



Interim Report 3rd quarter 2005

Nordea Bank Norge Group

Nordea Bank Norge Group

Result summary first nine months 2005

Operating profit increased by 43% compared to the same period in 2004 and reached NOK 3,513m. Net profit increased by 41% to NOK 2,510m.

Increased business volumes compensated for the pressure on margins. Total income increased by 9% to NOK 5,464m reflecting increased net interest income, commission income and net gains on items at fair value. Costs increased by 3% and loan losses were positive by NOK 1,012m (27).

Income

Net interest income increased by 6% to NOK 3,728m (3,510).

Volume growth was strong in all segments. Lending increased by 16% year-on-year to NOK 246bn. Mortgage lending to personal customers has expanded significantly and amounted to NOK 87bn, reflecting a year-on-year growth of 20%. The growth in lending to small and medium sized enterprises (SMEs) continued, and increased by 12% to NOK 138bn.

Lending margins were reduced year-on-year reflecting strong competitions in all segments.

Deposits were NOK 139bn, an increase of 17%.

Fee to the Guarantee Fund is not paid in 2005, while NOK 139.5m were expensed in the same period last year.

Interest income on bonds and certificates in the trading portfolio in Markets has, in the second quarter 2005, been reclassified from Net interest income to Net gains/losses on items at fair value. This is a result of a review in the whole Nordea Group, where the purpose has been the same classification of all items. The comparative figures have been changed accordingly. These amounted to NOK 60m, NOK 64m and NOK 56m in the first, second and third quarter of 2004 respectively and NOK 50m in the first quarter of 2005.

The comparative figures for the second quarter of 2005 is changed due to a reclassification in Treasury of NOK 115m from Net gains/losses on items at fair value to Net interest income.

Net commission income was up by 8% to NOK 1,089m mainly due to increased income from syndication of loans, issues and payment services. Net commissions from payments and e-services increased by 7% to NOK 403m.

Net gains/losses on items at fair value include large gross flows and it should be expected to be fairly volatile. In the first nine months net gains were 25% higher at NOK 519m compared to the same period in 2004. The increase is mainly due to higher income from shares.

Expenses

Total expenses were NOK 2,984m, up 3% compared to the same period in 2004.

Staff costs increased by 11% to NOK 1,827m mainly due to higher pension costs. The number of employees was reduced by 120 or 4% compared to the same period in 2004.

Other expenses were NOK 1,046m, down by 5% compared to the same period last year reflecting lower IT expenses. Costs for rents and premises have increased compared to last year.

Depreciation was down by 26% to NOK 111m.

The cost/income ratio was 55% (58).

Loan losses

Loan losses were positive at NOK 1,012m, which is an improvement of NOK 985m compared to the same period last year. The figure includes gain on sale of converted shares in Pan Fish ASA of NOK 794m in the second quarter. NOK 211m has been reversed from the group-wise write-downs so far this year.

Disposals of tangible assets

Net gains on disposals of tangible assets were NOK 21m. Net gains last year include gain on sales of real estate of approximately NOK 300m.

Net profit

Net profit increased by 41% to NOK 2,510m corresponding to NOK 4.55 per share and a return on equity of 18.6% (13.6). Earnings per share rolling 12 months up to period end were NOK 5.68 (3.61).

Development in the third quarter 2005

Operating profit was reduced by 35% compared to the second quarter 2005 and amounted to NOK 1,066m. The reduction was due to large recoveries of loan losses in the second quarter due to the sale of the shares in Pan Fish.

Total income increased by 2% to NOK 1,883m, while total expenses were almost at the same level as last quarter. Loan losses were positive by NOK 177m (800).

Income

Net interest income increased by 2 % to NOK 1,256m (1,228). The comparative figure has been increased by NOK 115m compared to what was presented in the second quarter interim report. This is due to a reclassification of the result of long currency forwards/futures, mainly used for hedging of deposits in USD, from financial derivatives to net interest income.

Volume growth continued in most segments. In total, lending increased by 5% to NOK 246bn. Lending margins are still under pressure.

Deposits from customers amounted to NOK 139bn, which is an increase of 5%. The deposit margins increased somewhat during the quarter.

Net commission income increased by 8% to NOK 400m. Commissions from payments and e-services was somewhat reduced, while commissions from loan syndications and issues have increased.

Net gains/losses on items at fair value decreased by 36% to NOK 144m. Shares, bonds and foreign exchange have contributed positive, while financial derivatives had a net loss in the quarter.

Equity method was NOK 12m compared to NOK 5m in the second quarter. The shares in the associated company Teller AS was sold in the third quarter. The net gain of NOK 62m from this sale is included in other income

Expenses

Total expenses decreased by 1% to NOK 1,006m.

