

**Interim Report 1st quarter 2005**  
**Nordea Bank Norge Group**

## Nordea Bank Norge Group

### Result summary first quarter 2005

Operating profit increased by 12% compared to the same period in 2004 and reached NOK 803m. Net profit increased by 9% to NOK 581m.

Increased business volumes compensated for the pressure on margins. Total income decreased by 2% to NOK 1,729m reflecting decreased net interest income and lower net gains on items at fair value. Costs decreased by 6% and loan losses were positive by NOK 35m (-31).

#### *Income*

Net interest income decreased by 3% to NOK 1,294m.

Volume growth was strong in all segments except for lending in Corporate Banking. Lending increased by 8% year-on-year to NOK 222bn. Mortgage lending to personal customers has expanded significantly and amounted to NOK 78.7bn, reflecting year-on-year growth of 20%. Consumer lending decreased by 4% to NOK 18.2bn. The growth in lending to small and medium sized enterprises (SMEs) was confirmed by an increase of 7% to NOK 85.0bn.

Lending margins were down year-one-year reflecting strong competition in all segments. In the large corporate sector, the high liquidity and good credit quality in general is exerting pressure on margins.

Deposits were NOK 132bn, an increase of 15%.

Net commission income was up by 2% to NOK 319m mainly due to increased brokerage income following the acquisition of Nordea Securities in April 2004. Commissions from payments and e-services were somewhat reduced to NOK 199m. Card payments and e-payments continued to increase.

Net gains/losses on items at fair value includes large gross flows and it should be expected to be fairly volatile. In the first quarter it was 11% lower at NOK 95m compared to NOK 107m in the first quarter of 2004. This fall is mainly due to a lower investment return in Group Treasury and Markets.

#### *Expenses*

Total expenses were NOK 965m, down 6% compared to one year earlier reflecting continued efficiency gains, offsetting wage increases, inflation and business growth.

Staff costs were increased by 5% to NOK 586m mainly due to higher pension costs. The number of

employees was reduced by 155, or 5%, compared to the end of the first quarter 2004.

Other expenses were NOK 343m, down by 17% compared to the first quarter last year reflecting lower IT expenses and depreciation. Costs for rents and premises have increased compared to last year.

The cost/income ratio was 56% (58%).

#### *Loan losses*

Loan losses were positive at NOK 35m, which is an improvement of NOK 66m compared to the first quarter last year.

#### *Net profit*

Net profit increased by 9% to NOK 581m corresponding to NOK 1.05 per share and a return on equity of 13.0%.

### Comparison to the fourth quarter 2004

Operating profit decreased by 6% compared to the fourth quarter 2004 and amounted to NOK 803m. Net profit decreased by 6% to NOK 581m.

#### *Income*

Net interest income decreased by 1% to NOK 1,294m.

Volume growth continued in most segments. Mortgage lending to personal customers increased by 5% to NOK 78.7bn. Consumer lending to personal customers decreased by 6% to NOK 18.2bn. Lending to SMEs increased by 3% to NOK 85.0bn. In total, lending increased by 5% to NOK 222bn.

Lending margins within the mortgage segment and the SME segment remained stable, whereas lending margins in CIB increased slightly.

Deposits increased by 4% to NOK 132bn. Deposit margins fell somewhat during the quarter following lower margins mainly on corporate customers.

Net commission income decreased by 20% to NOK 319m. Commission for payments and e-services commissions decreased by 23% to NOK 199m reflecting a decline from the seasonally high figure in the fourth quarter.

Net gains/losses on items at fair value increased by 79% to NOK 95m mainly due to increased gain on equities and derivatives.

Equity method was NOK 12m compared to NOK 13m in the fourth quarter. The most significant contribution was the share of profit from Eksportfinans ASA.

### ***Expenses***

Total expenses increased by 2% to NOK 965m reflecting slightly higher staff costs and increased IT costs.

Staff costs increased by 3% to NOK 586m. The number of employees was reduced by 53 FTEs in the first quarter. The provision for profit-sharing was unchanged at NOK 16m.

Other expenses were up 4% to NOK 343m reflecting higher costs for IT.

Depreciation were down by 23% to NOK 36m.

### ***Loan losses***

Loan losses were positive at NOK 35m as reversals exceeded new provisions. The overall credit quality remains strong.

### ***Net profit***

Net profit was NOK 581m corresponding to NOK 1.05 per share and return on equity of 13.0%.

### **Credit portfolio**

At the end of the first quarter, impaired loans, net, amounted to NOK 3,634m representing 1.6% of total lending, compared to 2.3% one year earlier.

The share of personal customer lending was 44% of net loans. Within personal customer lending, mortgage loans account for 81%.

There was no major change in the composition of the corporate loan portfolio during the quarter. Real estate management remains the largest industry exposure in the credit portfolio and amounts to NOK 39.5bn, representing 18% of the total portfolio.

### **Capital adequacy**

Nordea still has a strong capital position, reflected in the Tier 1 capital ratio of 7.3% and the total capital ratio of 8.8% at the end of the first quarter.

The risk weighted assets base of the Group was NOK 211bn as at 31 March 2005, which is an increase of NOK 7bn in the last quarter. Under current legislation, the capital ratio is required to be at least 8 per cent at all times. The Groups total capital amounted to NOK 18.5bn, which represent a capital ratio of 8.8% The Groups core capital was NOK 15.4bn, equaling 7.3%. Profit for the period has not been taken into the account in the calculations. The corresponding figures for Nordea Bank Norge ASA were 9.6% and 8.1%.

### **Outlook**

The stable result generated in the first quarter continues to support the overall increased ambition level communicated at Nordea's Capital Markets Day on 30 November 2004. Nordea is well positioned to deliver results in accordance with the revised financial targets. The flat cost target for the banking business remains unchanged. As a result of IFRS and the changed presentation format, the flat cost target will consequently exclude the costs in Life and depreciation of operational leasing.

