leases
Nordea owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans and receivables to the public" (see notes 18 and 19) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments

	Group	
	31 Dec	31 Dec
NOKm	2005	2004
Gross investments	4,542	3,574
Less unearned finance income	-794	-497
Net investments in finance leases	**3,748**	**3,077**
Less unguaranteed residual values accruing to the benefit of the lessor		
Present value of future minimum lease payments receivable	**3,748**	**3,077**
Accumulated allowance for uncollectible minimum lease payments receivable	15	15

As of 31 December 2005 the gross investment at remaining maturity was distributed as follows:

	Group	
	31 Dec	31 Dec
Distribution of gross investment at remaining maturity, NOKm	2005	2004
2005	-	1,115
2006	1,631	973
2007	1,246	723
2008	505	487
2009	352	195
2010	222	-
Later years	586	81
Total gross investment	**4,542**	**3,574**
Less unearned future finance income on finance leases	-794	-497
Net investment in finance leases	**3,748**	**3,077**

Note 22
Leasing cont.

Nordea as a lessee

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

	Group	
	31 Dec	31 Dec
Leasing expenses during the year, NOKm	2005	2004
Leasing expenses during the year	249	221
Of which		
minimum lease payments	249	221
contingent rents	0	0
Leasing income during the year regarding sublease payments	10	6

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

	Group	Parent company
NOKm	31 Dec 2005	31 Dec 2005
2006	230	230
2007	217	217
2008	207	207
2009	208	208
2010	150	150
Later years	1,362	1,362
Total	**2,374**	**2,374**

Total sublease payments expected to be received under non-cancellable subleases.

Note 23
Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Accrued interest income	1,180	1,255	1,087	1,113
Other accrued income	0	0	0	0
Prepaid expenses	61	68	60	42
Total	**1,241**	**1,323**	**1,147**	**1,155**

Note 24
Other assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Claims on securities settlement proceeds	5,949	7,191	5,949	7,191
Reinsurance recoverables				
Other	848	1,466	1,033	3,293
Total	**6,797**	**8,657**	**6,982**	**10,484**

Note 25
Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Central banks	0	0	0	0
Other banks	95,596	65,390	88,270	57,310
Other credit institutions	171	1,074	161	1,074
Total	**95,767**	**66,464**	**88,431**	**58,384**
Of which, liabilities to group undertakings	-	-	17,850	16,582
Of which, liabilities to associated undertakings	647	217	647	217
Maturity information				
Remaining maturity (book value)				
Payable on demand	21,057	33,044	17,186	24,964
Maximum 3 months	22,787	15,990	22,418	15,990
3 months–1 year	48,159	15,782	45,063	15,782
1–5 years	3,764	1,648	3,764	1,648
More than 5 years	0	0	0	0
Total	**95,767**	**66,464**	**88,431**	**58,384**
Average remaining maturity, years	1.0	1.0	1.0	1.0

Note 26
Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Deposits from the public	147,892	126,915	144,069	126,992
Total	**147,892**	**126,915**	**144,069**	**126,992**
Of which, liabilities to group undertakings	-	-	219	166
Of which, liabilities to associated undertakings	-	-	-	-

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits.

Maturity information, Deposits				
Remaining maturity (book value)				
Payable on demand	142,934	121,800	139,110	121,877
Maximum 3 months	4,834	4,461	4,835	4,461
3 months-1 year	112	568	112	568
1–5 years	12	86	12	86
More than 5 years	0	0	0	0
Total	**147,892**	**126,915**	**144,069**	**126,992**
Average remaining maturity, years	0.3	0.3	0.3	0.3

Note 27
Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Certificates of deposit	2,655	2,763	2,655	2,763
Bond loans	24,888	31,282	20,868	25,752
Total	**27,543**	**34,045**	**23,523**	**28,515**
Of which, liabilities to group undertakings	0	0	0	0
Of which, liabilities to associated undertakings	0	0	0	0
Maturity information, Debt securities in issue				
Remaining maturity (book value)				
Maximum 1 year	16,521	19,750	13,506	19,673
1–5 years	9,807	13,080	10,017	8,842
5–10 years	1,165	1,160	0	0
More than 10 years	50	55	0	0
Total	**27,543**	**34,045**	**23,523**	**28,515**
Average remaining maturity, years	1.8	1.8	1.6	1.5

Note 28
Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Liabilities on securities settlement proceeds	3,773	5,588	3,773	5,588
Sold, not held, securities	1,629	1,577	1,629	1,577
Accounts payable	78	69	33	30
Other	1,807	2,789	3,537	6,005
Total	**7,287**	**10,023**	**8,972**	**13,200**

Note 29
Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Accrued interest	615	673	615	673
Other accrued expenses	646	1,449	543	618
Prepaid income	101	286	0	144
Total	**1,362**	**2,408**	**1,158**	**1,435**

Note 30
Retirement benefit obligations

NBN group has from 2005 implemented IAS 19 in the accounting for the Group's pension obligations. In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" retirement benefit obligations less taxes not recognised in the balane sheet, have been booked directly against equity. The Group's recognised pension liabilities have been increased by NOK 1,163m and the equity reduced by NOK 837m after deferred tax at the transition date on January 1, 2005. Comparative figures for 2004 have been changed accordingly.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Pension plans	2,267	2,393	2,213	2,334
Other post-employment benefits	0	0	0	0
Total	**2,267**	**2,393**	**2,213**	**2,334**

Pension plans

Nordea Bank Norge is obliged to have an occupational pension scheme under the Mandatory Occupational Pension Plan Act. The group's pension schemes meet the demands required by this act. Nordea Bank Norway Group's pension plans are covered through Nordea Norge Pensjonskasse (pension fund), which is managed by Gabler & Partners AS. The Group has also pension commitments that are not covered by the pension funds. These relate to early retirement pensions and supplementary pensions. The pension scheme encompasses 5,676 people (5,757), of whom 2,288 (2,195) received pension as at 31.12.2005. The average member age is 56 (55).

Defined benefit plans

The pension scheme is entered in the accounts in accordance with IAS 19 which requires that the market based value of pension obligations net of assets backing these obligations will be reflected on the balance sheet. All plans in NBN are defined benefit plans. The major plans are funded schemes covered by assets in pension fund. Some other pension plans are recognised directly on the balance sheet as a liability. Actuarial gains/losses arising from changed assumptions or deviation between expected and actual return on assets may not be recognised in the balance sheet at once but will be recognised over a fixed period of 10 years if they in total exceeded 10% of gross pension liabilities in the previous reporting period. The pension expense for the year, after the deduction of the return of pension funds for the year, is presented as a net amount and included in staff costs.