Staff costs increased by 1% to NOK 623m. The number of employees increased by 6 FTE's to 3,168 in the third quarter.

Other expenses were down 3% to NOK 346m. IT-expenses were at the same level as the previous quarter, while most other expense items were reduced.

Depreciation was at the same level as the previous quarter with NOK 37m.

The cost/income ratio was 53% (55).

Loan losses

Loan losses were positive at 177m. Group-wise write-downs have been reversed by NOK 170m. The overall credit quality remains strong.

Net profit

Net profit was NOK 744m corresponding to NOK 1.35 per share and return on equity of 16.0% (26.8).

Credit portfolio

At the end of the third quarter, impaired loans, net, amounted to NOK 2,260m, which is 0.9% of total lending, compared to 1.9% one year earlier.

The share of personal customer lending was 44%. Within personal customer lending, mortgage loans account for 80%.

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 41.3bn, representing 17% of the total portfolio.

Capital adequacy

Nordea still has a strong capital position, reflected in the Tier 1 capital ratio of 7.1% and the total capital ratio of 9.5% at the end of the quarter.

The risk-weighted assets of the Group increased by NOK 9bn to NOK 232bn as of 30 September 2005. Under current legislation the capital ratio is required to be at least 8 per cent at all times. NBN has during the third quarter raised a loan, which is included in the supplementary capital. The Group's total capital after this amounted to 22.1bn, which represents a capital ratio of 9.5% compared to 8.9% by the end of last quarter. The Group's core capital was NOK 16.6bn equaling 7.1%. Profit for the period is not included in the calculations. The corresponding figures for Nordea Bank Norge ASA was 9.9% and 7.4%. Total capital ratio inclusive the profit for the period for the Group and NBN ASA were 10.6% and 11.1% respectively.

Outlook

The current market trend with volume growth and a challenging competitive climate is expected to continue.

Volume and income growth is higher than expected when defining Nordea's financial targets in November 2004. This is placing an upward pressure on costs. However, costs for the whole year are expected to remain flat.

Based on the overall quality of the credit portfolio and the present economic outlook, there are no indications of a deteriorating credit quality.

Key financial figures

Income statement

NOKm	Jan-Sep 2005	Jan-Sep 2004	Change %	Q3 2005	Q2 2005	Change %	Full year 2004
Net interest income	3,728	3,510	6	1,256	1,228	2	4,758
Net fee and commission income	1,089	1,006	8	400	370	8	1,406
Net gains/losses on items at fair value	519	415	25	144	226	-36	535
Equity method	29	37	-22	12	5	140	50
Other income	99	30	230	71	23	209	62
Total operating income	5,464	4,998	9	1,883	1,852	2	6,811
General administrative expenses							
Staff costs	-1,827	-1,646	11	-623	-618	1	-2,213
Other expenses	-1,046	-1,104	-5	-346	-357	-3	-1,433
Depreciation of tangible assets	-111	-150	-26	-37	-38	-3	-197
Total operating expenses	-2,984	-2,900	3	-1,006	-1,013	-1	-3,843
Loan losses	1,012	27	3,648	177	800	-78	11
Disposals of tangible assets	21	326	-94	12	5	140	325
Operating profit	3,513	2,451	43	1,066	1,644	-35	3,304
Income tax expense	-1,003	-672	49	-322	-459	-30	-906
Net profit	2,510	1,779	41	744	1,185	-37	2,398

Balance sheet

NOKm	30 Sep 2005	30 Sep 2004	30 Sep 2005	30 Jun 2005	31 Dec 2004
Treasury bills and other interest-bearing securities	21,956	21,294	21,956	20,337	19,174
Loans and receivables to credit institutions	22,641	7,530	22,641	17,590	4,675
Loans and receivables to the public	245,502	212,482	245,502	234,612	211,608
Derivatives	3,422	1,896	3,422	3,321	1,683
Other assets	30,190	13,091	30,190	16,439	28,189
Total assets	323,711	256,293	323,711	292,299	265,329
Deposits by credit institutions	112,789	63,882	112,789	88,926	66,464
Deposits and borrowings from the public	138,557	118,166	138,557	132,531	126,915
Debt securities in issue	34,180	38,909	34,180	28,593	34,045
Derivatives	2,315	1,167	2,315	2,521	1,024
Subordinated liabilities	5,153	2,937	5,153	2,844	2,692
Other liabilities	11,712	13,177	11,712	18,624	15,526
Equity	19,005	18,055	19,005	18,260	18,663
Total liabilities and equity	323,711	256,293	323,711	292,299	265,329