Based on the overall quality of the credit portfolio and the present economic outlook for the Nordic countries there are currently no indications of a deteriorating credit quality for 2005.

## Key financial figures

### Income statement

	Q1	Q1	Change	Q1	Q4	Change	Full year
NOKm	2005	2004	%	2005	2004	%	2004
Net interest income	1,294	1,332	-3	1,294	1,306	-1	4,996
Net fee and commission income	319	313	2	319	400	-20	1,406
Net gains/losses on items at fair value	95	107	-11	95	53	79	275
Equity method	12	13	-8	12	13	-8	50
Other income	9	5	80	9	41	-78	84
<b>Total operating income</b>	<b>1,729</b>	<b>1,770</b>	<b>-2</b>	<b>1,729</b>	<b>1,813</b>	<b>-5</b>	<b>6,811</b>
General administrative expenses							
Staff costs	-586	-557	5	-586	-567	3	-2,213
Other expenses	-343	-412	-17	-343	-329	4	-1,433
Depreciation of tangible assets	-36	-57	-37	-36	-47	-23	-197
<b>Total operating expenses</b>	<b>-965</b>	<b>-1,026</b>	<b>-6</b>	<b>-965</b>	<b>-943</b>	<b>2</b>	<b>-3,843</b>
Loan losses	35	-31	-213	35	-16	-319	11
Net gains/losses on sales of tangible assets	4	5	-20	4	-1	500	325
<b>Operating profit</b>	<b>803</b>	<b>718</b>	<b>12</b>	<b>803</b>	<b>853</b>	<b>-6</b>	<b>3,304</b>
Income tax expense	-222	-185	20	-222	-234	-5	-906
<b>Net profit</b>	<b>581</b>	<b>533</b>	<b>9</b>	<b>581</b>	<b>619</b>	<b>-6</b>	<b>2,398</b>

### Balance sheet

	31 Mar	31 Mar	31 Mar	31 Dec	31 Dec
NOKbn	2005	2004	2005	2004	2004
Treasury bills and other interest-bearing securities	19,105	16,530	19,105	19,174	19,174
Loans and receivables to credit institutions	10,060	17,627	10,060	4,675	4,675
Loans and receivables to the public	222,337	205,672	222,337	211,608	211,608
Derivatives	3,277	1,903	3,277	1,683	1,683
Other assets	25,336	18,585	25,336	28,189	28,189
<b>Total assets</b>	<b>280,115</b>	<b>260,317</b>	<b>280,115</b>	<b>265,329</b>	<b>265,329</b>
Deposits by credit institutions	72,307	68,059	72,307	66,464	66,464
Deposits and borrowings from the public	131,952	114,526	131,952	126,915	126,915
Debt securities in issue	34,727	44,542	34,727	34,045	34,045
Derivatives	2,313	1,259	2,313	1,024	1,024
Subordinated liabilities	2,792	3,007	2,792	2,692	2,692
Other liabilities	18,951	12,113	18,951	15,526	15,526
Equity	17,073	16,811	17,073	18,663	18,663
<b>Total liabilities and equity</b>	<b>280,115</b>	<b>260,317</b>	<b>280,115</b>	<b>265,329</b>	<b>265,329</b>

<b>Ratios and key figures</b>	<b>Q1 2005</b>	<b>Q1 2004</b>	<b>Q1 2005</b>	<b>Q4 2004</b>	<b>Full year 2004</b>
Earnings per share (EPS), NOK	<b>1.05</b>	0.97	<b>1.05</b>	1.12	4.35
EPS, rolling 12 months up to period end	<b>4.44</b>	4.35	<b>4.44</b>	4.35	4.35
Equity per share <sup>1,2</sup> , NOK	<b>30.97</b>	30.49	<b>30.97</b>	33.85	33.85
Shares outstanding <sup>1</sup> , million	<b>551</b>	551	<b>551</b>	551	551
Return on equity, %	<b>13.0</b>	12.3	<b>13.0</b>	12.8	13.1
Cost/income ratio, %	<b>56</b>	58	<b>56</b>	52	56
Tier 1 capital ratio <sup>1</sup> , %	<b>7.3</b>	8.1	<b>7.3</b>	8.1	8.1
Total capital ratio <sup>1</sup> , %	<b>8.8</b>	9.8	<b>8.8</b>	9.6	9.6
Risk-weighted assets <sup>1</sup> , NOKbn	<b>211</b>	202	<b>211</b>	204	204
Number of employees (full-time equivalents)	<b>3,184</b>	3,339	<b>3,184</b>	3,237	3,237

<sup>1</sup> At the end of the period

<sup>2</sup> See note to Movements in equity

## Quarterly development

	Note	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
NOKm						
Net interest income		1,294	1,306	1,220	1,138	1,332
Net fee and commission income	1	319	400	365	328	313
Net gains/losses on items at fair value		95	53	60	55	107
Equity method		12	13	11	13	13
Other income		9	41	20	18	5
<b>Total operating income</b>		<b>1,729</b>	<b>1,813</b>	<b>1,676</b>	<b>1,552</b>	<b>1,770</b>
General administrative expenses	2					
Staff costs		-586	-567	-525	-564	-557
Other expenses		-343	-329	-345	-347	-412
Depreciation of tangible assets		-36	-47	-38	-55	-57
<b>Total operating expenses</b>		<b>-965</b>	<b>-943</b>	<b>-908</b>	<b>-966</b>	<b>-1,026</b>
Loan losses		35	-16	4	54	-31
Net gains/losses on sales of tangible assets		4	-1	-4	325	5
<b>Operating profit</b>		<b>803</b>	<b>853</b>	<b>768</b>	<b>965</b>	<b>718</b>
Income tax expense		-222	-234	-218	-269	-185
<b>Net profit</b>		<b>581</b>	<b>619</b>	<b>550</b>	<b>696</b>	<b>533</b>
Earnings per share (EPS)		1.05	1.12	1.00	1.26	0.97
EPS, rolling 12 months up to period end		4.44	4.35	3.61	3.00	4.35