The ordinary retirement age is 67. The schemes carry, based on present social security regulations, an entitlement to an old age pension corresponding to 70 per cent of pensionable income at the time of retirement. The amount is reduced correspondingly in the event of less than 30 years' service at the time of retirement. From the age of 67 onwards pensions paid by the bank are coordinated with those paid under the National Insurance Scheme.

IAS 19 pension calculations and assumptions

Calculations on all plans are performed by external liability calculators and are based on the actuarial assumptions fixed for NBN group's pension plans.

Assumptions[1]	2005	2004
Discount rate	4.0 %	4.5 %
Salary increase	3.0 %	3.0 %
Inflation	2.0 %	2.0 %
Expected return on assets before taxes	5.0 %	5.5 %
Expected adjustments of current pensions	2.0 %	2.0 %
Expected adjustments of basic Social Security	2.5 %	2.5 %

[1]The pension expense is measured at the beginning of the year, based on the assumptions existing at the beginning of 2005, i.e. the same assumptions which applied at the end of 2004. Thus, the changed assumptions will only influence on the pension liability at the end of 2005. The effect is booked as estimate deviation in 2005.

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this will be linked to the discount rate while equities and real estate will have an added risk premium.

Asset composition

The combined return on assets in 2005 was 8.7 % (8.8) reflecting a very attractive return on equities and real estate. At the end of the year, the equity exposure in the pension fund represented 17% (15) of total assets.

Funded schemes

	2005	2004
Equity	17%	15%
Bonds	64%	68%
Real estate	19%	17%
Of which		
- Nordea shares	-	-
- Nordea real estate	-	-

Defined benefit plans - balance sheet items

Retirement benefit assets reported in the balance sheet as at year-end amounted to NOK 0m (NOK 0m), whereas retirement benefit obligations totalled NOK 2,267m (2,393).

Amounts recognised in the balance sheet at 31 Dec

	Group		Parent company	
NOKm	2005	2004	2005	2004
PBO (present value of pension obligations)	5,919	5,273	5,766	5,135
Assets	3,023	2,576	2,950	2,508
Funded status - surplus/deficit (-)	**-2,896**	**-2,697**	**-2,816**	**-2,627**
Unrecognised actuarial gains(-)/losses	629	304	603	293
Unrecognised past service costs	0	0	0	0
Funded status in the balance sheet	**2,267**	**2,393**	**2,213**	**2,334**
Of which				
retirement benefit assets	0	0	0	0
retirement benefit obligations	2,267	2,393	2,213	2,334
related to unfunded plans	1,280	1,218	1,259	1,199

The development in the PBO and the value of assets are highlighted below.

Changes in the PBO

	Group		Parent company	
NOKm	2005	2004	2005	2004
PBO at 1 Jan	5,259	4,733	5,135	4,618
Service cost	193	162	182	153
Interest cost	219	214	214	209
Pensions paid	-259	-189	-256	-186
Curtailments and settlements	39	85	38	85
Past service cost	0	8	0	7
Actuarial gains(-)/losses	404	304	393	293
Change in provision for Social Security Contribution	64	-44	60	-44
PBO at 31 Dec	**5,919**	**5,273**	**5,766**	**5,135**

Changes in the fair value of assets

	Group		Parent company	
NOKm	2005	2004	2005	2004
Assets at 1 Jan	2,576	2,292	2,508	2,233
Expected return on assets	146	142	142	138
Pensions paid	-259	-189	-255	-186
Contributions[1]	481	331	472	323
Actuarial gains/losses(-)	79	0	83	0
Assets at 31 Dec	**3,023**	**2,576**	**2,950**	**2,508**
Actual return on plan assets	**225**	**142**	**225**	**138**

[1]Included the value of the capital paid by NBN ASA to Nordea Norge Pensjonskasse, NOK 118m, which has been reclassified from other assets to pension funds.

Note 30
Retirement benefit obligations cont.

Pension costs

The total net pension cost recognised in the Group's income statement (as staff costs) for the year is NOK 415m (NOK 322m).

Recognised net defined benefit cost

NOK m	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Service cost	193	162	182	153
Interest cost	219	214	214	205
Expected return on assets	-146	-142	-142	-138
Recognised actuarial gains(-) / losses	0	0	0	0
Recognised past service cost	0	8	0	7
Curtailments and settlements	39	85	38	85
Net cost	**305**	**327**	**292**	**312**
Accrued Social Security Contribution	110	-5	105	-6
Pension cost on defined benefit plans	**415**	**322**	**397**	**306**

The pension cost is higher than expected at the start of the year mainly because the Social Security tax is calculated on the actual net pension liabilities and not on the net recognised pension liability as earlier. The whole effect of this is recognised as a cost. The net pension cost is expected to be NOK 380m in 2006.
The Group expects to contribute NOK 370m (excl. SSC) to the defined benefit plans in 2006.

Note 31
Subordinated liabilities

NOKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Dated subordinated debenture loans	3,385	906	3,385	906
Undated subordinated debenture loans	1,913	1,785	1,913	1,785
Other subordinated loans	0	1	0	0
Total	**5,298**	**2,692**	**5,298**	**2,691**
Of which liabilities to group undertakings	-	-	30	30
Of which liabilities to associated undertakings	-	-	-	-

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

At 31 December 2005 loans - with terms specified below - exceeded 10% of the total outstanding volume.

Issued by	Year of issue / maturity	Nominal value	Book value NOKm	Interest rate (coupon)
Nordea Bank Norway ASA	2003 - Undated	EUR 70	559	Libor 3 month + 82 basis points
Nordea Bank Norway ASA	1987 - Undated	USD 200	1,354	Libor 3 month + 25 basis points
Nordea Bank Norway ASA	2005 - 2010	USD 350	2,369	Euribor 3 month + 75 basis points
Nordea Bank Norway ASA	2000 - 2011	USD 150	1,016	Libor 6 month + 18,75 basis points
			5,298	

Note 32
Equity

Group, NOKm	Share capital[1]	Share premium account	Other reserves	Revaluation reserves	Total equity
Balance at end of year, at 31 December 2004	**3,860**	**953**	**12,488**	**0**	**17,301**
Change in accounting policies:					
IAS 19 Pension liabilities			-838		**-838**
IAS 10 Reclassification of dividend paid out in 2005			2,200		**2,200**
Balance at end of year, at 31 December 2004, restated	**3,860**	**953**	**13,850**	**0**	**18,663**
IAS 39 Financial instruments			**-159**		**-159**
Currency translation differences			6		**6**
Dividend paid out 2005			-2,200		**-2,200**
Group contribution to Nordea companies not included in NBN Group			-10		**-10**
Net profit for the year			3,348		**3,348**
Balance at 31 December 2005	**3,860**	**953**	**14,835**	**0**	**19,648**

Dividends are not accounted for in the Group until they have been ratified at the Annual General Meeting. At the meeting on 16 February 2006, a dividend in respect of 2005 of NOK 3.22 per share (2004 actual dividend NOK 3.99 per share) amounting to a total of NOK 1.775bn (2004 actual NOK 2.2bn) is to be proposed. According to IFRS the financial statements for the Group for the year ended 31 December 2005 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2006.