Ratios and key figures

Earnings per share (EPS), NOK	4.55	3.23	1.35	2.15	4.35
EPS, rolling 12 months up to period end	5.68	3.61	5.68	5.32	4.35
Equity per share ² , NOK	34.47	32.75	34.47	33.12	33.85
Shares outstanding, million	551	551	551	551	551
Return on equity, %	18.6	13.6	16.0	26.8	13.1
Cost/income ratio, %	55	58	53	55	56
Tier 1 capital ratio ¹ , %	8.2	8.8	8.2	8.0	8.1
Total capital ratio ¹ , %	10.6	10.4	10.6	9.4	9.6
Risk-weighted assets, NOKbn	232	207	232	223	204
Number of employees (full-time equivalents)	3,168	3,288	3,168	3,162	3,237

¹ Including the result for the period. For CAD figures according to the Norwegian Banking, Insurance and Securities Commission's rules, see note 7

² See footnotes to Movements in equity

Quarterly development

NOKm	Note	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004
Net interest income		1,256	1,228	1,244	1,248	1,164
Net fee and commission income	1	400	370	319	400	365
Net gains/losses on items at fair value		144	226	149	124	117
Equity method		12	5	12	13	11
Other income		71	23	5	28	19
Total operating income		1,883	1,852	1,729	1,813	1,676
General administrative expenses	2					
Staff costs		-623	-618	-586	-567	-525
Other expenses		-346	-357	-343	-329	-345
Depreciation of tangible assets		-37	-38	-36	-47	-38
Total operating expenses		-1,006	-1,013	-965	-943	-908
Loan losses		177	800	35	-16	4
Disposals of tangible assets		12	5	4	-1	-4
Operating profit		1,066	1,644	803	853	768
Income tax expense		-322	-459	-222	-234	-218
Net profit		744	1,185	581	619	550
Earnings per share (EPS)		1.35	2.15	1.05	1.12	1.00
EPS, rolling 12 months up to period end		5.68	5.32	4.44	4.35	3.61
Note 1 Net fee and commission income, NOKm		Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004
Loans and receivables		48	32	13	15	43
Guarantees and documentary payments		38	36	38	36	33
Life insurance		11	11	10	12	8
Investment products / services		23	25	19	38	17
Deposits, payments and e-services		233	239	199	258	229
Brokerage		42	47	36	49	28
Other commission income		116	87	102	101	120
Fee and commission income		511	477	417	509	478
Payments and e-services		-96	-89	-83	-96	-101
Other commission expenses		-15	-18	-15	-13	-12
Fee and commission expenses		-111	-107	-98	-109	-113
Net fee and commission income		400	370	319	400	365
Note 2 General administrative expenses, NOKm		Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004
Staff ¹		606	605	570	551	508
Profit sharing		16	13	16	16	17
Information technology ²		116	115	127	76	116
Marketing		25	31	24	48	28
Postage, telephone and office expenses		29	29	24	39	30
Rents, premises and real estate expenses		91	89	79	88	98
Other		86	93	89	78	73
Total		969	975	929	896	870

¹ Variable salaries were NOK 60m in Q3 2005 (Q2 2005: NOK 67m)

² Refers to IT operations, service expenses and consultant fees. Total IT-related costs in Q3 2005, including staff etc, but excluding IT expenses in insurance operations, were NOK 141m (Q2 2005: NOK 140m)

Income statement

NOKm	Note	Q3 2005	Q3 2004	Jan-Sep 2005	Jan-Sep 2004	Full year 2004
Operating income						
<i>Interest income</i>		2,718	2,459	7,895	7,479	9,995
<i>Interest expense</i>		-1,462	-1,295	-4,167	-3,969	-5,237
Net interest income		1,256	1,164	3,728	3,510	4,758
<i>Fee and commission income</i>		511	478	1,405	1,307	1,817
<i>Fee and commission expense</i>		-111	-113	-316	-301	-411
Net fee and commission income		400	365	1,089	1,006	1,406
Net gains/losses on items at fair value	2	138	116	485	401	509
Equity method		12	11	29	37	50
Dividends		6	1	34	14	26
Other operating income		71	19	99	30	62
Total operating income		1,883	1,676	5,464	4,998	6,811
Operating expenses						
General administrative expenses						
Staff costs		-623	-525	-1,827	-1,646	-2,213
Other expenses		-346	-345	-1,046	-1,104	-1,433
Depreciation and impairment charges of tangible assets		-37	-38	-111	-150	-197
Total operating expenses		-1,006	-908	-2,984	-2,900	-3,843
Loan losses	3	177	4	1,012	27	11
Disposals of tangible assets		12	-4	21	326	325
Operating profit		1,066	768	3,513	2,451	3,304
Income tax expense		-322	-218	-1,003	-672	-906
Net profit		744	550	2,510	1,779	2,398
earnings per share, NOK		1.35	1.00	4.55	3.23	4.35

