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Pioneering the move towards a European Company

Nordea, the Nordic and Baltic region's largest financial group, presented today its pioneering effort to transform its operations into a European Company during the second day of the High Level Conference on Financial Integration in Brussels. Nordea will be the first bank to actively consider this legal structure designed to reap the benefits of the emerging single market for financial services.

"Based on Nordea's own experience, we can now see that such a further transformation is an historic opportunity Europe's political leaders have given every financial services company in this room today," Peter Schütze, member of Nordea's Group Executive Management said referring to the 1999 Financial Services Action Plan which sets out a step by step legislative approach to building a single market for this sector.

The bank's transformation to a European company (Societas Europaea or SE) will represent an ultimate step in an integration drive begun in 1998 involving the merger of Merita Bank of Finland, Nordbanken of Sweden, Unibank of Denmark and finally Christiania Bank of Norway into a fully integrated cross-border financial group – the largest in the region and a world leader in internet banking. Nordea today serves 10 million personal customers and one million corporate customers through a network of 1200 branches employing 30,000 people. Nordea has total assets of EUR 262bn and a EUR 17bn market capitalisation.

The move to an SE is designed to increase operational efficiencies by overcoming obstacles created by current regulations that subject Nordea to four different sets of legislation, supervised by four different regulatory systems and Financial Supervisory Authorities and the issue of VAT on inter-company transactions.

The SE structure will alleviate these burdens, but will cause a major hurdle as a result of the 1994 deposit guarantee Directive. By transforming Nordea's existing subsidiaries into branches, the SE structure means that they must leave their national deposit guarantee schemes and join the scheme in the SE's "home" member state, Sweden in this case. Introduced to ensure high standards of consumer protection, the legislation written in the early 1990s simply did not envision the SE structure.

To remedy this situation, Mr Schütze announced to the conference that Nordea will apply to Internal Market Commissioner Frits Bolkestein for a "grandfather clause" for the 1994 Directive to exempt SEs formed by the merger of existing banks in different countries from the home country requirement for deposit guarantees and thereby simply continue in the local schemes. At the same time Nordea will ask local authorities in Sweden, Finland, Denmark and Norway for their support to avoid any market disruption and to continue on the route to become a European Company.

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Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The Nordea Group has almost 11 million customers and 1,205 branch offices. The Nordea Group is a world leader in Internet banking, with 3.7 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.