Paren Bank, NOKm	Share capital[1]	Share premium account	Reserve for evaluation differences	Other reserves	Total equity
Balance at end of year, at 31 December 2004	**3,860**	**953**	**1,526**	**10,962**	**17,301**
Change in accounting policies:					
Pension liabilities				-809	**-809**
Pension liabilities in subsidiaries, equity method			-29		**-29**
Balance at end of year, at 31 December 2004, restated	**3,860**	**953**	**1,497**	**10,153**	**16,463**
Revaluation of loans				-184	**-184**
Group contribution to Nordea companies not included in NBN Group				-10	**-10**
Currency translation differences[5]				4	**4**
Transferred to Reserve for Evaluation differences			70	-70	**0**
Proposed dividend 2005				-1,775	**-1,775**
Profit for the year				3,352	**3,352**
Balance at 31 December 2005	**3,860**	**953**	**1,567**	**11,470**	**17,850**

[1] The share capital is NOK 3,859,510,032 (31 Dec 2004: 3,859,510,032) consisting of 551,358,576 shares at a nominal value of NOK 7.00.

Nordea Bank AB (Publ), corporate registration no. 516406-0120, owned 100 per cent of the shares in Nordea Bank Norge ASA as per 31.12.2005

Nordea Bank ABs business address is Hamngatan 10, SE -10571 Stockholm, Sweden

Description of the items included in equity is found in Note 1 Accounting principles

Note 33
Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Assets pledged for own liabilities				
Securities etc	16,859	14,042	16,859	14,042
Other pledged assets	25	25	25	25
Total	**16,884**	**14,067**	**16,884**	**14,067**
The above pledges pertain to the following liability and commitment items				
Liabilities to credit institutions	11,511	6,568	11,511	6,568
Deposits and borrowings from the public	5,348	7,474	5,348	7,474
Other liabilities and commitments	25	25	25	25
Total	**16,884**	**14,067**	**16,884**	**14,067**

Assets pledged for own liabilities contains of securities pledged as security in repurchase agreements and in securities borrowing. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Assets pledged related to clearing contains securities pledged for securities trading and clearing in NOS. Securities are also pledged for short term loans with the Central Bank of Norway.

Note 34
Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Guarantees				
Loan guarantees	1,316	1,230	1,316	1,230
Other guarantees	27,983	22,376	27,813	22,191
Documentary credits				
Unutilised irrevocable import documentary credits and confirmed export documentary credits	594	792	594	792
Total	**29,893**	**24,398**	**29,723**	**24,213**
Of which counter-guaranteed by:				
Other banks	1,148	1,361	1,148	1,361
Other credit institutions	244	164	97	2
Various collateral (at book value)	**12,451**	**13,025**	**12,451**	**13,025**

Various collateral include NOK 12,451 million for lines with Central Bank of Norway. Of guarantees NOK 25 million constitutes a mutual guarantee agreement with a Norwegian bank as collateral for brokerage activities.

Note 35
Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Future payment obligations	3,880	401	3,934	521
Other interest rate, equity and foreign exchange derivatives	137,269	150,342	128,341	130,762
Credit commitments	58,087	43,873	58,087	43,873
Unutilised portion of approved overdraft facilities	31,365	39,381	38,895	47,500
Total	**230,601**	**233,997**	**229,257**	**222,656**

Note 36
Capital adequacy

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Calculation of total capital base				
Equity	**19,648**	**17,301**	**17,850**	**17,301**
Proposed/actual dividend[1]	-1,775	-	-	-
Deferred tax assets	-843	-787	-808	-689
4/5 of actuarial loss on pensions liabilities booked against equity[2]	931	0	900	0
Other items, net	-27	-4	-1,568	-1,526
Tier 1 capital	**17,934**	**16,510**	**16,374**	**15,086**
Tier 2 capital	**5,634**	**3,032**	**5,298**	**2,691**
- of which perpetual subordinated loans	2,048	1,919	1,913	1,785
Deduction	-14	-32	-13	-32
Total capital base	**23,554**	**19,510**	**21,659**	**17,745**
Risk-weighted assets for credit and market risks				
Credit risks as specified below	233,525	197,593	207,185	170,931
Market risks as specified below	3,861	6,007	3,165	5,469
Total risk-weighted assets	**237,386**	**203,600**	**210,350**	**176,400**
Tier 1 capital ratio, %	7.6	8.1	7.8	8.6
Total capital ratio, %	9.9	9.6	10.3	10.1

[1] In NBN ASA proposed dividend is excluded form the shareholders equity according to local GAAP.

[2] Net acturarial loss related to pension liabilites is booked against equity at 1 January 2005. According to transitional rules from FSA 4/5 of the gross change in recognised pension liabilities can be added to the Tier 1 capital in 2005, 3/5 in 2006, 2/5 in 2007 and 1/5 in 2008.

Specification of risk-weighted assets, credit risks

Group	Items in the balance sheet		Off-balance-sheet items			
NOKm, end of 2005	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	22,454	0	5,457	0	0	0
B 10%	221	22	0	0	0	22
C 20%	44,394	8,879	9,283	24,227	1,385	10,264
D 50%	111,507	55,754	22	11	5	55,759
E 100%	139,040	139,040	53,681	27,313	27,313	166,353
Derivatives	0	0	169,535	0	1,128	1,128
Total	**317,616**	**203,694**	**237,978**	**51,551**	**29,831**	**233,525**

Parent company	Items in the balance sheet		Off-balance-sheet items			
NOKm, end of 2005	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	19,181	0	559	280	0	0
B 10%	171	17	0	0	0	17
C 20%	36,612	7,322	6,597	5,179	1,036	8,358
D 50%	110,644	55,322	22	11	5	55,327
E 100%	115,372	115,372	53,888	27,416	27,416	142,788
Derivatives	0	0	120,778	0	695	695
Total	**281,980**	**178,033**	**181,844**	**32,886**	**29,152**	**207,185**

Risk categories include:

A Cash and claim on, or guarantee by a government/central bank within the OECD

B Claim on, or guarantee by a Norwegian state enterprise, from before 1 January 2003

C Claim on, or guarantee by local governments or banks/financial institutions within the OECD, as well as short-term receivables from other banks/financial institutions.