Balance sheet

NOKm	Note	30 Sep 2005	31 Dec 2004	30 Sep 2004
Assets				
Cash and balances with central banks		20,401	14,972	2,554
Treasury bills and other eligible bills		21,956	19,174	21,294
Loans and receivables to credit institutions	4	22,641	4,675	7,530
Loans and receivables to the public	4	245,502	211,608	212,482
Shares		773	971	511
Derivatives	6	3,422	1,683	1,896
Fair value changes of the hedged items in portfolio hedge of interest rate risk		662	0	0
Shares in associated undertakings		618	651	638
Tangible assets		434	508	523
Deferred tax assets		1,061	1,107	1,025
Prepaid expenses and accrued income		1,411	1,323	1,780
Other assets		4,830	8,657	6,060
Total assets		323,711	265,329	256,293
Liabilities				
Deposits by credit institutions		112,789	66,464	63,882
Deposits and borrowings from the public		138,557	126,915	118,166
Debt securities in issue		34,180	34,045	38,909
Derivatives	6	2,315	1,024	1,167
Fair value changes of the hedged items in portfolio hedge of interest rate risk		350	0	0
Current tax liabilities		1,654	702	388
Other liabilities		4,922	10,023	7,622
Accrued expenses and prepaid income		2,370	2,408	2,738
Retirement benefit obligations		2,416	2,393	2,429
Subordinated liabilities		5,153	2,692	2,937
Total liabilities		304,706	246,666	238,238
Equity				
Share capital		3,860	3,860	3,860
Other reserves		953	953	953
Retained earnings		14,192	13,850	13,242
Total equity		19,005	18,663	18,055
Total liabilities and equity		323,711	265,329	256,293
Assets pledged for own liabilities		14,773	14,067	13,624
Contingent liabilities		27,417	24,835	24,455
Commitments		223,149	242,236	220,430
Other notes				
Note 5 Classification of financial instruments				
Note 7 Capital adequacy				

Movements in equity

NOKm	Share capital	Retained earnings	Total
Balance at end of year, at 31 December 2004	3,860	13,441	17,301
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
Balance at end of year, at 31 December 2004, restated	3,860	14,832	18,692
Net profit for the period		2,510	2,510
Currency translation differences		3	3
Dividend for 2004		-2,200	-2,200
Balance at 30 September 2005	3,860	15,145	19,005

NOKm	Share capital	Retained earnings	Total
Balance at end of year, at 31 December 2003	3,860	13,322	17,182
Change in accounting policies:			
Provision for dividend 2003		500	500
IAS 19 Pension		-904	-904
Balance at end of year, at 31 December 2003, restated	3,860	12,918	16,778
Net profit for the period before changes in accounting policies		1,729	1,729
IAS 19 Pension - effect on net profit		50	50
Net profit for the period		1,779	1,779
Currency translation differences		-2	-2
Dividend for 2003		-500	-500
Balance at 30 September 2004	3,860	14,195	18,055

Cash flow statement

NOKm	Jan-Sep 2005	Jan-Sep 2004
<i>Operating activities</i>		
Operating profit	3,513	2,451
Adjustments for items not included in cash flow	-918	-339
Income taxes paid	-66	-335
Cash flow from operating activities before changes in operating assets and liabilities	2,529	1,777
<i>Changes in operating assets and liabilities</i>		
Change in loans and receivables to credit institutions	-23,010	-2,880
Change in loans and receivables to public	-33,894	-13,654
Change in interest bearing securities	-2,782	-4,183
Change in shares	198	-198
Change in derivatives, net	-1,739	-1,896
Change in other assets	3,236	3,603
Change in deposits by credit institutions	46,325	-1,403
Change in deposits and borrowings from the public	11,642	6,842
Change in debt securities in issue	135	-5,135
Change in other liabilities	-2,523	-1,819
Cash flow from operating activities	117	-18,946
<i>Investing activities</i>		
Acquisition of tangible assets	-39	-38
Sale of tangible assets	45	912
Cash flow from investing activities	6	874
<i>Financing activities</i>		
Issued/amortised subordinated liabilities	2,461	-527
Dividend paid	-2,200	-500
Cash flow from financing activities	261	-1,027
Cash flow for the period	384	-19,099
Cash and cash equivalents at beginning of period	26,401	24,942
Cash and cash equivalents at end of period	26,785	5,843
Change	384	-19,099

Cash and cash equivalents

The following items are included in cash and cash equivalents (NOKm):

	Jan-Sept <u>2005</u>	Jan-Sept <u>2004</u>
Cash and balances with central banks	20,401	2,554
Loans and receivables to credit institutions, payable on demand	6,384	3,289

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.

