



Summary 2005

"We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions"

This is Nordea

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 4.4 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

Annual report practice

Nordea relies increasingly on the Internet in the communication with shareholders and investors. All significant financial information about the Nordea Group can be found at the Group's homepages.

This is a summary of the Nordea Annual Report 2005.

The summary is produced in English, Danish, Finnish, Norwegian and Swedish and is available on the Internet and in bank branches.

Financial reports 2006

Nordea will publish the following financial reports during 2006:

3 May - interim report for the first quarter
19 July - interim report for the second quarter
25 October - interim report for the third quarter

Investor relations

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Website

All reports and press releases are available on the Internet at: www.nordea.com

Financial reports published by the Nordea Group may be ordered via Investor Relations.

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Highlights of 2005

January

Nordea is one of the first banks to market and sell international funds in Poland after being granted permission by the Polish authorities.

Nordea's private banking is named best in the Nordic area by Euromoney magazine. The motivation is Nordea's Private Banking's comprehensive offering and competence within asset management.

March

Nordea completes the buy-back programme of own shares within the framework of the authorisation given by the 2004 AGM. A total of 139 million shares, or approximately 5 per cent of the total shares in the company have been repurchased.

April

The 2005 AGM authorises the Board of Directors to decide to repurchase own shares equalling no more than one tenth of the total shares of the company. The authorisation is valid until the next AGM.

Nordea's first quarter results show operating profit up 10 per cent compared to Q1 2004.

June

Nordea receives an award for its electronic invoicing system, e-invoice, by The Banker magazine. The motivation is that Nordea's e-invoice solution delivers added value to customers, with no major investments. Nordea signs an agreement to purchase Sampo's Polish life and pension companies to be merged into Nordea's Polish life company. The mandatory pension system is one of the fastest growing segments of the long-term savings market in Poland with an expected growth rate of around 20 per cent annually.

August

Nordea enters into a strategic agreement with The Bank of New York regarding global custody. Nordea thereby becomes the premier provider of securities services to institutional clients in the Nordic and Baltic Sea region.

Nordea's half-year results show operating profit up 33 per cent compared to the same period 2004. Volumes continued to grow in all business areas while overall costs remained unchanged.

September

Nordea is awarded "Best Bank in Sweden" by the Banker



magazine for the second year in a row. The motivation is that Nordea continues to improve its financial result as well as its offering to its customers.

October

Nordea's results for the third quarter show operating profit up 30 per cent compared to the same period 2004. Despite a much-increased activity level costs are largely unchanged.

Nordea's Board of Directors decides, within the framework of the authorisation by the AGM, that the company will buy back maximum 50 million of its own shares, equal to approximately 2 per cent of total shares.

November

Nordea introduces multi-manager funds, one of the fastest growing segments on the European and US fund markets. Multi-manager funds have a worldwide selection of third-party asset managers that invest in European and global equities.

Nordea completes the repurchase of own shares according to the decision by the Board of Directors in October.

Nordea focuses on Sweden to increase growth and will over a two-year period strengthen its advisory capacity by increasing the number of advisers and specialists by up to 500 employees. New branches and venues will gradually be opened as well.

December

The Polish authorities approve Nordea's purchase of Sampo's Polish life and pension companies, announced in June.

"Going forward, I feel very confident that we will continue on the route towards realising our increased ambitions"



Nordea's best year so far

With continuous improvement and strong customer focus as the main drivers we have raised productivity and been able to capture growth opportunities. We have reached a return on equity level of 18% - well ahead of the financial targets set in 2004.

Our strict cost management has paid off. Since 2002 total costs in nominal terms have decreased by 6% - in real terms close to 15%.

The process of reaping the full potential of the size, scale and scope of Nordea has shown convincing results to the benefit of our customers, shareholders and employees.

Going forward, I feel very confident that we will continue on the route towards realising our increased ambitions.

Stability, profitability and growth

The development of Nordea from 2002 up to now has been characterised by three different phases. This has paved the way to our new ambition level of leading market positions, profitable revenue growth with maintained stable costs and high credit portfolio quality.

In the first phase the focus was on increasing the quality and stability of our financials. This primarily was achieved by reducing volatility of earnings, increasing capital efficiency and by focussing on credit quality. This, I would call the "stability" phase.

Having stabilised financials we started to improve profitability by focussing on core activities and by reducing complexity in our operations and streamlining processes. A strict cost management culture was established. This phase I would call the "profitability" phase.

Now we are in what I would characterise as the "growth" phase, reaping the full benefits of the size, scale and scope of Nordea in order to capture profitable revenue growth opportunities while maintaining our strong cost and risk management.

Strong growth and record result in 2005

2005 was the best year so far in Nordea's history reflecting record results in all business areas and with an increase in operating profit of 25% on a comparable basis and a return on equity of 18%.

Fuelled by strong organic growth, total income was up 7% despite continued strong margin pressure, and costs were unchanged in an environment of significantly higher activity level and business volumes.

Reversal of loan losses exceeded new provisions reflecting the healthy business climate and our prudent risk management.