D Claim backed by mortgages on residential property.

E Other assets.

Specification of risk-weighted assets, market risks

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2005	2004	2005	2004
Interest rate risks				
of which for specific risk	2,172	3,511	1,502	2,979
of which for general risk	965	1,777	952	1,773
Share price risks				
of which for specific risk	14	327	14	327
of which for general risk	58	30	58	30
Settlement risks		0		0
Counterparty risks and other risks	640	362	639	360
Exchange rate risks	12	0	0	0
Total	**3,861**	**6,007**	**3,165**	**5,469**

The basic objectives of the capital requirements are to secure that the financial institution at any time operates with a capital base sufficient to cover the risk-weighted assets divided into market risks and credit risks. The Norwegian Financial Supervisory Authority regulates the definitions and basis for calculation of capital base and risk-weighted assets and also requires quarterly reports regarding capital adequacy.

The capital ratio is calculated on a group basis. Ownership shares of 20 per cent or more is consolidated on a pro rata basis. The total capital is measured against a risk-weighted base where the individual items on and off balance sheet are multiplied by a risk factor that is based on the credit risk attached to the individual item. In addition, the risk-weighted basis includes market and foreign exchange risks. The mimimum capital ratio requirement is 8 per cent.

The objectives and the policies of capital management issues are handled in the group capital planning forum, headed by the group CFO, and includes tasks related to economic capital, Basel I and Basel II. Group planning forum monitors and analyses tasks related to these areas and prepares supporting documentation for further decision regarding capitalisation of the Group, including subordinated debt, repurchase of own shares and dividend. The capital planning forum closely follows and analyses the external capital requirements related to capital adequacy and Basel I, as well as future requirements under Basel II and the internal capital requirements in terms of economic capital.

Note 37
Classification of financial instruments

Group, NOKm

31 Dec 2005

Financial assets	Loans and receivables	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Cash and balances with central banks	4,071					4,071
Treasury bills and other interest-bearing securities		16,905			0	16,905
Loans and receivables to credit institutions	17,860					17,860
Loans and receivables to the public	257,869					257,869
Derivatives		1,200		1,530		2,730
Fair value changes of the hedged items in portfolio hedge of interest rate risk	491					491
Shares		441			68	509
Prepaid expenses and accrued income	1,241					1,241
Other assets	6,797					6,797
Total	**288,329**	**18,546**	**0**	**1,530**	**68**	**308,473**

[1]Shares classified as available for sale are booked to cost with the exception of the shares where a market price is available.

Financial liabilities	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Deposits by credit institutions				95,767	95,767
Deposits and borrowings from the public				147,892	147,892
Debt securities in issue				27,543	27,543
Derivatives	219		1,747		1,966
Fair value changes of the hedged items in portfolio hedge of interest rate risk				199	199
Other liabilities	1,629			5,625	7,254
Accrued expenses and prepaid income				1,362	1,362
Subordinated liabilities				5,298	5,298
Total	**1,848**	**0**	**1,747**	**283,686**	**287,281**

Net gains/losses on financial instruments recognised in the income statement

Group, NOKm	2005
Financial assets and financial liabilities held for trading	782
Disposals of available-for-sale financial assets	96
Net gains/losses on hedging instruments	-192
Net gains/losses on hedged items	201
Total	**887**

Note 38

Assets and liabilities at fair value

	31 Dec 2005		31 Dec 2004	
Group, NOKm	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	4,071	4,071	14,972	14,972
Treasury bills and other eligible bills				
Loans and receivables to credit institutions	17,860	17,860	4,675	4,700
Loans and receivables to the public	257,869	257,971	211,608	211,880
Interest-bearing instruments	16,905	16,905	19,174	19,273
Shares	509	509	971	971
Derivatives	2,730	2,730	1,683	1,683
Fair value changes of the hedged items in portfolio hedge of interest rate risk	491	491	0	0
Investments in associated undertakings	626	626	651	651
Intangible assets				
Tangible assets	440	440	508	508
Investment property				
Deferred tax assets	821	821	1,107	1,107
Current tax assets				
Prepaid expenses and accrued income	1,241	1,241	1,323	1,323
Other assets	6,797	6,797	8,657	8,657
Total assets	**310,360**	**310,462**	**265,329**	**265,725**

	Book value	Fair value	Book value	Fair value
Liabilities				
Deposits by credit institutions	95,767	95,767	66,464	66,431
Deposits and borrowings from the public	147,892	147,892	126,915	126,915
Liabilities to policyholders				
Debt securities in issue	27,543	27,636	34,045	34,910
Derivatives	1,966	1,966	1,024	1,024
Fair value changes of the hedged items in portfolio hedge of interest rate risk	199	199	0	0
Other liabilities	8,417	8,417	10,725	10,725
Accrued expenses and prepaid income	1,362	1,362	2,408	2,408
Deferred tax liabilities				
Provisions				
Retirement benefit obligations	2,267	2,267	2,393	2,393
Subordinated liabilities	5,299	5,299	2,692	2,684
Total liabilities	**290,712**	**290,805**	**246,666**	**247,490**

Estimation of fair value for financial instruments

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans and receivables, deposits and borrowing and issued securities.

The book values on loans and receivables, deposits and borrowing and issued securities are adjusted for the value of the fixed interest term in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term.

Fair value is estimated to be equal to the book value for short-term financial assets and financial liabilities.

For further information about valuation of items normally measured at fair value, see Note 1- Accounting principles.