Notes

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 comparative figures under IFRS presented by Nordea for 2004, do not include the revised IAS 39 "Financial Instruments". The standard came into force on 1 January 2005. As Nordea has not based its relevant business operations on the principles of IAS 39 during 2004, remeasured 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 are presented behind the financial statements of the Group.

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
 - 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.

Measurement of financial instruments

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. The net effect on reported profits is expected to be marginal.

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 were dissolved against equity.

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 under the item Net gains/losses on items at fair value.

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.

Amendment to IAS 39

In June 2005 IAS 39 was amended with rules on the Fair Value Option, which are expected to be endorsed by the EU in the autumn 2005.

As the discussions on the amendments to IAS 39 on the hedge accounting rules are still ongoing, this consequently continues to be closely monitored by Nordea.

Effects of IFRS

The application of IFRS have had the following effects on net profit and equity:

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

	1 Jan	30 Sept	1 Jan
NOKm	2005	2004	2004
Equity under Norwegian GAAP	17,301	18,909	17,182
IAS 19 Pensions	-838	-854	-904
IAS 39 Loan loss provisions	+188	0	0
IAS 39 Financial instruments	-141	0	0
Dividend	+2,200	0	+500
Other	-18	0	0
Equity under IFRS	18,692	18,055	16,778

Exchange rates

	Jan-Sep 2005	Jan-Dec 2004	Jan-Sep 2004
EUR 1 = SEK			
Income statement (average)	9.2262	9.1276	9.1684
Balance sheet (at end of period)	9.3245	9.0153	9.0537
EUR 1 = DKK			
Income statement (average)	7.4492	7.4385	7.4401
Balance sheet (at end of period)	7.4631	7.4390	7.4405
EUR 1 = NOK			
Income statement (average)	8.0508	8.3725	8.4342
Balance sheet (at end of period)	7.8890	8.2484	8.3444
EUR 1 = PLN			
Income statement (average)	4.0618	4.5297	4.6310
Balance sheet (at end of period)	3.9203	4.0746	4.3653

	Q3 2005	Q3 2004	Jan-Sep 2005	Jan-Sep 2004
Note 2 Net gains/losses on items at fair value, NOKm				
Shares/participations and other share-related instruments	70	0	84	8
Interest-bearing securities and other interest-related instruments	46			26
Other financial instruments	-34	0		
Change in gains/losses	56			13
Total	138		485	401
	Q3 2005	Q3 2004	Jan 2005	Jan-Sep 2004
Loan losses, NOKm				
Provisions				
Write-downs and provisions for loans and receivables to the public	583	334	849	572
Reversals and recoveries for loans and receivables to the public	-760	-338	-1,861	-599
Total	-177	-4	-1,012	-27
Specifications				
<i>Specific provisions for individually assessed loans</i>				
Realised loan losses during the period	132	49	264	517
Reversed amount of previous provisions made for realised losses during the period	-127	-44	-252	-475
This period's provisions for probable loan losses	63	35	307	210
Recoveries of previous periods' realised loan losses	-5	-5	-25	-40
Reversals of provisions for probable loan loss no longer required	-65	-319	-681	-537
This period's costs for individually assessed loans, net	-2	-284	-387	-325
<i>Provisions for groups of significant loans</i>				
Allocation to reserve	342	14	346	15
Withdrawal from reserve	-678	0	-733	0
This period's change of provisions for groups of significant loans	-336	14	-387	15
<i>Provisions for groups of non-significant loans</i>				
Realised loan losses during the period	0	0	0	0
Recoveries of previous periods' realised loan losses	0	0	0	0
Allocation to reserve	169	1	176	7
Withdrawal from reserve	0	0	0	0
This period's net costs of provisions for groups of non-significant loans	169	1	176	7
<i>Transfer risks</i>				
Allocation to reserve for transfer risks	0	0	3	0
Withdrawal from reserve for transfer risks	-3	-14	-3	-15
This period's change of provisions for transfer risks	-3	-14	0	-15
<i>Contingent liabilities</i>				
Net cost for redemption of guarantees and other contingent liabilities	4	0	3	0
This period's net cost for redemption of guarantees and other contingent liabilities	4	0	3	0
Change in value of assets taken over for protection of claims	-9	279	-417	291
Loan losses	-177	-4	-1,012	-27

Note 4 Loan portfolio and its impairment

	30 Sep 2005	31 Dec 2004	30 Sep 2004
NOKm			
Loans and receivables to credit institutions	22,641	4,675	7,530
Loans and receivables to the public	245,502	211,608	212,482
Total	268,143	216,283	220,012