	Q1	Q4	Q3	Q2	Q1
<b>Note 1 Net fee and commission income, NOKm</b>	2005	2004	2004	2004	2004
Loans and receivables	13	15	43	9	7
Guarantees and documentary payments	38	36	33	33	37
Life insurance	10	12	8	8	9
Investment products / services	19	38	17	21	20
Deposits, payments and e-services	199	258	229	216	207
Brokerage	36	49	28	22	15
Other commission income	102	101	120	118	108
<b>Fee and commission income</b>	<b>417</b>	<b>509</b>	<b>478</b>	<b>427</b>	<b>403</b>
Payments and e-services	-83	-96	-101	-86	-81
Other commission expenses	-15	-13	-12	-13	-9
<b>Fee and commission expenses</b>	<b>-98</b>	<b>-109</b>	<b>-113</b>	<b>-99</b>	<b>-90</b>
<b>Net fee and commission income</b>	<b>319</b>	<b>400</b>	<b>365</b>	<b>328</b>	<b>313</b>

	Q1	Q4	Q3	Q2	Q1
<b>Note 2 General administrative expenses, NOKm</b>	2005	2004	2004	2004	2004
Staff <sup>1</sup>	570	551	508	549	537
Profit sharing	16	16	17	15	20
Information technology <sup>2</sup>	127	76	116	141	170
Marketing	24	48	28	31	23
Postage, telephone and office expenses	24	39	30	28	27
Rents, premises and real estate expenses	79	88	98	70	72
Other	89	78	73	77	120
<b>Total</b>	<b>929</b>	<b>896</b>	<b>870</b>	<b>911</b>	<b>969</b>

<sup>1</sup> Variable salaries were NOK 35m in Q1 2005 (Q4 2004: NOK 26m).

<sup>2</sup> Refers to IT operations, service expenses and consultant fees. Total IT-related costs in Q1 2005, including staff etc, but excluding IT expenses in insurance operations, were NOK 151m (Q4 2004: NOK 101m).

## Income statement

NOKm	Note	Q1 2005	Q1 2004	Full year 2004
<b>Operating income</b>				
<i>Interest income</i>		2,712	2,732	10,245
<i>Interest expense</i>		-1,418	-1,400	-5,249
Net interest income		1,294	1,332	4,996
<i>Fee and commission income</i>		417	403	1,817
<i>Fee and commission expense</i>		-98	-90	-411
Net fee and commission income		319	313	1,406
Net gains/losses on items at fair value	2	95	107	275
Net gains/losses from investment securities		0	0	-4
Equity method		12	13	50
Dividends		4	0	26
Other operating income		5	5	62
<b>Total operating income</b>		<b>1,729</b>	<b>1,770</b>	<b>6,811</b>
<b>Operating expenses</b>				
General administrative expenses				
Staff costs		-586	-557	-2,213
Other expenses		-343	-412	-1,433
Depreciation and impairment charges of tangible assets		-36	-57	-197
<b>Total operating expenses</b>		<b>-965</b>	<b>-1,026</b>	<b>-3,843</b>
Loan losses	3	35	-31	11
Net gains/losses on sales of tangible assets		4	5	325
<b>Operating profit</b>		<b>803</b>	<b>718</b>	<b>3,304</b>
Income tax expense		-222	-185	-906
<b>Net profit</b>		<b>581</b>	<b>533</b>	<b>2,398</b>
Earnings per share, NOK		1.05	0.97	4.35

## Balance sheet

NOKm	Note	31 Mar 2005	31 Dec 2004	31 Mar 2004
<b>Assets</b>				
Cash and balances with central banks		9,194	14,972	7,390
Loans and receivables to credit institutions	5	10,060	4,675	17,627
Loans and receivables to the public	5	222,337	211,608	205,672
Interest-bearing securities		19,105	19,174	16,530
Shares		674	971	114
Derivatives	6	3,277	1,683	1,903
Fair value changes of the hedged items in portfolio hedge of interest rate risk		845	0	0
Shares in associated undertakings		663	651	635
Tangible assets		481	508	1,196
Deferred tax assets		1,111	1,107	1,173
Prepaid expenses and accrued income		1,032	1,323	3,591
Other assets		11,336	8,657	4,486
<b>Total assets</b>		<b>280,115</b>	<b>265,329</b>	<b>260,317</b>
<b>Liabilities</b>				
Deposits by credit institutions		72,307	66,464	68,059
Deposits and borrowings from the public		131,952	126,915	114,526
Debt securities in issue		34,727	34,045	44,542
Derivatives	6	2,313	1,024	1,259
Fair value changes of the hedged items in portfolio hedge of interest rate risk		573	0	0
Current tax liabilities		952	702	309
Other liabilities		13,209	10,023	6,764
Accrued expenses and prepaid income		1,927	2,408	2,753
Retirement benefit obligations		2,290	2,393	2,287
Subordinated liabilities		2,792	2,692	3,007
<b>Total liabilities</b>		<b>263,042</b>	<b>246,666</b>	<b>243,506</b>
<b>Equity</b>				
Share capital		3,860	3,860	3,860
Other reserves		953	953	953
Retained earnings		12,260	13,850	11,998
<b>Total equity</b>		<b>17,073</b>	<b>18,663</b>	<b>16,811</b>
<b>Total liabilities and equity</b>		<b>280,115</b>	<b>265,329</b>	<b>260,317</b>
Assets pledged for own liabilities		15,470	14,067	12,997
Contingent liabilities		24,078	24,835	25,461
Commitments		221,874	242,236	249,093