Note 39
Assets and liabilities in foreign currencies

Group, NOKbn 31 Dec 2005	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills							
Loans and receivables to credit institutions	0	0	1	14	3	0	18
Loans and receivables to the public	5	4	0	209	36	4	258
Interest-bearing securities	5	0	2	10	0	0	17
Other assets	0	0	0	17	1	0	18
Total assets	**10**	**4**	**3**	**250**	**40**	**4**	**311**
Liabilities and equity							
Deposits by credit institutions	5	2	0	14	74	1	96
Deposits and borrowings from the public	5	1	1	129	12	0	148
Debt securities in issue	7	0	0	18	2	1	28
Subordinated liabilities	0	0	0	0	5	0	5
Other liabilities and equity	0	0	0	33	1	0	34
Total liabilities and equity	**17**	**3**	**1**	**194**	**94**	**2**	**311**
Position not reported in the balance sheet	**-6**	**0**	**3**	**54**	**-52**	**1**	**-1**
Net position, currencies	**0**	**0**	**-1**	**2**	**-2**	**1**	**1**

Parent company, NOKbn 31 Dec 2005	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills							
Loans and receivables to credit institutions	0	0	1	26	2	0	29
Loans and receivables to the public	5	3	0	181	36	2	227
Interest-bearing securities	5	0	2	11	0	0	18
Other assets	0	0	0	20	0	0	20
Total assets	**10**	**3**	**3**	**238**	**38**	**2**	**294**
Liabilities and equity							
Deposits by credit institutions	4	2	0	14	67	1	88
Deposits and borrowings from the public	5	1	0	127	11	0	144
Debt securities in issue	7	0	0	14	2	1	24
Subordinated liabilities	0	0	0	0	5	0	5
Other liabilities and equity	0	0	0	32	1	0	33
Total liabilities and equity	**16**	**3**	**0**	**187**	**86**	**2**	**294**
Position not reported in the balance sheet	**-6**	**0**	**3**	**54**	**-52**	**1**	**-1**
Net position, currencies	**0**	**0**	**0**	**-3**	**4**	**-1**	**1**

Note 40
Hedge accounting

Fair value hedges
Net gains/losses on hedging instruments and on hedged items

Group, NOKm	31 Dec 2005
Net gains/losses on hedging instruments	-192
Net gains/losses on hedged items	201
Total	**9**

Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

Group, NOKm	31 Dec 2005
Book value at beginning of year	877
Revaluation of hedged item	-386
Book value at end of year	**491**

Liabilities

Group, NOKm	31 Dec 2005
Book value at beginning of year	785
Revaluation of hedged item	-586
Book value at end of year	**199**

Note 41
Continued involvement in assets that have been transferred and associated liabilities

Continued involvement in assets that have been transferred

	Group		Parent company	
NOKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Repurchase agreements				
Treasury bills and other eligible bills	3,773,525	141,365	3,773,525	141,365
Total	**3,773,525**	**141,365**	**3,773,525**	**141,365**

The assets continue to be recognised in the balance sheet since Nordea is still exposed to changes in the fair value of the assets.

Liabilities associated with the assets

	Group		Parent company	
NOKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Repurchase agreements				
Liabilities to credit institutions	3,773,525	141,365	3,773,525	141,365
Total	**3,773,525**	**141,365**	**3,773,525**	**141,365**

Note 42

Related-party transactions

Group, NOKm	Associated undertakings 31 Dec 2005	Associated undertakings 31 Dec 2004	Nordea Norge Pension foundations 31 Dec 2005	Nordea Norge Pension foundations 31 Dec 2004	Other Nordea companies 31 Dec 2005	Other Nordea companies 31 Dec 2004
Assets						
Loans and receivables		1			8,470	13,385
Interest-bearing securities					-	-
Shares					-	-
Derivatives					933	-
Investments in associated undertakings					-	-
Other					64	323
Total assets	**0**	**1**	**0**	**0**	**9,467**	**13,708**
Liabilities						
Deposits	647	227	88	120	84,304	73,437
Debt securities in issue	868	216			-	-
Derivatives					355	175
Subordinated liabilities					3,943	-
Other					306	597
Total liabilities	**1,515**	**443**	**88**	**120**	**88,908**	**74,209**

Parent company, NOKm	Group undertakings 31 Dec 2005	Group undertakings 31 Dec 2004	Associated undertakings 31 Dec 2005	Associated undertakings 31 Dec 2004	Nordea Norge Pension foundations 31 Dec 2005	Nordea Norge Pension foundations 31 Dec 2004
Assets						
Loans and receivables	17,780	8,704				
Interest-bearing securities						
Shares						
Derivatives						
Investments in associated undertakings						
Investments in group undertakings						
Other	57	13				
Total assets	**17,837**	**8,717**	**0**	**0**	**0**	**0**
Liabilities						
Deposits	190	165	647	227	88	120
Debt securities in issue			868	216		
Derivatives	11					
Subordinated liabilities	0					
Other	0					
Total liabilities	**201**	**165**	**1,515**	**443**	**88**	**120**
Guarantees for enterprises in the same group	**233**	**229**				

Transactions with key management personnel

Compensations and loans to key management personnel are presented in note 8.

Apart from compensations and loans, ordinary savings and regular day-to-day banking transactions between Nordea and key management personnel are transacted on arm's length terms. Total assets and liabilities representing transactions with key management personnel amounted to approximately NOK 200 million and 1 million, respectively. The transactions in question are entered into on commercial terms. Judged from Nordea's point of view, there are no other material transactions between Nordea and key management personnel.

Note 43
NBN ASA Non-interest Income

Parent company , NOKm	2005	2004
Dividends on short-term equities	10	8
Dividends on long-term equities	26	18
Share of profit from associated companies	37	50
Share of profit from group companies	238	216
Dividends and profits from group companies and associated companies	**311**	**292**
Guarantee fees	154	138
Credit broking	117	78
Securities broking	533	429
Custodial services	93	96
Electronic payment services	725	703
Manual payment services	170	207
Insurance commissions	46	38
Other commissions and fees	164	128
Commissions and fees	**2,002**	**1,817**
Securities broking	-63	-58
Custodial services commissions	0	0
Payment services	-358	-350
Other commissions and fees	-6	-2
Commissions expenses	**-427**	**-410**
Net change in value and profit (loss) on certificates and bonds	298	333
Net change in value and profit (loss) on equities	233	-4
Net change in value and profit (loss) on securities	**531**	**329**
Net change in value and profit (loss) on foreign exchange	205	186
Net change in value and profit (loss) on financial derivatives	8	-1
Net change in value and profit (loss) on foreign exchange and financial derivatives	**213**	**185**
Operating income from real estate	41	40
Other non-interest income	118	63
Profit from sale of fixed assets	11	309
Other non-interest income	**170**	**412**
Total non-interest income	**2,800**	**2,625**