Loan portfolio by categories of borrowers

30 September 2005, NOKm	Credit institu- tions	Corporates	Households	Public sector	Total
Loans before reserves	22,641	137,582	109,038	858	270,119
- of which impaired loans		3,378	858		4,236
- of which non-performing loans, which are not impaired and where interest is accrued		0	0		0
- of which non-performing loans, which are impaired		631	558		1,189
- of which performing loans, which are impaired		2,747	300		3,047
Reserves	0	-1,602	-374	0	-1,976
- of which reserves for impaired loans		-1,602	-374		-1,976
- of which reserves for non-performing loans, which are impaired		-349	-192		-541
- of which reserves for performing loans, which are impaired		-1,253	-182		-1,435
Loans at book value	22,641	135,980	108,664	858	268,143
- of which impaired loans		1,776	484		2,260
- of which non-performing loans, which are not impaired and where interest is accrued		0	0		0
- of which non-performing loans, which are impaired		282	366		648
- of which performing loans, which are impaired		1,494	118		1,612
Specification of reserves					
Specific reserves for individually assessed loans		-1,060	-167		-1,227
Reserves for groups of significant loans		-541	0		-541
Reserves for groups of non-significant loans		-1	-207		-208
Total reserves	0	-1,602	-374	0	-1,976

31 December 2004, NOKm	Credit institu- tions	Corporates	Households	Public sector	Total
Loans before reserves	4,675	118,786	95,129	674	219,264
- of which impaired loans		4,791	634	4	5,429
- of which non-performing loans, which are not impaired and where interest is accrued		0	0	0	0
- 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
Reserves	0	-1,576	-215	-2	-2,981
- of which reserves for impaired loans ¹		-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 ¹		-1,099	-44	0	-2,331
Loans at book value	4,675	117,210	94,914	672	216,283
- of which impaired loans		3,215	419	2	3,636
- of which non-performing loans, which are not impaired and where interest is accrued		0	0	0	0
- 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 ¹					-1,188
Reserves for groups of non-significant loans		-1	-33	0	-34
Total reserves	0	-1,576	-215	-2	-2,981

¹Include general provisions which are not categorized with NOK 1,188

Note 4, continued

30 September 2004, NOKm	Credit institu- tions	Corporates	Households	Public sector	Total
Loans before reserves	7,530	122,898	91,978	795	223,201
- of which impaired loans		4,921	658		5,579
- of which non-performing loans, which are not impaired and where interest is accrued		0	0		0
- of which non-performing loans, which are impaired		1,261	583		1,844
- of which performing loans, which are impaired		3,660	75		3,735
Reserves	0	-1,327	-224	0	-3,189
- of which reserves for impaired loans ¹		-1,327	-224		-3,189
- of which reserves for non-performing loans, which are impaired		-595	-211		-806
- of which reserves for performing loans, which are impaired ¹		-732	-13		-2,383
Loans at book value	7,530	121,571	91,754	795	220,012
- of which impaired loans		3,594	434		4,028
- of which non-performing loans, which are not impaired and where interest is accrued		0	0		0
- of which non-performing loans, which are impaired		666	372		1,038
- of which performing loans, which are impaired		2,928	62		2,990
Specification of reserves					
Specific reserves for individually assessed loans		-1,326	-197		-1,523
Reserves for groups of significant loans ¹					-1,638
Reserves for groups of non-significant loans		-1	-27		-28
Total reserves	0	-1,327	-224	0	-3,189

¹Include general provisions which are not categorized with NOK 1,638

	30 Sep 2005	31 Dec 2004	30 Sep 2004
Reserves/impaired loans, gross, %	46.6	54.9	57.2
Impaired loans, gross/loans and receivables to the public, gross, %	1.7	2.5	2.6

Assets taken over for protection of claims, NOKm	30 Sep 2005	31 Dec 2004	30 Sep 2004
Current assets			
Land and buildings	2	5	5
Shares and other participations	2	2	67
Other assets	2	3	2
Total	6	10	74

Note 5 Classification of financial instruments, NOKm

30 September 2005	Loans and receivables	Held to maturity	Held for trading	Assets at fair value	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	20,401						20,401
Treasury bills and other eligible bills			21,956				21,956
Loans and receivables to credit institutions	22,641						22,641
Loans and receivables to the public	245,502						245,502
Derivatives			549		2,873		3,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	662						662
Shares			626	147			773
Prepaid expenses and accrued income	1,411						1,411
Other assets	4,824						4,824
Total	295,441	0	23,131	147	2,873	0	321,592

Note 5, continued

30 September 2005	Held for trading	Liabilities at fair value	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions				112,789	112,789
Deposits and borrowings from the public				138,557	138,557
Debt securities in issue				34,180	34,180
Derivatives	254		2,061		2,315
Fair value changes of the hedged items in portfolio					
hedge of interest rate risk				350	350
Other liabilities	1,508			3,414	4,922
Accrued expenses and prepaid income				2,370	2,370
Subordinated liabilities				5,153	5,153
Total	1,762	0	2,061	296,813	300,636