Based on our improved financial performance and aligned with our dividend policy, the Board proposes a dividend per share of EUR 0.35 for 2005 – 25% above last year's dividend.

Delivering ahead of targets

In November 2004 we changed our financial targets reflecting our increasing ambitions. The main target is to increase our return of equity – in stages – to the level of top Nordic peers. More specific we set out for a return of equity of 15% in 2005 and 17% or in line with top Nordic peers from 2007.

In 2005 we in fact delivered a return of equity of 18% – ahead of the 2007 target.

This has been achieved through a strong business development based on re-launched common customer programmes, harmonised business models in Retail Banking and Private Banking, new customer concepts and products, including cross-border launch of products.

Our income growth has widened compared to the cost development. Income in 2005 grew 7%, and costs were unchanged – the difference being significantly higher than assumed, when the targets were set in 2004.

Our main strategy – to increase business with existing customers and to manage costs and risks strictly – has proven to be right.

The key has not been dramatic rounds of cost cutting. It has been a group-wide adoption and implementation in day-to-day work of simple and straightforward key words and one-liners: "Focus", "speed" and "performance", "reducing complexity" and "from too many to just one".

These key words and one-liners are now part of our business culture – known and adhered to by all employees.

Our overall reputation is up throughout the past two years in all countries. New and restructured investment fund products have significantly raised our Morningstar rating. The annual Greenwich Survey confirms our undisputable leading position in the Nordic large corporate segment. Retail customer satisfaction has shown a positive trend for personal as well as corporate customers. Our employees – despite continuous changes – are more satisfied and motivated than Nordic banking industry average, and the trend has been up during the last two years.

We will continue to improve

The strong business development, which we experienced in 2005, is expected to continue into 2006 supported by a favourable outlook for the Nordic economies. Although we can hardly expect that the development from 2004 to 2005 will continue along a linear curve, I feel confident that we have a strong foundation for continuing to capture the revenue growth opportunities in the most cost efficient way.

We are well prepared to take on a more aggressive stance in the market. Our large customer base represents a unique opportunity for increased sales, not least in Sweden, the largest of the Nordic countries, where a broad range of initiatives have been launched to grow our business.

This is of course putting an upward pressure on costs, which we will try to counterbalance by continuous improvement, increasingly to be supported by lean banking thinking and doing, and by additional structural cost measures.

We have a pioneering experience in cross-border banking, which we repeatedly will apply to keep up profitable growth.

I would like to thank all employees in Nordea for their excellent efforts and contribution to our 2005 record results.

Best regards

Lars G Nordström

"We concentrate on creating value for our customers and shareholders"



Vision and strategy

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.

Characteristics

Nordea is characterised by:

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

Mission – Making it possible

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

Vision

- We will be valued as the leading financial services group in the Nordic and Baltic markets with substantial growth potential
- We will be in the top league or show superior and profitable growth in every market and product area, in which we choose to be present
- We will establish a position in selected markets and segments outside our core markets based on excellent competencies
- We will have a leading and efficient multi channel distribution including a top ranking in e-services penetration

- We will be a good corporate citizen ensuring confidence and trust

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

Corporate values and key words

Focus

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

Speed

- We provide a broad set of easily accessible and competitive financial services and solutions

- We are quick, adjust to market conditions and do not hesitate to execute decisions made

Performance

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

Reducing complexity – from "too many" to "just one".

Strategic themes

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

Growth of income

Nordea will develop the leading position in the Nordic and Baltic markets through organic growth and bolt-on acquisitions.

The large customer base will be leveraged by increasing the number of customers in the most profitable segments and by increasing the business volume with existing customers.

Income growth will be supported by improvement of customer focus and sales efficiency in all channels ensuring the right service and solution to each customer. Prices of products and services will be fair and transparent enhancing customer loyalty and relationships.

Nordea will develop the accessibility to the bank end hereby enhance convenience to the customers. A higher usage of e-services will be aimed at.

Operational excellence

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

Nordea will enhance efficiency and quality of all processes leveraging economies of scope, scale and skills. Nordea will continue to improve operating models and apply lean manufacturing practises to banking processes and support functions to increase customer satisfaction and quality and to reduce costs for end-to-end banking processes.

The IT infrastructure will be upgraded and the number of interfaces between applications supporting the same functionality reduced.

Product development, innovativeness and time to market will have a high priority.

Capital efficiency

Nordea will achieve capital efficiency through active capital management, use of economic profit framework in customer relationships and performance measurement, and efficient business models.

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

The current low risk profile in all business areas will be maintained and diversification of revenues and risks continued.

Employees

Nordea will be the preferred employer in a competitive labour market by attracting and developing performance-oriented employees and ensuring highly motivated and satisfied employees.

Nordea will develop the leadership and execution capabilities of the employees.

"The focus on income growth intensified in 2005 with both hiring of specialists and new product launches to further strengthen Nordea's market position."



Result summary full year 2005

Nordea reports a record result for 2005 reflecting the best year ever in all Business Areas. Operating profit was EUR 3,048m, an increase of 25% when excluding the real estate gain last year, supported by strong growth in business volumes in all areas. Total income increased by 7% and expenses were flat. Loan losses were positive in all four quarters and the credit portfolio is considered to be of a good overall quality.