### Other notes

Note 4 Classification of financial instruments

Note 7 Capital adequacy



## Movements in shareholder's equity

NOKm	Share capital	Retained earnings	Total
<b>Balance at end of year, at 31 December 2004</b>	<b>3,860</b>	<b>13,441</b>	<b>17,301</b>
Change in accounting policies:			
Provision for dividend 2004		2,200	2,200
IAS 19 Pension		-838	-838
IAS 39 Loan loss provisions		188	188
IAS 39 Financial instruments		-141	-141
Other opening balance issues		-18	-18
<b>Balance at end of year, at 31 December 2004, restated</b>	<b>3,860</b>	<b>14,832</b>	<b>18,692</b>
Net profit for the period		581	581
Dividend 2004		-2,200	-2,200
<b>Balance at 31 March 2005</b>	<b>3,860</b>	<b>13,213</b>	<b>17,073</b>

NOKm	Share capital	Retained earnings	Total
<b>Balance at end of year, at 31 December 2003</b>	<b>3,860</b>	<b>13,322</b>	<b>17,182</b>
Change in accounting policies:			
Provision for dividend 2003		500	500
IAS 19 Pension		-904	-904
<b>Balance at end of year, at 31 December 2003, restated</b>	<b>3,860</b>	<b>12,918</b>	<b>16,778</b>
Net profit for the period before changes in accounting policies		516	516
IAS 19 Pension - effect on net profit		17	17
Dividend 2003		-500	-500
<b>Balance at 31 March 2004</b>	<b>3,860</b>	<b>12,951</b>	<b>16,811</b>

## Cash-flow statement

NOKm	Jan-Mar 2005	Jan-Mar 2004
<i>Operating activities</i>		
Operating profit	803	718
Adjustments for items not included in cash flow	-163	-110
Income taxes paid	-15	-71
Cash flow from operating activities before changes in operating assets and liabilities	625	537
<i>Changes in operating assets and liabilities</i>		
Change in loans and receivables to credit institutions	-13,039	-14,687
Change in loans and receivables to public	-10,729	-6,845
Change in interest bearing securities	69	581
Change in shares	297	199
Change in derivatives, net	-1,594	-1,903
Change in other assets	-3,224	3,417
Change in deposits by credit institutions	5,843	2,774
Change in deposits and borrowings from the public	5,037	3,204
Change in debt securities in issue	682	498
Change in other liabilities	4,714	-2,787
Cash flow from operating activities	-11,319	-15,012
<i>Investing activities</i>		
Acquisition of tangible assets	-15	-4
Sale of tangible assets	2	0
Cash flow from investing activities	-13	-4
<i>Financing activities</i>		
Issued/amortised subordinated liabilities	100	-457
Dividend paid	-2,200	-500
Cash flow from financing activities	-2,100	-957
<b>Cash flow for the period</b>	<b>-13,432</b>	<b>-15,973</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>26,401</b>	<b>25,006</b>
<b>Cash and cash equivalents at end of period</b>	<b>12,969</b>	<b>9,033</b>
<b>Change</b>	<b>-13,432</b>	<b>-15,973</b>
<b>Cash and cash equivalents</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>
The following items are included in cash and cash equivalents (NOKm):	<u>2005</u>	<u>2004</u>
Cash and balances with central banks	9,194	7,390
Loans and receivables to credit institutions, payable on demand	3,775	1,643

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 at any time.

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

## Note 1 Accounting policies

### Basis for presentation

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU. These statements are presented in accordance with IAS 34 "Interim Financial Reporting".

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. In accordance with IFRS 1 the comparative figures presented by Nordea for 2004, do not include the revised IAS 39 "Financial Instruments". These standards came into force on 1 January 2005. As Nordea has not based its relevant business operations on the principles of IAS 39 during 2004, re-measured figures would not provide meaningful information.

Financial institutions in Norway have for the time being not been given admittance to prepare the accounts regarding the parent company in accordance with IFRS. With the exception of the part of IAS 39 regarding impairment of loans, IFRS has not been implemented in the accounts of the parent company. New regulation regarding loans, which came into force 1.1.2005, makes it possible to use the same accounting principles in the Group's and the parent company's accounts. With the exception 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 Norway ASA is presented behind the financial statements of the Group.

### Changed accounting policies

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

#### IAS 19 Benefits to employees

In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" retirement benefit obligations less taxes not recognized in the balance sheet, have been booked directly against equity when implementing IFRS. Comparative figures for 2004 have been changed accordingly.

#### IAS 39 Financial Instruments

##### Classification of financial instruments

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

##### Financial assets

- Financial assets at fair value through profit or loss
  - Held for trading

##### Effects of IFRS

The application of IFRS have had the following effects on net profit, and equity balance sheets for comparative figures:

- Financial assets designated upon inception as measured at fair value through profit or loss
- Loans and receivables
- Held to maturity investments
- Available for sale financial assets

##### Financial liabilities

- Held for trading
- Other financial liabilities

The classification is the basis for how each financial instrument is measured in the balance sheet and how changes in its fair value is recognised.

Financial assets at fair value through profit or loss and financial liabilities held for trading are measured at fair value and changes in fair values are recognised directly in the income statement.

Financial assets classified as loans and receivables and other financial liabilities are measured at amortised cost. NBN has no assets classified in the categories available for sale or held to maturity.

##### 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. This means that interest income and impairment losses are showing increases of the same magnitude and that there is no effect on the net profit.

##### 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 group-wise provisions (collective impairment). Remaining general provisions after reclassification 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 hedged instrument and the hedged item are measured at fair value, with changes in fair values recognised directly in the income statement. The effectiveness of the hedging relationships is consequently measured and evaluated and any ineffectiveness is affecting the income statement.

##### Dividend

Proposed dividend is not booked as an obligation in the yearly accounts, but is instead included in equity until the decision regarding dividend is formally adopted.