Note 44
NBN ASA Specification of assets

Parent company , NOKm	2005	2004
Cash and deposits with central banks	**4,071**	**14,972**
Deposits with and loans to credit institutions without agreed term of notice	9,362	5,251
Deposits with and loans to credit institutions with agreed term of notice	19,431	8,069
Deposits with and loans to credit institutions	**28,793**	**13,320**
Discounted bills	60	179
Overdrafts facilities	19,277	16,988
Building loans	3,957	2,433
Amortizing loans	205,479	168,440
Subordinated loans to other enterprises	37	83
Loans to customers	**228,810**	**188,123**
Specific allowance for loan losses	-791	-1,718
General allowance for loan losses	-1,025	-1,075
Net loans to customers	**226,994**	**185,330**
Land	1	4
Residential properties	-	1
Other assets	-	2
Repossessed assets	**1**	**7**
Government and government-guaranteed certificates (weighted 0%)	6,183	6,203
Certificates issued/guaranteed by state owned enterprises (weighted 10%)	171	244
Certificates issued/guaranteed by financial institutions (weighted 20%)	8,746	7,928
Certificates issued/guaranteed by others (weighted 100%)	1,630	3,271
Own certificates and bonds for market-making purposes (weighted 20%)	1,047	1,353
Short-term certificates and bonds	**17,777**	**18,999**
Short-term investments in equities	442	874
Other long-term investments in equities	58	87
Investments in companies other than limited companies	9	10
Long-term bonds	**509**	**971**
Ownership interest in other associated companies	626	651
Associated companies	**626**	**651**
Ownership interests in group companies - credit institutions	3,180	3,115
Ownership interests in other group companies	158	120
Equities and investments in group companies	**3,338**	**3,235**
Deferred tax asset	808	1,004
Deferred tax asset, goodwill and other intangible assets	**808**	**1,004**
Machinery, equipment and vehicles	398	443
Buildings and commercial properties	23	44
Real estate and machinery	**421**	**487**
Other assets	8,997	10,292
Group contribution and dividend	224	190
Other assets	**9,221**	**10,482**
Prepaid expenses and accrued income	**1,147**	**1,155**
Total assets	**293,706**	**250,613**

Note 45
NBN ASA Securities

	31 Dec 2005			31 Dec 2004		
	Cost	Book value	Market value	Cost	Book value	Market value
Certificates and bonds						
Listed	17,671	17,709	17,709	18,955	18,940	19,022
Unlisted	68	68	68	59	59	59
Total certificates and bonds [1]	**17,739**	**17,777**	**17,777**	**19,014**	**18,999**	**19,081**
Equities and investments						
Listed [3]	399	427	427	842	858	858
Unlisted	11	15	15	16	17	17
Total short-term equities and investments [2]	410	442	442	858	875	875
Equities and investments held as fixed assets 3	67	67	-	96	96	-
Total equities and investments	**477**	**509**	**442**	**954**	**971**	**875**
[1] Of which Trading portfolio	5,634	5,672	5,672	8,573	8,640	8,640
Banking portfolio	12,105	12,105	12,105	10,441	10,359	10,441
[2] Of which Trading portfolio	410	442	442	843	860	860
Banking portfolio	-	-	-	15	15	15

[3] Equities and investments held as fixed assets

Opening balance as at 01.01.2005	96
Aquisitions during the year	1
Disposals during the year	-31
Reclassifications	2
Write-downs during the year	0
Effect of foreign exchange	-1
Closing balance as at 31.12.2005	67

Note 46
NBN ASA Specification of liabilities

Parent company , NOKm	2005	2004
Loans and deposits from credit institutions without agreed term of notice	6,109	11,473
Loans and deposits from credit institutions with agreed term of notice	82,322	46,911
Deposits from credit institutions	**88,431**	**58,384**
Deposits from customers without agreed term of notice	90,777	76,598
Deposits from customers with agreed term of notice	53,292	50,394
Deposits from customers	**144,069**	**126,992**
Total deposits	**232,500**	**185,376**
Certificates and other short-term borrowings	2,655	2,763
Own, non-amortised certificates	-	-
Bond loans	20,868	25,752
Own, non-amortised bonds	-	-
Certificates and bond loans	**23,523**	**28,515**
Provision for dividend	1,775	2,200
Other liabilities	8,332	10,998
Taxes payable	1,033	571
Other liabilities	**11,140**	**13,769**
Accrued expenses and prepaid receivables	1,158	1,338
Prepaid loan origination fees etc.	-	97
Accrued expenses and prepaid receivables	**1,158**	**1,435**
Unfounded pension liabilities	2,214	2,334
General allowance on guarantees	-	-
Specific allowance on guarantees	23	1
Provision for restructuring programme	-	1
Other allowances for liabilities	-	-
Allowances for liabilities	**2,237**	**2,336**
Total other liabilities	**38,058**	**46,055**
Ordinary subordinated loan capital - maturity 2007 and later	3,385	906
Perpetual subordinated loan capital	1,913	1,785
Subordinated loan capital	**5,298**	**2,691**
Total liabilities	**275,856**	**234,122**

Note 47
NBN ASA Deposits from customers

By industry and retail market, NOKm	Parent company 2005	2004
Retail market	44,330	40,429
Primary industries (agriculture/fisheries)	1,585	1,617
Oil extraction and drilling, mining	2,955	4,170
Manufacturing industry	5,561	8,162
Power and water supply, building and construction	5,083	4,524
Wholesale and retail trade	6,386	6,910
Hotels and restaurants	505	596
Shipping and aviation	10,232	9,056
Real estate	615	5,326
Commercial services	46,788	30,413
Government and public sector	4,421	4,753
Insurance and other financial companies	12,424	10,071
Other	3,184	965
Total deposits from customers	**144,069**	**126,992**

By product		
Transaction accounts corporate market, NOK	71,230	60,470
Transaction accounts corporate market, foreign exchange	11,914	10,340
Transaction accounts retail market	11,080	9,045
Savings account	2,185	2,004
Other deposits in NOK	42,397	41,454
Other deposits in foreign exchange	5,263	3,679
Total deposits from customers	**144,069**	**126,992**

Note 48
NBN ASA Hedge accounting

The following intercompany items are included in the balance sheet of the Parent company:

	Subsidiaries		Nordea companies	
NOKm	2005	2004	2005	2004
Deposits with and loans to credit institutions	17,750	8,674	8,470	13,385
Subordinated loan capital subsidiaries	30	30	0	0
Loans to customers	0	0	0	0
Other assets	15	14	983	39
Prepaid expenses and accrued income	42	-1	14	284
Total due from companies in the Group	**17,837**	**8,717**	**9,467**	**13,708**
Deposits from credit institutions	153	127	84,033	73,267
Deposits from customers	37	38	0	0
Other liabilities	11	0	306	597
Debt from issuance of securities	0	0	4,569	345
Total due to companies in the Group	**201**	**165**	**88,908**	**74,209**
Mortgages, other security and guarantees for enterprises in the same group	233	229		