Income

The focus on income growth intensified in 2005 with both hiring of specialists and new product launches to further strengthen Nordea's market position. Nordea increased its market shares particularly in the mortgage markets in Denmark and Norway as well as in some of the Baltic countries. In Sweden, market shares within new sales in Life, a focus growth area, improved significantly in the last quarter. Within the area of private life-and pension insurance, the market share of new sales increased from 2.6% in 2004 to 7.9% in 2005.

Total income increased by 7% to EUR 6,573m. Net interest income grew by 5% to EUR 3,663m as volume growth outweighed the pressure on margins. Total lending to the public increased by 17% to EUR 188bn. Strong competition in all segments put pressure on lending margins.

Net interest income in Retail Banking increased by 5% supported by growth in lending to small and medium-sized enterprises (SMEs), structured finance, deposits and consumer lending.

In Corporate and Institutional Banking, net interest income increased by 5% following growth in lending in the shipping division as well as in Poland and the Baltic countries. Nordea's lending in these markets increased 37%.

Deposits increased by 10% to EUR 116bn. Lower interest rates had a negative impact on deposit margins in the Swedish market, whereas in Norway, deposit margins stabilised following increasing short-term rates in the second half of the year.

Assets under management increased by 15% to EUR 151bn and income in Asset Management increased by 15%.

Strong focus has been devoted to developing Nordic Private Banking services resulting in a significant inflow of new customers. The inflow of customers has been supported by the introduction of a unified Nordic Private Banking offering for affluent customers, now marketed in all Nordic countries. A unified Nordic offering is also being developed for Nordea's high-net-worth customers.

For the second consecutive year Nordea was nominated best Nordic Private Bank by Euromoney.

Growth in business volumes contributed to a strong development of net commission income, which increased by 8% to EUR 1,935m. A strong improvement is noted for capital markets-related commissions. Asset management related commissions are up 13% following growth in assets under management and several product launches. Also other equity-related commissions developed strongly, commissions from brokerage were up 29% and from custody services 11%. Commissions on loans increased by 27% to EUR 335m reflecting the lending growth particularly within Retail Banking, re-mortgaging activity in Denmark as well as revenues from loan syndications within CIB. Commissions from payments were stable at EUR 709m reflecting increased card payments whereas commissions from manual transactions and giro payments decreased. Other commission income, increased by 35% to EUR 202m. This

includes revenues from acquisition-finance activities which increased during the year.

Net gains/losses on items at fair value were up by 15% to EUR 615m reflecting strong results in Markets in most product areas including foreign exchange, fixed income and structured products. In addition, Life contributed to the improved income.

Other income increased by 18% to EUR 293m and includes the additional income of EUR 40m from the sale of the general insurance business in 2002 that was recognised in the first quarter 2005.

Expenses

Total expenses were unchanged at EUR 3,668m. Nordea's flat-cost target excludes depreciation of operational leasing and expenses in the Life business. Excluding these items, total expenses were EUR 3,494m compared to EUR 3,502m in 2004. Nordea has achieved the flat-cost target for the third consecutive year despite a significant increase in business volumes. Compared to the cost level in 2002, costs were, in nominal terms, 6% lower in 2005.

Staff costs increased by 3% to EUR 2,082m. The number of FTEs was unchanged at the end of 2005 compared to year-end 2004 despite the additional 75 FTEs added through the acquisition of the life business in Poland. General wage increases as well as higher variable salaries contributed to the rise in staff costs. In addition, the provision for profit sharing was EUR 65m compared to EUR 60m last year.

Other expenses were EUR 1,455m, down 1% compared to last year. The increase in business volumes has resulted in an increase in operational costs such as IT costs, but also these costs were absorbed within the flat-cost target.

Depreciations decreased by 22% to EUR 131m. Nordea's sourcing strategy in respect of real estate as well as IT resulted in lower depreciation.

The cost/income ratio continued down and was reduced to 56% compared to 60% in 2004.

Loan losses

Loan losses were positive at EUR 137m including the recovery of EUR 98m from the sale of Pan Fish shares in the second quarter.

Taxes

The effective tax rate for the year was reduced, mainly as a result of a revaluation of the deferred tax asset in Finland during the year. Such revaluation reduced Nordea's tax cost by approx. EUR 145m in 2005. Nordea's tax assets, and hence recognition of deferred taxes going forward, are subject to a continuous evaluation and depends mainly on Nordea's ability to utilise the loss carry-forward in Finland. Nominally, the unrecognised tax assets amount to approx. EUR 700m. The time limit for utilising the main part of the unrecognised tax assets expires in 2013.

The effective tax rate for 2005 was approx. 26%.

Net profit

Excluding the real-estate gain last year, net profit increased by 28%. Reported net profit increased by 9% to EUR 2,269m corresponding to a return on equity of 18.0% compared to 14.5% last year, when excluding the real-estate gain. Earnings per share increased by 16% to EUR 0.86. When excluding the real-estate gain, earnings per share increased by 34%.