	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Year</b>
<b>NOKm</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>
<b>Net profit under Norwegian GAAP</b>	<b>603</b>	<b>534</b>	<b>679</b>	<b>516</b>	<b>2,332</b>
IAS 19 Pensions	+23	+23	+23	+23	+92
Tax	-7	-7	-6	-6	-26
<b>Net profit under IFRS</b>	<b>619</b>	<b>550</b>	<b>696</b>	<b>533</b>	<b>2,398</b>

	<b>1 Jan</b>	<b>31 Mar</b>	<b>1 Jan</b>
<b>NOKm</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
<b>Equity under Norwegian GAAP</b>	<b>17,301</b>	<b>17,698</b>	<b>17,182</b>
IAS 19 Pensions	-838	-887	-904
IAS 39, Loan loss provisions	+188	-	-
IAS 39, Financial instruments	-141	-	-
Dividend	+2,200	-	+500
Other	-18	-	-
<b>Equity under IFRS</b>	<b>18,692</b>	<b>16,811</b>	<b>16,778</b>

	Norwegian GAAP 31.12.2003	IAS adjustment*	IFRS GAAP 01.01.04*
<b>Balance sheet, NOKm</b>			
<b>Assets</b>			
Deferred tax assets	812	351	1 163
<b>Total assets</b>	<b>256,706</b>	<b>351</b>	<b>257,057</b>
<b>Liabilities and equity</b>			
Retirement benefit obligations	1,152	1,255	2,407
Provision for dividend	500	-500	0
Equity	17,182	-404	16,778
<b>Total liabilities and equity</b>	<b>256,706</b>	<b>351</b>	<b>257,057</b>

	Norwegian GAAP 31.12.2004	IAS adjustment*	IFRS GAAP 01.01.05*
<b>Balance sheet, NOKm</b>			
<b>Assets</b>			
Deferred tax assets	782	325	1,107
<b>Total assets</b>	<b>265,004</b>	<b>325</b>	<b>265,329</b>
<b>Liabilities and equity</b>			
Retirement benefit obligations	1,230	1,163	2,393
Provision for dividend	2,200	-2,200	0
Equity	17,301	1,362	18,663
<b>Total liabilities and equity</b>	<b>265,004</b>	<b>325</b>	<b>265,329</b>

\*Excluding the effect of IAS 39

## IFRS in 2005

### Amendment to IAS 39

The IASB has issued a preliminary draft of the new approach of the fair value option during the first quarter 2005. Nordea is monitoring the development of these changes as they are expected to be implemented and endorsed by the EU in the autumn of 2005 with potential effect as from 1 January 2005.

### Exchange rates

	Jan-Mar 2005	Jan-Dec 2004	Jan-Mar 2004
EUR 1 = SEK			
Income statement (average)	9.0842	9.1276	9.1964
Balance sheet (at end of period)	9.1529	9.0153	9.2613
EUR 1 = DKK			
Income statement (average)	7.4431	7.4385	7.4491
Balance sheet (at end of period)	7.4494	7.4390	7.4439
EUR 1 = NOK			
Income statement (average)	8.2435	8.3725	8.6241
Balance sheet (at end of period)	8.2067	8.2484	8.4296
EUR 1 = PLN			
Income statement (average)	4.0143	4.5297	4.7952
Balance sheet (at end of period)	4.0839	4.0746	4.7462

<b>Note 2 Net gains/losses on items at fair value, NOKm</b>	2005	2004
Shares/participations and other share-related instruments	15	0
Interest-bearing securities and other interest-related instruments	17	75
Other financial instruments	12	-5
Foreign exchange gains/losses	51	37
<b>Total</b>	<b>95</b>	<b>107</b>

	Jan-Mar 2005	Jan-Mar 2004
<b>Note 3 Loan losses, NOKm</b>		
<b>Loan losses divided by category</b>		
Write-downs and provisions for loans and receivables to the public	-39	-84
Reversals and recoveries for loans and receivables to the public	74	53
<b>Total</b>	<b>35</b>	<b>-31</b>

### Specifications

#### *Specific provisions for individually assessed loans*

Realised loan losses during the period	-66	-177
Reversed amount of previous provisions made for realised losses during the period	64	166
This period's provisions for probable loan losses	-30	-70
Recoveries of previous periods' realised loan losses	18	4
Reversals of provisions for probable loan loss no longer required	56	43
This period's costs for individually assessed loans, net	42	-34

#### *Provisions for groups of significant loans*

Allocation to reserve	0	0
Withdrawal from reserve	0	0
This period's change of provisions for groups of significant loans	0	0

#### *Provisions for groups of non-significant loans*

Realised loan losses during the period	0	0
Recoveries of previous periods' realised loan losses	0	0
Allocation to reserve	-4	-3
Withdrawal from reserve	0	0
This period's net costs of provisions for groups of non-significant loans	-4	-3

#### *Transfer risks*

Allocation to reserve for transfer risks	-3	0
Withdrawal from reserve for transfer risks	0	0
This period's change of provisions for transfer risks	-3	0

#### *Contingent liabilities*

Net cost for redemption of guarantees and other contingent liabilities	0	0
This period's net cost for redemption of guarantees and other contingent liabilities	0	0
Change in value of assets taken over for protection of claims	0	6
<b>Loan losses</b>	<b>35</b>	<b>-31</b>

**Note 4 Classification of financial instruments, NOKm**

31 March 2005	Held for	Assets at fair	Loans and	Held to ma-	Available for	Total
<b>Financial assets</b>	trading	value	receivables	turity	sale	
Cash and balances with central banks			9,194			9,194
Loans and receivables to credit institutions			10,060			10,060
Loans and receivables to the public			222,337			222,337
Interest-bearing securities	5,637	13,468				19,105
Shares	593	81				674
Prepaid expenses and accrued income			1,032			1,032
Other assets		17,713				17,713
<b>Total</b>	<b>6,230</b>	<b>31,262</b>	<b>242,623</b>	<b>0</b>	<b>0</b>	<b>280,115</b>