Note 49a

NBN ASA Maturity and repricing structure on balance sheet items

Specification of balance sheet items distributed by maturity date

Parent Company

	Up to 1 month		1-3 months		3-12 months		1-5 years		More than 5 years		Without maturity		Totalt	
NOKm	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY
Cash and deposits with central banks	3,274										696	101	**3,970**	**101**
Deposits with and loans to credit institutions	12,902	2,618	12,850	191	71	24	9		128				**25,960**	**2,833**
Loans to customers	26,174	15,223	27,392	23,354	17,942	7,035	29,315	39	81,440	105			**182,263**	**45,756**
General allowance											-1,025		**-1,025**	**-**
Repossessed assets											1		**1**	**-**
Certificates and bonds	103	19	1,015	1,870	2,008	3,498	6,204	1,637	1,423				**10,753**	**7,024**
Equities and investments											480	29	**480**	**29**
Associated companies											626		**626**	**-**
Equities and investments in group companies											3,338		**3,338**	**-**
Deferred tax asset, goodwill and other intangible assets											808		**808**	**-**
Fixed assets											421		**421**	**-**
Other assets	6,625	166	136	1,133							1,161		**7,922**	**1,299**
Prepaid expenses and accrued income			836	222							61	28	**897**	**250**
Total assets	**49,078**	**18,026**	**42,229**	**26,770**	**20,021**	**10,557**	**35,528**	**1,676**	**82,991**	**105**	**6,567**	**158**	**236,414**	**57,292**
Deposits and loans from credit institutions	5,710	16,960	3,807	13,127	2,222	42,841	1,829	1,935					**13,568**	**74,863**
Deposits from customers	121,850	17,260	4,784	51	42	70	12						**126,688**	**17,381**
Certificates and other short-term borrowings			300		2,355								**2,655**	**-**
Bond loans			185	677	2,509	7,480	8,915	1,102					**11,609**	**9,259**
Other liabilities	5,831	203	2,995	122	605	29					1,128	227	**10,559**	**581**
Accrued expenses and prepaid receivables					404	396					350	8	**754**	**404**
Allowances for liabilities									2,213		24		**2,237**	**-**
Subordinated loans								1,015		2,370		1,913	**0**	**5,298**
Equity											17,850		**17,850**	**-**
Total liabilities and equity	**133,391**	**34,423**	**12,071**	**13,977**	**8,137**	**50,816**	**10,756**	**4,052**	**2,213**	**2,370**	**19,352**	**2,148**	**185,920**	**107,786**
Liquidity exposure gap on balance sheet items	-84,313	-16,397	30,158	12,793	11,884	-40,259	24,772	-2,376	80,778	-2,265	-12,785	-1,990	**50,494**	**-50,494**
Net cash flow from financial derivatives			-45,041	45,882	-7,395	7,511	-1,074	1,017					**-53,510**	**54,410**
Net total on all items	**-84,313**	**-16,397**	**-14,883**	**58,675**	**4,489**	**-32,748**	**23,698**	**-1,359**	**80,778**	**-2,265**	**-12,785**	**-1,990**	**-3,016**	**3,916**

Note 49a

NBN ASA Maturity and repricing structure on balance sheet items cont.

Explanation to the note:

- Overdrafts, operating credits and credit lines on salary accounts are classified under the group "up to 1 month".
- The certificates and bonds portfolio is classified according to maturity dates. Participation in stocks, bonds and money market funds are classified under the group "without maturity".

- Other assets and Prepaid expenses and accrued income are classified according to their most likely realisation date. Evaluation and settlement accounts are classified under the group "up to 1 month". Long-term equities and investments, associated companies and real estate and machinery are classified under the group "without maturity".

- Net pension liabilities are classified under the group "more than 5 years".

- Financial derivatives:	Options and futures:	Settled up-front
	FRA:	Cash flow not known
	Interest rate swaps:	Fixed cash margin until next interest rate fixing
	Interest rate and foreign exchange swaps:	Fixed cash margin until next interest rate fixing Swapping of agreed foreign exchange amount at maturity

Note 49b

NBN ASA Specification of balance sheet items distributed by repricing structure

	Up to 1 month		1-3 months		3-12 months		1-5 years		More than 5 years		Without maturity		Total	
NOKm	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY
Cash and deposits with central banks	3 274										696	101	**3 970**	**101**
Deposits with and loans to credit institutions	17 373	2 729	8 379	80	71	24	9		128				**25 960**	**2 833**
Loans to customers	32 409	9 353	121 672	13 533	23 191	17 699	5 500	1 418	701	3 816	-1 210	-63	**182 263**	**45 756**
General allowance											-1 025		**-1 025**	**-**
Repossessed assets											1		**1**	**-**
Certificates and bonds	2 572	541	3 488	3 559	2 518	2 924	1 455		721				**10 754**	**7 024**
Equities and investments											480	29	**480**	**29**
Associated companies											626		**626**	**-**
Equities and investments in group companies											3 338		**3 338**	**-**
Deferred tax asset, goodwill and other intangible assets											808		**808**	**-**
Fixed assets											421		**421**	**-**
Other assets	4			111							7 917	1 188	**7 921**	**1 299**
Prepaid expenses and accrued income											897	250	**897**	**250**
Total assets	**55 632**	**12 623**	**133 539**	**17 283**	**25 780**	**20 647**	**6 964**	**1 418**	**1 550**	**3 816**	**12 949**	**1 505**	**236 414**	**57 292**
Deposits and loans from credit institutions	5 710	16 520	3 807	13 127	2 222	43 281	1 829	1 935					**13 568**	**74 863**
Deposits from customers	126 009	17 260	450	51	212	70	13		4				**126 688**	**17 381**
Certificates and other short-term borrowings			1 300		1 355								**2 655**	**-**
Bond loans	176	859	3 308	7 461	5 622	939	2 503						**11 609**	**9 259**
Other liabilities			2	29							10 557	552	**10 559**	**581**
Accrued expenses and prepaid receivables											754	404	**754**	**404**
Allowances for liabilities											2 237		**2 237**	**-**
Subordinated loan capital		559		3 385		1 354							**-**	**5 298**
Equity											17 850		**17 850**	**-**
Total liabilities and equity	**131 895**	**35 198**	**8 867**	**24 053**	**9 411**	**45 644**	**4 345**	**1 935**	**4**	**-**	**31 398**	**956**	**185 920**	**107 786**
Liquidity exposure gap on balance sheet items	-76 263	-22 575	124 672	-6 770	16 369	-24 997	2 619	-517	1 546	3 816	-18 449	549	**50 494**	**-50 494**
Financial derivatives which directly affect repr. struc.	0	0	-65 753	53 033	-172	837	12 593	645	-178	-105	0	0	**-53 510**	**54 410**
Net interest gap on all items	**-76 263**	**-22 575**	**58 919**	**46 263**	**16 197**	**-24 160**	**15 212**	**128**	**1 368**	**3 711**	**-18 449**	**549**	**-3 016**	**3 916**
Net interest gap as a % of total assets at year-end	**-26,0**	**-7,7**	**20,1**	**15,8**	**5,5**	**-8,2**	**5,2**	**0,0**	**0,5**	**1,3**	**-6,3**	**0,2**	**-1,0**	**1,3**