Income statement

EURm	2005	2004
Operating income		
Interest income	8,453	7,964
Interest expense	-4,790	-4,469
Net interest income	3,663	3,495
Fee and commission income	2,482	2,230
Fee and commission expense	-547	-436
Net fee and commission income	1,935	1,794
Net gains/losses on items at fair value	615	535
Profit from companies accounted for under the equity method	67	55
Dividends	11	6
Other operating income	282	242
Total operating income	6,573	6,127

Operating expenses

General administrative expenses:

Staff costs	-2,082	-2,021
Other expenses	-1,455	-1,466
Depreciation, amortisation and impairment charges of tangible and intangible assets	-131	-168
Total operating expenses	-3,668	-3,655
Loan losses	137	-27
Disposals of tangible and intangible assets	6	300
Operating profit	3,048	2,745
Income tax expense	-779	-667
Net profit	2,269	2,078

Attributable to:

Shareholders of Nordea Bank AB (publ)	2,263	2,075
Minority interest	6	3
	2,269	2,078

Ratios and key figures

EURm	2005	2004
Earnings per share (EPS), EUR	0.86	0.74
EPS, rolling 12 months up to period end	0.86	0.74
Share price, EUR	8.79	7.43
Total shareholders' return, %	27.5	29.8
Core equity per share, EUR	4.98	4.63
Shares outstanding, million	2,592	2,735
Return on equity, %	18.0	16.9
Assets under management, EURbn	151	131
Cost/income ratio, %	56	60
Tier 1 capital ratio, %	6.8	7.3
Total capital ratio, %	9.2	9.5
Risk-weighted assets, EURbn	169	145
Number of employees (full-time equivalents)	28,925	28,929

Balance sheet

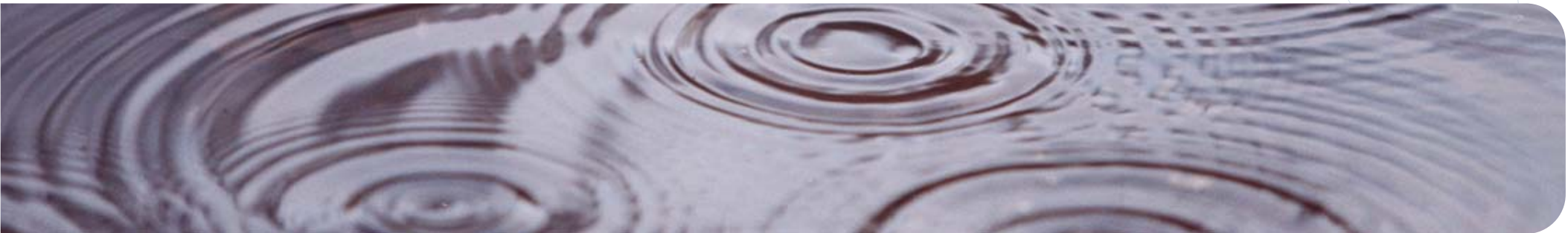
EURm	31 Dec 2005	31 Dec 2004
Assets		
Cash and balances with central banks	2,526	4,585
Treasury bills and other eligible bills	7,280	8,608
Loans and receivables to credit institutions	31,578	24,774
Loans and receivables to the public	188,460	161,060
Interest-bearing securities	36,121	29,765
Shares	12,901	10,242
Derivatives	28,876	26,366
Fair value changes of the hedged items in portfolio hedge of interest rate risk	282	-
Investments in associated undertakings	566	561
Intangible assets	2,221	2,101
Property and equipment	303	443
Investment property	2,750	2,484
Deferred tax assets	352	450
Current tax assets	41	66
Prepaid expenses and accrued income	1,405	1,656
Other assets	9,887	6,913
Total assets	325,549	280,074
Of which assets customer bearing the risk	9,780	7,515

Liabilities

Deposits by credit institutions	29,790	30,156
Deposits and borrowings from the public	115,550	104,704
Liabilities to policyholders	26,830	23,480
Debt securities in issue	82,609	59,579
Derivatives	28,602	26,675
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	-
Current tax liabilities	383	151
Other liabilities	18,044	13,504
Accrued expenses and prepaid income	1,874	1,996
Deferred tax liabilities	423	598
Provisions	100	192
Retirement benefit obligations	504	545
Subordinated liabilities	7,822	5,818
Total liabilities	312,589	267,398

Equity

Minority interests	41	13
Revaluation reserves	1	-
Core equity		
Share capital	1,072	1,128
Share premium account	4,284	4,284
Other reserves	-229	-147
Retained earnings	7,791	7,398
Total core equity	12,918	12,663
Total equity	12,960	12,676
Total liabilities and equity	325,549	280,074
Assets pledged for own liabilities	22,620	23,003
Other assets pledged	4,529	3,369
Contingent liabilities	16,349	13,955
Commitments	2,213,772	1,587,512



Nordea's markets

Customer focus and customer satisfaction have top priority in Nordea. All customers are being served with a clear value proposition. In 2005 the increased focus on products and markets continued.