31 March 2005	Held for	Other finan-	Total
<b>Financial liabilities</b>	trading	cial liabilities	
Deposits by credit institutions		72,307	72,307
Deposits and borrowings from the public		131,952	131,952
Debt securities in issue	34,727		34,727
Other liabilities	128	19,209	19,337
Accrued expenses and prepaid income		1,927	1,927
Subordinated liabilities		2,792	2,792
<b>Total</b>	<b>34,855</b>	<b>228,187</b>	<b>263,042</b>

## Note 5 Loan portfolio and its impairment

	31 Mar 2005	31 Dec 2004	31 Mar 2004
NOKm			
Loans and receivables to credit institutions	10,060	4,675	17,627
Loans and receivables to the public	222,337	211,608	205,672
<b>Total</b>	<b>232,397</b>	<b>216,283</b>	<b>223,299</b>

### Loan portfolio by categories of borrowers

	Credit institutions	Corpo- rates	House- holds	Public sector	Total
31 March 2005, NOKm					
<b>Loans before reserves</b>	<b>10,060</b>	<b>127,291</b>	<b>96,911</b>	<b>776</b>	<b>235,038</b>
- of which impaired loans		5,664	607	4	6,275
- of which non-performing loans, which are impaired		1,001	502	4	1,507
- of which performing loans, which are impaired		4,663	105	0	4,768
<b>Reserves</b>		<b>-2,457</b>	<b>-182</b>	<b>-2</b>	<b>-2,641</b>
- of which reserves for impaired loans		-2,457	-182	-2	-2,641
- of which reserves for non-performing loans, which are impaired		-455	-169	-2	-626
- of which reserves for performing loans, which are impaired		-2,002	-13	0	-2,015
<b>Loans at book value</b>	<b>10,060</b>	<b>124,834</b>	<b>96,729</b>	<b>774</b>	<b>232,397</b>
- of which impaired loans		3,207	425	2	3,634
- of which non-performing loans, which are impaired		546	333	2	881
- of which performing loans, which are impaired		2,661	92	0	2,753

### Specification of reserves

Specific reserves for individually assessed loans	-1,525	-146	-2	-1,673
Reserves for groups of significant loans	-931	0	0	-931
Reserves for groups of non-significant loans	-1	-36	0	-37
<b>Total reserves</b>	<b>-2,457</b>	<b>-182</b>	<b>-2</b>	<b>-2,641</b>

	Credit institutions	Corpo- rates	House- holds	Public sector	Total
31 December 2004, NOKm					
<b>Loans before reserves</b>	<b>4,675</b>	<b>118,786</b>	<b>95,129</b>	<b>674</b>	<b>219,264</b>
- of which impaired loans		4,791	634	4	5,429
- of which non-performing loans, which are impaired		1,058	547	4	1,609
- of which performing loans, which are impaired		3,733	87	0	3,820
<b>Reserves</b>		<b>-1,576</b>	<b>-215</b>	<b>-2</b>	<b>-2,981</b>
- of which reserves for impaired loans		-1,576	-215	-2	-2,981
- of which reserves for non-performing loans, which are impaired		-477	-171	-2	-650
- of which reserves for performing loans, which are impaired <sup>1)</sup>		-1,099	-44	0	-2,331
<b>Loans at book value</b>	<b>4,675</b>	<b>117,210</b>	<b>94,914</b>	<b>672</b>	<b>216,283</b>
- of which impaired loans		3,215	419	2	3,636
- of which non-performing loans, which are impaired		581	376	2	959
- of which performing loans, which are impaired		2,634	43	0	2,677

### Specification of reserves

Specific reserves for individually assessed loans	-1,575	-182	-2	-1,759
Reserves for groups of significant loans <sup>1)</sup>	0	0	0	-1,188
Reserves for groups of non-significant loans	-1	-33	0	-34
<b>Total reserves</b>	<b>-1,576</b>	<b>-215</b>	<b>-2</b>	<b>-2,981</b>

<sup>1)</sup> Include general provisions which are not categorized with NOK 1,188



31 March 2004, NOKm	Credit institutions	Corporates	Households	Public sector	Total
<b>Loans before reserves</b>	<b>17,627</b>	<b>123,604</b>	<b>85,270</b>	<b>598</b>	<b>227,099</b>
- of which impaired loans		6,657	637	4	7,298
- of which non-performing loans, which are impaired		1,862	584	4	2,450
- of which performing loans, which are impaired		4,795	53	0	4,848
<b>Reserves</b>		<b>-1,937</b>	<b>-223</b>	<b>-2</b>	<b>-3,800</b>
- of which reserves for impaired loans		-1,937	-223	-2	-3,800
- of which reserves for non-performing loans, which are impaired		-849	-184	-2	-1,035
- of which reserves for performing loans, which are impaired <sup>2</sup>		-1,088	-39	0	-2,765
<b>Loans at book value</b>	<b>17,627</b>	<b>121,667</b>	<b>85,047</b>	<b>596</b>	<b>223,299</b>
- of which impaired loans		4,720	414	2	5,136
- of which non-performing loans, which are impaired		1,013	400	2	1,415
- of which performing loans, which are impaired		3,707	14	0	3,721
<b>Specification of reserves</b>					
Specific reserves for individually assessed loans		-1,936	-199	-2	-2,137
Reserves for groups of significant loans <sup>2</sup>					-1,638
Reserves for groups of non-significant loans		-1	-24	0	-25
<b>Total reserves</b>	<b>0</b>	<b>-1,937</b>	<b>-223</b>	<b>-2</b>	<b>-3,800</b>

	31 Mar 2005	31 Dec 2004	31 Mar 2004
Reserves/impaired loans, gross, %	42.1	54.9	52.1
Impaired loans, gross/loans and receivables to the public, gross,%	2.7	2.5	3.2

	31 Mar 2005	31 Dec 2004	31 Mar 2004
<b>Assets taken over for protection of claims, NOKm</b>			
<b>Current assets</b>			
Land and buildings	5	5	8
Shares and other participations	2	2	2
Other assets	3	3	3
<b>Total</b>	<b>10</b>	<b>10</b>	<b>13</b>