Amortising loans are placed in the group "1-3 months". Fixed rate amortising loans are categorised according to fixed interest period.
Other loans and deposits from customers are placed in the group "Up to 1 month", except from products which have a contractual fixed interest rate period.

Note 49c

NBN ASA Interest rate sensitivity as at 31 December 2005

		Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Trading portfolio							
	NOK	0.1	-3.0	-11.2	-6.3	-43.7	-64.1
	USD	-	-1.0	5.1	-2.8	0.0	1.3
	EUR	-	12.8	-53.7	-29.2	19.3	-50.7
	GBP	-	-1.0	4.0	-	-	3.0
	Other currencies	-	-	-	-	-	-
Banking portfolio							
	NOK	8.1	11.6	-19.8	-73.6	-61.4	-135.1
	USD	-2.6	1.4	2.9	-0.1	-0.1	1.6
	EUR	-0.5	-2.9	-9.7	0.1	0.0	-12.9
	GBP	-0.1	-0.9	-1.2	0.0	0.0	-2.2
	Other currencies	2.6	-5.8	-1.6	0.0	0.0	-4.7
Total							
	NOK	8.3	8.6	-30.9	-80.0	-105.1	-199.1
	USD	-2.6	0.4	8.0	-2.9	-0.1	2.9
	EUR	-0.5	9.9	-63.4	-29.1	19.3	-63.7
	GBP	-0.1	-1.9	2.8	0.0	0.0	0.8
	Other currencies	2.6	-5.8	-1.6	0.0	0.0	0.0

The value of items on and off the balance sheet is influenced by changes in interest rates. This interest rate sensitivity may be expressed as potential changes in value as a result of hypothetical interest rate change at a specific time. The table shows calculated change in market value of the portfolio exclusive of options at the end of 2004 if the interest rate increased (i.e. a parallel displacement of the yield curve) by one percentage point. A decrease in the interest rate of one percentage point would result in the same change, but with the sign reversed.

The trading portfolio includes Nordea Markets and the banking portfolio Treasury. The calculations are based on exposure in linear instruments with market risk which have interest risk. Exposure in non-linear instruments (for instance options) are not included.

Audit report

To the Board of Representatives and Annual Shareholders' Meeting of Nordea Bank Norge ASA

Respective Responsibilities of Directors and Auditors
We have audited the annual financial statements of Nordea Bank Norge ASA as of 31 December 2005, showing a profit of NOK 3.352.000.000 for the parent company and a profit of NOK 3.348.000.000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act for banks and financial institutions and good accounting practice in Norway have been applied to prepare the parent company's financial statement. The rules of the Norwegian accounting act for banks and financial institutions and International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion
We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening (The Norwegian Institute for Public Accountants). These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion,

- the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the parent company as of 31 December 2005, the results of its operations and its cash flows for the year then ended, in accordance with the rules of the Norwegian accounting act and good accounting practice in Norway
- the group accounts are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2005, the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and comply with laws and regulations.

Oslo, 16 February 2006
KPMG AS

Ole M. Klette
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only

Report of the Control Committee

To the Supervisory Board and the Annual Shareholders' Meeting of Nordea Bank Norge ASA
During 2005 the Control Committee has inspected the Bank's activities in accordance with the Commercial Banks Act §13 and the instructions issued by the Supervisory Board on 4 August 1992.

The Committee has examined the accounts for 2005 and is of the view that they are in accordance with prevailing rules and regulations and generally accepted accounting standards. The Control Committee considers the Board of Directors' evaluation of the Bank's financial position adequate and recommends that the income statement and balance sheet be adopted as presented.

With reference to other aspects of the accounts for 2005 the Control Committee refers to the auditor's report of 16 February 2006 and supports the views expressed therein concerning the submitted annual accounts.

Oslo, 16 February 2006

Fanny Platou	Amble Finn Fadum	Jan T. Bjerke	Odd Svang-Rasmussen
(Chairman)	(Deputy Chairman)	(Member)	(Deputy Member)

Board of Directors

The Board of Directors of Nordea Bank Norge ASA comprises the President and the Chief Executive Officer of the Nordea Group, Lars G Nordström, and seven members. In addition there are two deputy members.

The Managing director of Nordea Bank Norge is Tom Ruud.

Board of Directors 31 December 2005

Lars G Nordström

Born 1943. President and Group Chief Executive Officer of Nordea. Chairman of the Board since 2002. Member since 2001.

Markku Pohjola

Born 1948. President of Nordea Bank Finland Plc. Head of Group Processing and Technology in Nordea. Deputy Group Chief Executive Officer in Nordea. Deputy chairman of the board since 2002. Member since 2001.

Tom Ruud

Born 1950. Managing director of Nordea Bank Norge ASA. Head of Corporate and Institutional Banking in Nordea. Member since 2002.

Arne Liljedahl

Born 1950. Head of Group Corporate Centre in Nordea. Member since 2002.

Carl Erik Krefting

Born 1953. Partner at Thommessen Krefting Greve Lund AS. Member since 2001.

Hege Marie Norheim

Born 1967. Information director of Norsk Hydro ASA - Oil & Energy.Member since 2001.

Liv Irene Haug

Born 1954. Employee representative. Member since 1999.

Peter Schütze

Born 1948. Head of Retail in Nordea. Member since 2004.

Deputy members

Hans Christian Krogh Riise

Deputy employee representative

Steinar Nickelsen

Deputy employee representative

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