Nordea is the leading financial services group in the Nordic and Baltic Sea area. In Denmark, Finland, Norway and Sweden Nordea operates full-service banks with nationwide branch networks including more than 1,100 bank branch offices, telephone banking and internet services.

The Baltic Rim region is Nordea's emerging home market. Nordea is today operating in all the Baltic countries, in Poland and in Russia. In Poland and the Baltic countries Nordea branches operate under the Nordea brand, and the operations are fully owned by Nordea. In Russia, Nordea owns 26.4% of the shares in International Moscow Bank (IMB).

Outside the Nordic and Baltic Sea region, Nordea operates to support core customers through own units or partners. Nordea is a leading international shipping bank. Nordea offers private banking from Luxembourg and Switzerland and distributes investment funds and investment management services into the European and North American markets.

Strong economic growth in Nordea's home markets

Nordea operates in markets with strong economic growth. In 2005, GDP growth in all the Nordic countries was stronger than the Euroland average. In addition, strong economic growth in the Baltic countries and Poland supported Nordea's lending growth in these markets. Nordea has a well diversified revenue base, with 30% of revenues from Sweden, 28% from Finland, 25% from Denmark, 15% from Norway and 2% from Poland and the Baltic countries.

Nordea's customer base

Nordea has the largest customer base of any financial services group in the Nordic and Baltic sea region, including 9.4 million personal customers, 960,000 corporate customers and 1,000 large corporate customers.

Approximately 50 per cent of the households in the Nordic countries are doing business with Nordea and Nordea is a leading corporate bank according to external surveys.

In Poland and the three Baltic countries Nordea serves more than 400,000 customers via a branch network of 71 branches. In 2005, Nordea purchased Sampo's Polish life and pension companies which further enhanced Nordea's platform for continued profitable growth in the Polish market. Nordea acquired a customer base of 556,000 active pension savers with assets under management of approximately EUR 600m.

Nordea's customers are being served with a clear value proposition:

- Wide range of financial products and customer solutions delivering added value through innovation
- Customer-driven excellence in relationship management
- Convenient and easy access through multi-channel availability; leadership in e-banking
- Fair and transparent market pricing enhancing customer loyalty and relationships
- Efficient, reliable and responsible conduct of business

Distribution

Nordea's distribution strategy is built on accessibility, convenience and multi-channel distribution. Customers decide when, where and how to interact with the bank. Relationship management business is conducted through 11 Regional Banks in the four Nordic markets. The

Regional Banks are divided into 71 Branch Regions and more than 1,100 branches bringing Nordea close to customers. The local presence means that Nordea is an integral part of local societies. In addition, customers are served through Nordea's e-banking platform and through contact centres employing 1,250 people and handling 10 million calls per year.

Customised advice on complex economic matters is provided by corporate relationship managers, personal banking advisers and by Private Banking professionals. Nordea has 3,000 personal banking advisers and more than 600 Private Banking professionals in the Nordic countries. Contact centres make Nordea easily available also when branches are closed. All information on products, prices and on services, eg customer programmes, can be found on the Nordea website or through the Netbank where customers also do most of their daily business transactions like bill payments, transfers and get full overview of their financial situation. 52 per cent of all household payments and 66% of all executed equity trades are made over the Internet. The possibility of buying products via the Nordea website has been improved during 2005 resulting in a simplified process for applying for or ordering different products and the sale through this channel has improved significantly.

"Nordea has the largest customer base of any financial services group in the Nordic and Baltic Sea region"



"Organic growth, especially in areas where Nordea currently has an untapped potential, will be the main focus for 2006"

Retail Banking

2005 is the best year ever for Retail Banking. Operating profit increased by 18% mainly as a consequence of income increasing 7%. The strong performance is created through a combination of accelerated focus on organic growth and the implementation of the next phase of integration through the new operating model.

Within Retail Banking, Nordea serves 9 million personal customers and 900,000 corporate customers. The business is conducted through 11 Regional Banks operating on the four Nordic markets. Products and support to the business come from the Segments & Products unit. Implementation of the Retail Operating Model in the four markets was largely completed in 2005.

Result 2005

In 2005, income in Retail Banking increased by 7% to EUR 4,675m. Net interest income increased by 5% to EUR 3,051m. Strong volume growth offset the pressure on margins. Lending margins were down year-on-year reflecting strong competition in all segments. The largest margin pressure was seen within the mortgage loans to personal customers in Finland, and Sweden. Deposits were EUR 80bn, an increase of 8%. Net commission income increased 9% to EUR 1,301m with strong growth

in commissions on loans and investment products. Net gains/losses increased 22% to EUR 225m reflecting the successful roll-out of Market's products to SME clients.

Total expenses increased by 1% to EUR 2,578m. Staff costs were reduced by 1% to EUR 1,050m.

Loan losses were positive at EUR 97m, reflecting part of the sale of Pan Fish in Norway resulting in a total gain of EUR 98m. Operating profit increased by 18% to EUR 2,194m. Return on Economic Capital was 29% (27%). The cost/income ratio was 55% (58%).