<sup>2</sup> Include general provisions which are not categorized with NOK 1,638

**Note 6 Derivatives, NOKm**

	Assets	Liabilities	Total
31 March 2005	Fair value	Fair value	Nom. value
<b>Derivatives held for trading</b>			
Interest rate derivatives	36	198	13,795
Equity derivatives	0	0	0
Foreign exchange derivatives	107	112	1,429
<b>Total</b>	<b>143</b>	<b>310</b>	<b>15,224</b>

**Derivatives used for hedging**

Interest rate derivatives	1,382	1,190	52,575
Equity derivatives	429	429	13,858
Foreign exchange derivatives	1,323	385	51,345
<b>Total</b>	<b>3,134</b>	<b>2,004</b>	<b>117,778</b>

**Derivatives, total**

Interest rate derivatives	1,418	1,388	66,370
Equity derivatives	429	429	13,858
Foreign exchange derivatives	1,430	497	52,774
<b>Total</b>	<b>3,277</b>	<b>2,314</b>	<b>133,002</b>

**Note 7 Capital adequacy**

	31 Mar 2005	31 Dec 2004	31 Mar 2004
Tier 1 capital, NOKm	15,366	16,510	16,327
Capital base, NOKm	18,469	19,510	19,699
Risk-weighted assets, NOKm	210,854	203,620	202,067
Tier 1 capital ratio, %	7.3	8.1	8.1
Total capital ratio, %	8.8	9.6	9.8

## Segment reporting - Customer responsible units

	Corporate and Institutional Banking				Subtotal		Change %	Group functions and eliminations				Total		Change %
	Retail Banking		Banking					Group Treasury						
	Q1 2005	Q1 2004	Q1 2005	Q1 2004	Q1 2005	Q1 2004		Q1 2005	Q1 2004	Q1 2005	Q1 2004			
NOKm														
Net interest income	970	995	256	276	1,226	1,271	-4	23	80	45	-45	1,294	1,306	-1
Net fee and commission income	212	257	116	130	328	387	-15	1	2	-10	11	319	400	-20
Net gains/losses on items at fair value	118	96	-26	-50	92	46	101	2	-29	1	36	95	53	79
Equity method	0	0	11	13	11	13	-11	0	0	1	0	12	13	-8
Other income	3	11	1	3	4	14	-72	3	0	2	27	9	41	-78
<b>Total income incl. allocations</b>	<b>1,303</b>	<b>1,359</b>	<b>358</b>	<b>372</b>	<b>1,661</b>	<b>1,731</b>	<b>-4</b>	<b>29</b>	<b>53</b>	<b>39</b>	<b>29</b>	<b>1,729</b>	<b>1,813</b>	<b>-5</b>
<i>of which allocations</i>	<i>219</i>	<i>222</i>	<i>-45</i>	<i>-42</i>	<i>174</i>	<i>180</i>		<i>0</i>	<i>0</i>	<i>-174</i>	<i>-180</i>			
Staff costs	-282	-324	-105	-69	-387	-393	-2	-2	-4	-197	-170	-586	-567	3
Other expenses	-418	-443	-40	-58	-458	-501	-9	-9	-9	124	181	-343	-329	4
Depreciation of tangible assets	-14	-15	0	0	-14	-15	-8	0	0	-22	-32	-36	-47	-24
<b>Expenses incl. allocations</b>	<b>-714</b>	<b>-782</b>	<b>-145</b>	<b>-127</b>	<b>-859</b>	<b>-909</b>	<b>-5</b>	<b>-11</b>	<b>-13</b>	<b>-95</b>	<b>-21</b>	<b>-965</b>	<b>-943</b>	<b>2</b>
<i>of which allocations</i>	<i>-158</i>	<i>-156</i>	<i>-10</i>	<i>-13</i>	<i>-168</i>	<i>-169</i>		<i>-3</i>	<i>-3</i>	<i>171</i>	<i>172</i>			
Loan losses	-2	-24	37	2	35	-22	-262	0	0	0	6	35	-16	-319
Net gains/losses on sales of tangible assets	6	4	0	0	6	4	44	0	0	-2	-5	4	-1	500
<b>Operating profit</b>	<b>593</b>	<b>557</b>	<b>250</b>	<b>247</b>	<b>843</b>	<b>804</b>	<b>5</b>	<b>18</b>	<b>40</b>	<b>-58</b>	<b>9</b>	<b>803</b>	<b>853</b>	<b>-6</b>
<b>Balance sheet, NOKbn</b>														
Loans and receivables	180.1	173.0	53.0	48.0	233.1	221.0		40.8	29.4	-22.4	-14.9	251.5	235.5	
Other assets	2.6	1.8	10.0	8.6	12.6	10.4		25.2	22.7	-9.2	-3.3	28.6	29.8	
<b>Total assets</b>	<b>182.7</b>	<b>174.8</b>	<b>63.0</b>	<b>56.6</b>	<b>245.7</b>	<b>231.4</b>		<b>66.0</b>	<b>52.1</b>	<b>-31.6</b>	<b>-18.2</b>	<b>280.1</b>	<b>265.3</b>	
Deposits	110.5	108.5	47.2	40.9	157.7	149.4		85.5	68.8	-38.9	-24.8	204.3	193.4	
Other liabilities	27.2	33.6	12.9	8.6	40.1	42.2		3.6	9.1	15.0	2.9	58.7	54.2	
<b>Total liabilities</b>	<b>137.7</b>	<b>142.1</b>	<b>60.1</b>	<b>49.5</b>	<b>197.8</b>	<b>191.6</b>		<b>89.1</b>	<b>77.9</b>	<b>-23.9</b>	<b>-21.9</b>	<b>263.0</b>	<b>247.6</b>	
Economic capital / equity	6.5	6.6	3.0	2.8	9.5	9.4		0.5	0.1	-10.0	-9.5	0.0	0.0	
<b>Total liabilities and allocated equity</b>	<b>144.2</b>	<b>148.7</b>	<b>63.1</b>	<b>52.3</b>	<b>207.3</b>	<b>201.0</b>		<b>89.6</b>	<b>78.0</b>	<b>-33.8</b>	<b>-32.3</b>	<b>263.0</b>	<b>246.7</b>	
<b>Other segment items</b>														
Capital expenditure	9	31	3	10	12	41		2	6	1	0	15	47	