Note 6 Derivatives, NOKm

30 September 2005	Assets Fair value	Liabilities Fair value	Total Nom. value
Derivatives held for trading			
Interest rate derivatives	18	171	17,462
Equity derivatives	0	0	0
Foreign exchange derivatives	523	75	42,583
Other derivatives	8	8	120
Total	549	254	60,165
Derivatives used for hedging			
Interest rate derivatives	981	1,026	45,819
Equity derivatives	825	825	18,178
Foreign exchange derivatives	1,067	210	1,643
Other derivatives	0	0	0
Total	2,873	2,061	65,640
Derivatives, total			
Interest rate derivatives	999	1,197	63,281
Equity derivatives	825	825	18,178
Foreign exchange derivatives	1,590	285	44,226
Other derivatives	8	8	120
Total	3,422	2,315	125,805

	30 Sep 2005	31 Dec 2004	30 Sep 2004
Note 7 Capital adequacy			
Tier 1 capital, NOKm	16,597	16,510	16,460
Capital base, NOKm	22,071	19,510	19,736
Risk-weighted assets, NOK bn	232	204	207
Tier 1 capital ratio, %	7.1	8.1	8.0
Total capital ratio, %	9.5	9.6	9.6

Segment reporting - Customer responsible units

NOKm	Corporate and Institutional Banking				Subtotal		Change %	Group Treasury		Group functions and eliminations		Total		Change %
	Retail Banking													
	Jan-Sep 2005	Jan-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	Jan-Sep 2005	Jan-Sep 2004		Jan-Sep 2005	Jan-Sep 2004	Jan-Sep 2005	Jan-Sep 2004			
Net interest income	2,951	2,837	706	618	3,657	3,455	6	68	141	3	-86	3,728	3,510	6
Net fee and commission income	729	603	369	422	1,098	1,025	7	6	6	-15	-25	1,089	1,006	8
Net gains/losses on items at fair value	327	259	-27	-56	300	203	48	90	-14	129	226	519	415	25
Equity method	0	-1	25	36	25	35	-29	0	0	4	2	29	37	-22
Other operating income	11	23	7	-1	18	22	-18	0	0	81	8	99	30	230
Total income incl. allocations	4,018	3,721	1,080	1,019	5,098	4,740	8	164	133	202	125	5,464	4,998	9
<i>of which allocations</i>	<i>684</i>	<i>608</i>	<i>-160</i>	<i>-98</i>	<i>524</i>	<i>510</i>	<i>3</i>	<i>0</i>	<i>0</i>	<i>-524</i>	<i>-510</i>	<i>0</i>	<i>0</i>	
Staff costs	-896	-867	-321	-305	-1,217	-1,172	4	-8	-7	-602	-467	-1,827	-1,646	11
Other expenses	-1,261	-1,243	-143	-161	-1,404	-1,404	0	-18	-25	376	324	-1,046	-1,104	-5
Depreciation of tangible and intangible assets	-45	-45	-1	-1	-46	-46	0	0	0	-65	-104	-111	-150	-26
Expenses incl. allocations	-2,202	-2,155	-465	-467	-2,667	-2,622	2	-26	-32	-291	-246	-2,984	-2,900	3
<i>of which allocations</i>	<i>-508</i>	<i>-481</i>	<i>-37</i>	<i>-53</i>	<i>-545</i>	<i>-534</i>		<i>-8</i>	<i>-8</i>	<i>553</i>	<i>542</i>	<i>0</i>	<i>0</i>	
Impairment losses on loans and advances	414	28	-72	14	342	42	714	0	0	670	-15	1,012	27	3648
Gains less losses on sales of tangible and intangible assets	15	17	0	0	15	17	-12	0	0	6	309	21	326	-94
Profit before tax	2,245	1,611	543	566	2,788	2,177	28	138	101	587	173	3,513	2,451	43
Balance sheet, NOKbn														
Loans and receivables	194.7	171.3	52.6	42.0	247.3	213.3		61.0	39.2	-20.5	-30.6	287.8	221.9	
Other assets	2.9	1.5	13.6	16.5	16.5	18.0		17.7	13.7	1.7	2.7	35.9	34.4	
Total assets	197.6	172.8	66.2	58.5	263.8	231.3		78.7	52.9	-18.8	-27.9	323.7	256.3	
Deposits	116.6	103.2	49.2	37.8	165.8	141.0		111.4	81.8	-25.9	-40.8	251.3	182.0	
Other liabilities	33.5	37.2	4.6	7.2	38.1	44.4		-3.3	11.7	18.6	-1.1	53.4	55.0	
Total liabilities	150.1	140.4	53.8	45.0	203.9	185.4		108.1	93.5	-7.3	-40.7	304.7	238.2	
Economic capital	7.0	6.5	3.7	3.1	10.7	9.6		0.7	0.5	7.6	8.0	19.0	18.1	
Total liabilities and economic capital	157.1	146.9	57.5	48.1	214.6	195.0		108.8	94.0	0.3	-32.7	323.7	256.3	
Other segment items														
Capital expenditure	42	25	14	8	56	33		11	5	0	0	67	38	