Focus in 2006

Organic growth, especially in areas where Nordea currently has an untapped potential, will be the main focus for 2006, including the expansion of the number of outlets and the customer-facing staff in Sweden. This includes further strengthening of the market position within cards and consumer credits, housing and savings products. Nordea will continue to maintain focus on time to market of new products and solutions. The SME offering will be further improved by product development in areas such as structured solutions and cash management. Lean-bank initiatives will be in focus also in 2006.

EURm	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Total operating income	4,675	1,232	1,183	1,149	1,111	1,159
Total operating expenses	-2,578	-675	-629	-637	-637	-663
Loan losses	97	13	21	72	-9	23
Operating profit	2,194	570	575	584	465	519
Return on economic capital, %	29	30	30	31	27	30
Cost/income ratio, %	55	55	53	55	57	58
Customer base: households, million	9.1	9.1	9.1	9.1	9.3	9.3
corporate customers, million	0.9	0.9	0.9	0.9	0.9	0.9
Number of employees (full-time equivalents)	17,373	17,373	17,266	17,278	17,230	17,286

Corporate and Institutional Banking

2005 was another successful year for CIB which demonstrates that CIB is moving towards the long-term target to increase non-interest income for the Group. This is achieved through competence based advisory services rather than on-balance sheet lending

Corporate and Institutional Banking delivers a wide range of products and services to large corporates and institutional customers and to retail corporate customers. The business area has customer responsibility for large corporate customers listed on the main stock exchanges and other customers with an external credit rating as well as shipping, offshore and oil services companies, and financial institutions. Nordea's banking activities in Poland and the Baltic countries are part of Corporate and Institutional Banking.

Result 2005

In 2005, income increased by 10% to EUR 1094m. Net interest income was up by 5% to EUR 426m reflecting the growth in credit and deposit volumes especially in Shipping, Offshore and Oil Services as well as in Poland and Baltics portfolios. Lending margins declined somewhat from the previous year as a result of intense competition as well as improved customer ratings.

Commission and fee income grew by 5% compared to the previous year contributed by a successful execution of large transactions especially in Corporate Banking Division. Many large transactions included acquisition finance and corporate finance elements. Also, custody commission in Financial Institutions Division developed well.

Net gains and losses on items at fair value were up by a remarkable 27% from the previous year reflecting a high customer activity and strong performance in Markets' products. In the fourth quarter, an erroneous hedge position in listed financial futures trading caused a

realised loss of income of EUR 20m in the quarter. No customers have been affected.

Equity method income increased by EUR 2m to EUR 21m from the previous year due to improved results in International Moscow Bank.

Costs in 2005 were practically unchanged from the previous year despite increased provisions for performance-related salaries. The total number of FTEs grew by 88, due to the network expansion in Poland and the Baltic region.

Loan losses were positive amounting to EUR 40m as recoveries and reversals of earlier made loan losses exceeded new loan losses booked in 2005.

Operating profit year-to-date was EUR 563m, which is a 19% increase from the previous year. Return on economic capital improved to 23% (20%) and the cost/income ratio to 52% (57%).

Focus in 2006

The successful focus on top-line growth in CIB will continue in 2006. CIB will continue to develop attractive product offerings. Introduction of new products and concepts and continuous strengthening of structuring capabilities within Markets are important elements to fulfill Nordea's ambition to develop the strong existing franchise and leverage on the large corporate and SME client base. CIB will further exploit growth opportunities internationally by continuing to execute the profitable organic growth strategy in Poland and the Baltics as well as expanding the scope outside the Nordic area within the pulp & paper industry.

EURm	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Total operating income	1,094	291	261	272	270	257
Total operating expenses	-571	-147	-136	-150	-138	-145
Loan losses	40	-6	2	29	15	17
Operating profit	563	138	127	151	147	129
Return on economic capital, %	23	21	21	24	26	24
Cost/income ratio, %	52	51	52	55	51	56
Number of employees (full-time equivalents)	3,326	3,326	3,287	3,232	3,218	3,238

"In 2006, continued focus will be on product innovation and strong investment performance"



Asset Management & Life

During 2005 focus for Asset Management & Life has been to accelerate the product development, thereby enabling increased sales and income margin. Together with Retail Banking, the Private Banking offering has been enhanced. All in all, these activities have contributed to the best result ever in Asset Management & Life. Assets under management reached EUR 151bn.

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

Result 2005

The product result for 2005 within Asset Management increased by 30% and reached EUR 305m. In Life the product result was EUR 221m, up 7% compared to last year.

Product result in 2005 for AM&L combined was the best ever. This can partly be ascribed to the strong markets, but also to the roll-out of several new innovative and

value adding investment fund and pension products. In Asset Management, the cost/income ratio was further reduced from 58bp in 2004 to a record low 52bp in 2005 reflecting improved revenue margins and realisation of scale effects in production and distribution.

In Life, the positive development is related to the strong investment returns realised in Norway in 2005, the higher volumes achieved and a doubling of the risk result to EUR 24m. As a result of the strong investment returns financial buffers have increased, now reaching 7.7% of life provisions.