## Nordea Bank Norge ASA

### Statement of income

NOK million	Note	The Parent Bank		
		1st quarter	Full year	
		2005	2004	2004
Interest income		2,457	2,404	9,059
Interest expenses		1,288	1,207	4,548
<b>Net interest income</b>		<b>1,169</b>	<b>1,197</b>	<b>4,511</b>
Dividends and profit from group companies and associated companies		74	86	292
Commissions and fees		417	402	1,817
Commission expenses		-97	-89	-410
Net change in value and profit (loss) on securities		20	75	91
Net change in value and profit (loss) on foreign exchange and financial derivatives		59	32	185
Other non-interest income		12	13	412
<b>Total non-interest income</b>		<b>485</b>	<b>519</b>	<b>2,387</b>
Personnel expenses		558	556	2,199
Administrative expenses		227	316	985
Ordinary depreciation and write-downs		35	55	192
Other non-interest expenses		107	90	418
<b>Total non-interest expenses</b>		<b>927</b>	<b>1,017</b>	<b>3,794</b>
<b>Operating profit before loan losses and profit on long-term securities</b>		<b>727</b>	<b>699</b>	<b>3,104</b>
Provision for losses on loans and guarantees		-39	32	-27
Profit (losses/write-downs) on long-term securities		2	0	-4
<b>Operating profit</b>		<b>768</b>	<b>667</b>	<b>3,127</b>
Income taxes		191	151	795
<b>Net profit</b>		<b>577</b>	<b>516</b>	<b>2,332</b>

## Nordea Bank Norge ASA

### Balance sheet

NOK million	Note	31.03.05	31.03.04	31.12.04
<b>Assets</b>				
Cash and deposits with central banks		9,194	7,390	14,972
Deposits with and loans to credit institutions		25,630	26,867	13,320
<b>Total cash and claims on credit institutions</b>		<b>34,824</b>	<b>34,257</b>	<b>28,292</b>
Loans to customers		198,447	183,074	188,123
Specific allowance		-1,635	-2,076	-1,718
General allowance for loan losses		-931	-1,525	-1,075
<b>Net loans to customers</b>		<b>195,881</b>	<b>179,473</b>	<b>185,330</b>
<b>Reposessed assets</b>		<b>7</b>	<b>10</b>	<b>7</b>
Certificates and bonds		20,490	16,452	18,999
Equities and investments		663	114	971
<b>Total securities</b>		<b>21,153</b>	<b>16,566</b>	<b>19,970</b>
<b>Associated companies</b>		<b>663</b>	<b>616</b>	<b>651</b>
<b>Equities and investments in group companies</b>		<b>3,405</b>	<b>3,317</b>	<b>3,235</b>
<b>Deferred tax asset, goodwill and other intangible assets</b>		<b>705</b>	<b>776</b>	<b>689</b>
<b>Real estate and machinery</b>		<b>458</b>	<b>1,173</b>	<b>487</b>
<b>Other assets</b>		<b>13,492</b>	<b>6,531</b>	<b>10,482</b>
<b>Prepaid expenses and accrued income</b>		<b>867</b>	<b>3,330</b>	<b>1,155</b>
<b>Total assets</b>		<b>271,455</b>	<b>246,049</b>	<b>250,298</b>
<b>Liabilities and equity</b>				
Deposits from credit institutions		70,514	64,099	58,384
Deposits from customers		132,078	114,269	126,992
<b>Total deposits</b>		<b>202,592</b>	<b>178,368</b>	<b>185,376</b>
Certificates and bond loans		30,831	35,616	28,515
Other liabilities		14,630	8,067	13,769
Accrued expenses and prepaid receivables		1,530	2,254	1,435
Allowances for liabilities		1,122	1,041	1,211
<b>Total other liabilities</b>		<b>48,113</b>	<b>46,978</b>	<b>44,930</b>
<b>Subordinated loan capital</b>		<b>2,790</b>	<b>3,005</b>	<b>2,691</b>
Share capital		3,860	3,860	3,860
Reserves		13,523	13,322	13,441
Profit for the period		577	516	0
<b>Total equity</b>	1	<b>17,960</b>	<b>17,698</b>	<b>17,301</b>
<b>Total liabilities and equity</b>		<b>271,455</b>	<b>246,049</b>	<b>250,298</b>

# Nordea Bank Norge ASA

## Note 1 Equity

<b>NOK million</b>	<b>2005</b>	<b>2004</b>
Equity as at 1 January	17 301	17 182
Profit for the period	577	2 332
Provision for dividend		-2 200
Implementation effect of new loan loss regulations	82	-
Exchange rate differences		-13
<b>Equity as at 31 March</b>	<b>17,960</b>	<b>17,301</b>

## Note 2 Capital ratio

	<b>NOK billion</b>	
<b>Risk-weighted assets as at</b>	<b>31.12.2005</b>	<b>31.03.2004</b>
Total assets	158.8	151.2
Total off-balance sheet items	21.9	20.4
Total market and foreign exchange risk	4.2	3.4
<b>Risk-weighted assets</b>	<b>184.9</b>	<b>175.0</b>

	<b>NOK million</b>		<b>%</b>	
<b>Capital ratio as at</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
Tier 1 capital	15,072	14,942	8.1	8.5
Supplementary capital	2,790	3,005	1.5	1.7
Deductions	-31	- 13	-	-
<b>Total capital</b>	<b>17 831</b>	<b>17 934</b>	<b>9.6</b>	<b>10.3</b>

The capital ratio requirement is 8 per cent.