Nordea Bank Norge ASA

Statement of income

NOK million	3rd quarter		Nine months		Full year
	2005	2004	2005	2004	2004
Interest income	2,405	2,188	7,084	6,581	8,809
Interest expenses	1,275	1,121	3,732	3,431	4,536
Net interest income	1,130	1,067	3,352	3,150	4,273
Dividends and profit from group companies and associated companies	73	51	235	229	292
Commissions and fees	511	476	1,406	1,306	1,817
Commission expenses	-111	-112	-315	-300	-410
Net change in value and profit (loss) on securities	54	68	246	270	329
Net change in value and profit (loss) on foreign exchange and financial derivatives	68	48	178	132	185
Other non-interest income	96	17	138	362	412
Total non-interest income	691	548	1,888	1,999	2,625
Personnel expenses	592	523	1,741	1,641	2,199
Administrative expenses	221	216	681	779	985
Ordinary depreciation and write-downs	35	35	107	145	192
Other non-interest expenses	128	120	349	301	418
Total non-interest expenses	976	894	2,878	2,866	3,794
Operating profit before loan losses and profit on long-term securities	845	721	2,362	2,283	3,104
Provisions for losses on loans and guarantees	-181	-9	-1,022	-35	-27
Profit (losses/write-downs) on long-term securities	10	0	12	0	-4
Operating profit	1,036	730	3,396	2,318	3,127
Income taxes	298	196	916	589	795
Net profit	738	534	2,480	1,729	2,332

Nordea Bank Norge ASA

Balance Sheet

NOK million	Note	30.09.05	30.09.04	31.12.04
Assets				
Cash and deposits with central banks		20,401	2,554	14,972
Deposits with and loans to credit institutions		26,047	14,966	13,320
Total cash and claims on credit institutions		46,448	17,520	28,292
Loans to customers		220,820	189,744	188,123
Specific allowance		-1,192	-1,460	-1,718
General allowance for loan losses		-708	-1,525	-1,075
Net loans to customers		218,920	186,759	185,330
Reposessed assets		3	72	7
Certificates and bonds		22,987	21,119	18,999
Equities and investments		719	511	971
Total securities		23,706	21,630	19,970
Associated companies		618	638	651
Equities and investments in group companies		3,518	3,392	3,235
Deferred tax assets, goodwill and other intangible assets		682	631	689
Real estate and machinery		416	502	487
Other assets		7,675	7,907	10,482
Prepaid expenses and accrued income		1,272	1,572	1,155
Total assets		303,258	240,623	250,298
Liabilities and equity				
Deposits from credit institutions		98,456	54,935	58,384
Deposits from customers		138,722	118,251	126,992
Total deposits		237,178	173,186	185,376
Certificates and bond loans		30,016	33,077	28,515
Other liabilities		7,718	9,013	13,769
Accrued expenses and prepaid receivables		2,077	2,274	1,435
Allowances for liabilities		1,250	1,228	1,211
Total other liabilities		41,061	45,592	44,930
Subordinated loan capital		5,152	2,936	2,691
Share capital		3,860	3,860	3,860
Reserves		13,527	13,320	13,441
Profit for the period		2,480	1,729	0
Total equity	1	19,867	18,909	17,301
Total liabilities and equity		303,258	240,623	250,298

Nordea Bank Norge ASA

Note 1 Equity

NOK million	2005	2004
Equity as at 1 January	17,301	17,182
Profit for the period	2,480	2,332
Provision for dividend	0	-2,200
Implementation effect of new loan loss regulations	82	0
Exchange rate differences	4	-
Equity as at 30 September	19,867	17,301

Note 2 Capital ratio

	NOK billion	
Risk-weighted assets as at	30.09.05	30.09.04
Total assets	173.8	152.4
Total off-balance sheet items	28.9	22.3
Total market and foreign exchange risk	2.8	5.0
Risk-weighted assets	205.5	179.7

	NOK million		%	
Capital ratio as at	30.09.05	30.09.04	30.09.05	30.09.04
Tier 1 capital	15,160	15,097	7.4	8.4
Supplementary capital	5,152	2,936	2.5	1.6
Deductions	-13	-14	0.0	0.0
Total capital	20,299	18,019	9.9	10.0

The capital ratio requirement is 8%