Focus in 2006

In 2006, continued focus will be on product innovation and strong investment performance, both supporting net inflow growth. In Life & Pensions, Nordea has accelerated the build-up of the distribution platform in Sweden covering the establishing of a sales force directed to retail clients as well as the expansion of the corporate sales force and the development of a broker channel. This build-up will continue through 2006 and 2007.

Asset Management & Life

EURm	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Net interest income	40	10	11	10	9	9
Net fee and commission income	562	162	138	132	130	136
Net gains/losses on items at fair value	23	10	6	3	4	4
Equity method	0	0	0	0	0	0
Other income	12	3	3	3	3	2
Total income	637	185	158	148	146	151
Staff costs	-124	-35	-30	-30	-29	-29
Other expenses	-84	-21	-20	-22	-21	-29
Depreciations etc.	-3	-1	-1	-1	0	-1
Operating expenses	-211	-57	-51	-53	-50	-59
Estimated distribution expenses in Retail Banking	-121	-32	-30	-30	-29	-29
Product result	305	96	77	65	67	63
of which income within Retail Banking	264	76	69	60	59	56

Life

EURm	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Profit drivers						
Traditional insurance:						
Fee contribution/profit sharing	141	33	43	35	30	24
Contribution from cost result	0	-1	0	0	1	1
Contribution from risk result	24	10	7	2	5	2
Inv. return on Shareholder's Equity	11	1	3	4	3	2
Other profits	21	6	7	5	3	15
Total Profit Traditional	197	49	60	46	42	44
Total profit Unit linked	40	10	9	11	10	9
Estimated distribution expenses in Retail Banking	-16	-3	-4	-5	-4	-4
Total Product Result	221	56	65	52	48	49
of which income within Retail Banking	94	29	24	19	22	33



Group Treasury

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

Group Investment's activities are related to the Group's equity. Within certain risk limits, Group Investment takes positions mainly in fixed-income instruments including derivatives. Earnings in Group Investment are defined as the net of return on investment and the return target, ie the expected average medium-term risk-free return over time, defined as the funding cost. The funding cost is directly correlated to the interest paid to business areas on their allocated economic capital. The rate is set annually and it is adjusted based on the prevailing market rate. In 2005, the funding cost was 3%.

Group Funding is responsible for all funding for the Group and functions as a centre for all flows of funds within the Group. All assets and liabilities, either with fixed or floating rate, are funded through Group Funding. This process allows Group Funding to match any surplus liquidity in one part of the organisation with liquidity

needs of the same maturity and currency in another part of the organisation. The difference of approx. EUR 90 bn between assets and liabilities, stemming from customer activity, represents the amount of funding that Nordea is raising from the domestic and international fixed income and money market. To facilitate its funding operations, Nordea has sizeable funding programmes in all relevant markets, allowing investors access to a true pan-nordic credit risk. Group Funding aims further to generate income by utilising opportunities based on the slope and movement in the yield curves.

Result

Group Treasury's result can be divided into investment-related result and funding-related result.

Operating profit in Group Investment was EUR -6m compared to EUR 8m last year. The gross investment return was 3.1%, ie slightly above the funding cost. Total expenses amounted to EUR 15m. Operating profit in Group Funding was EUR 98m compared to EUR 86m in 2004. The good result was achieved thanks to successful positions based on the slope and movement in the short term Nordic currency yield curves..

	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
EURm						
Total operating income	137	15	-2	91	33	74
Total operating expenses	-45	-12	-12	-10	-11	-14
Operating profit	92	3	-14	81	22	60
Cost/income ratio, %	33	80	n/a	11	33	19
Bonds, EURm	10,388	10,388	17,548	15,083	16,116	16,261
Equities, EURm	445	445	415	582	343	367
Investments, EURm	10,833	10,833	17,963	15,665	16,459	16,628
Number of employees (full-time equivalents)	97	97	95	92	97	98

The Nordea share

Nordea had a market capitalisation of EUR 23.7bn at the end of 2005 and is one of the most liquid shares in the region. Total shareholder return in 2005 was 27.5%. The proposed dividend is EUR 0.35 (0.28) per share.

Shareholder and dividend policy

Nordea's overall financial target is to create value for shareholders in the top quartile of European peer group. Total shareholder return (TSR), is realised through market value growth per share and dividends. Value shall be enhanced through commitment to create sustainable revenue growth and continued cost efficiency. Excess capital will be returned to shareholders.

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

Total shareholder return

Total shareholder return in 2005 was 27.5% (29.8% in 2004). Nordea ranked as number 10 among peer group banks in terms of TSR in 2005 (number 3 in 2004). The average TSR in the peer group was 29.5% in 2005.

Share price development in 2005

The market capitalisation of Nordea at the end of 2005 was EUR 23.7bn compared to EUR 21.1bn at the end of 2004. Ranked by market capitalisation Nordea was the 5th largest company in the Nordic area and the largest among Nordic financial groups. During the year the share price of Nordea appreciated by 23.1% on the Stockholm Stock Exchange from SEK 67.00 on 30 December 2004 to SEK 82.50 on 30 December 2005. The daily prices listed for the Nordea share during 2005 (closing prices at Stockholm Stock Exchange) ranged between SEK 64.25 and SEK 84.25.

The SX40 Financials Index of the Stockholm Stock Exchange appreciated by 29.6%, the Dow Jones STOXX European banks index appreciated by 21.6%.

The Nordea share is listed on the stock exchanges in Stockholm (in SEK), Helsinki (EUR) and Copenhagen (DKK). On 28 February 2005 Nordea delisted the EUR share from the Stockholm Stock Exchange. One trading unit is equivalent to 500 shares in Stockholm and Helsinki and 200 in Copenhagen.

Repurchase of own shares

On 21 March 2005 Nordea Bank AB (publ) completed the

repurchase of own shares in relation to the mandate from the AGM 2004 and the decision by the Board of Directors of 27 October 2004. A total of 139 million shares, or approximately 5% of the total shares in the company were repurchased. The Annual General Meeting decided on 8 April 2005 to reduce the share capital by reduction through retirement, without repayment, of the 140,159,800 shares that were repurchased in 2004 and in the period 1-21 January 2005. Consequently Nordea Bank AB (publ) still holds 62,231,700 shares bought under the Board decision of 27 October 2004. Following the authorisation from the Annual General Meeting on 8 April 2005, the Board of Directors of Nordea Bank AB (publ) on 26 October 2005 decided to reactivate the repurchase programme and to buy back up to a maximum of 50 million of its own shares, (equivalent to approximately 2% of the total number of shares in the company). The purpose of the repurchase programme is to distribute excess capital to the Company's shareholders. On 25 November Nordea completed the repurchase programme of 26 October as a total of 50 million shares were repurchased. The shares were purchased at an average price of SEK 80.4753. By the end of 2005 Nordea Bank AB (publ) held in total 112,231,700 shares bought under the two Board decisions of 2004 and 2005. The intention is to propose to the annual general meeting on 5 April 2006 to reduce the share capital through cancellation of the repurchased shares. Shares that have been repurchased carry no voting rights. Current information on repurchase of own shares is available at www.nordea.com/ir.

Shareholders

With approximately 484,000 registered shareholders at the end of 2005, Nordea has one of largest shareholder bases of all Nordic companies. The number of Nordea shareholders registered in Denmark is approximately 197,000, in Finland 190,000 and in Sweden the number of shareholders increased by 9,000 to 97,000 in 2005.

The largest individual shareholder is the Swedish state with a holding of 19.9% at year-end. On 13 January 2005 the Swedish state announced that it will sell shares in Nordea in order to keep its ownership share unchanged compared to the situation before the present repurchase programme started at October 27 2004, where the state held 19.5% of Nordea. Consequently the Swedish state has sold approximately 26 million shares in 2005.



Annual General Meeting 5 April 2006

The annual general meeting will be held at 10.00 Swedish time in the Aula Magna, Stockholm University, Frescativägen 6, Stockholm. The shareholders may also participate in the annual general meeting through telecommunication

- at 11.00 Finnish time in the Finlandia Hall, congress wing, Mannerheimintie 13 e, Helsinki
- at 10.00 Danish time in the Bella Center, Center Boulevard 5, Copenhagen.

Common instructions to all shareholders

Shareholders who wish to participate in the annual general meeting shall be entered in the share register maintained by the Swedish Securities Register Center (VPC AB) not later than 30 March 2006. The following shareholders therefore must re-register temporarily their shares in their own names with VPC AB in Sweden to be entitled to participate at the annual general meeting.

- Shareholders whose shares are held in trust in Sweden
- Shareholders who are holders of Finnish Depositary Receipts in Finland
- Shareholders who are holders of shares registered in Værdipapircentralen in Denmark

Such re-registration must be completed at VPC AB in Sweden by 30 March 2006. This means that the shareholder must, in good time prior to this date, inform the trustee about this.

Instructions to holders of shares registered in VPC AB in Sweden

Notification of participation in the annual general meeting shall be made to Nordea Bank AB (publ) at the latest on 30 mars 2006 at 13.00 Swedish time at the following address: Nordea Bank AB (publ), Custody Operations, A 204, SE-105 71 Stockholm, or by telephone +46 8 614 97 10, or by fax: +46 8 791 76 45, or on the Internet at the following address: www.nordea.com

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

Notification of participation in the annual general meeting must be made at the latest on 29 March 2006 at 16.00 Finnish time to Nordea Bank Finland Plc, 2698 Corporate Actions, 00020 Nordea, or by telephone +358 9 165 51394 or +358 9 165 51406 or fax +358 9 637 256, or on the Internet at the following address: www.nordea.com

Instructions to holders of shares registered in Værdipapircentralen in Denmark

Notification of participation in the annual general meeting must be made at the latest on 29 March 2006 at 12.00 noon Danish time to one of Nordea Bank Danmark's branch offices, or to Nordea Bank Danmark A/S, Issuer Services, H.H., P.O. Box 850, 0900 Copenhagen C, or by telephone +45 33 33 33 01 or fax +45 33 33 10 31, or on the Internet at the following address: www.nordea.com