Annual Report 2001

Contents

In this Annual Report ”Nordea” means Nordea AB (publ), the Nordea Group or the business operations of the Nordea Group. The significance in individual cases is shown by the context. Nordea Bank Norge ASA and Nordea Bank Danmark A/S are also referred to as "Nordea Bank Norway" and "Nordea Bank Denmark" respectively.

The Nordea Group is also referred to as ”the Group”. The legal structure of the Nordea Group is presented on page 140.


Nordea

Nordea in short

Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through four business areas: Retail Banking, Corporate and Institutional Banking, Asset Management & Life and General Insurance. The Nordea Group has nearly 11 million customers, 1,245 bank branches and 125 insurance service centres in 22 countries. The Nordea Group is a world leader in Internet banking, with more than 2.8 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

Corporate statement

Mission

Making it possible.

By providing a broad set of seamless, easily accessible and competitive financial solutions and advisory services, Nordea helps customers, where we operate, 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 number one or number two or show superior and profitable growth in every market and product area in which we choose to compete.

We will have the leading multichannel distribution platform with a top world ranking in e-based financial solutions.

Values

We create value. We thoroughly understand our customers and anticipate their financial needs and we always try to generate added value for each customer. We learn from our colleagues and share Nordic ideas.

We are innovative. We explore our competencies and try out new ideas to improve existing services, create new solutions or meet new needs. We embrace new technology and are committed to excel through continuous improvement.

We are empowering. We respect our customers and proactively offer financial solutions and services making their lives and business activities easier. We make decisions close to our customers and exercise leadership through clear guidelines, objectives, follow-up and transparent information.

In our operations, we are committed to a Nordic heritage of freedom, equal opportunities, care for the environment and good citizenship including ethics, honesty and sincerity.

Performance

We will create value for our shareholders, measured by total shareholder return, in the top five of our peer group of European listed financial services companies.

We will enhance value through concentration on core business, stable and broadly based growth of revenue, operational excellence and an optimal use of capital combined with balanced risk-taking.

We will rank among the best financial services companies in terms of customer satisfaction and brand loyalty.

We will attract, develop and retain highly motivated, competent and empowered employees. Measurements of Nordea employee expertise and motivation are to show continuous high levels of employee satisfaction.

We are committed to constant improvement but never claim to be perfect.

Highlights of 2001

Stable result under challenging market conditions in 2001

- Total income up 3% and expenses unchanged adjusted for acquisitions
- Net annual loan losses 0.29% against target of maximum 0.40% over a business cycle
- Earnings per share EUR 0.53 (EUR 0.58 in 2000)
- Return on equity excluding goodwill 19.2% (19.4%)
- Dividend of EUR 0.23 per share proposed.

Significant strategic progress

- Target of 2.7 million e-banking customers achieved, new target of 3.2 million by the end of 2002
- Accumulated merger synergies of EUR 168m have been realised by the end of 2001 – EUR 360m will be delivered by the end of next year
- A second wave of integration programme will result in additional annual synergies of the same magnitude within a three-year period
- In addition, estimated synergies from integrating Postgirot Bank increased to EUR 65m
- The entire Group is now operating under one common brand.

Overview

January

- Christiania Bank og Kreditkasse included in Nordea following completion of the acquisition

February

- General Insurance to personal customers introduced in Finland
- Nordea Investment Management awarded "A firm to watch in 2001" by Global Investor

April

- Aros Maizels changed name to Nordea Securities

May

- First step to align the legal structure to the business structure

July

- Nordea made agreement to acquire Sweden's Postgirot Bank

August

- Nordea banking subsidiaries upgraded by Fitch to AA-/FI+

September

- Nordea awarded best e-banking strategy by "*The Banker*" for the second year in a row
- Nordea awarded "Fund Manager of the Year" in Sweden by *Sparöversikt* for the second consecutive year

October

- Review of strategic alternatives for general insurance activities announced
- Change in business organisation and management

November

- The acquisition of Postgirot Bank approved by the European Commission
- Nordea opened office in Shanghai

December

- Nordea brand adopted by Nordbanken, Merita, Unibank and K-Bank
- Completion of the acquisition of Postgirot Bank

Key financial figures

Operational income statement

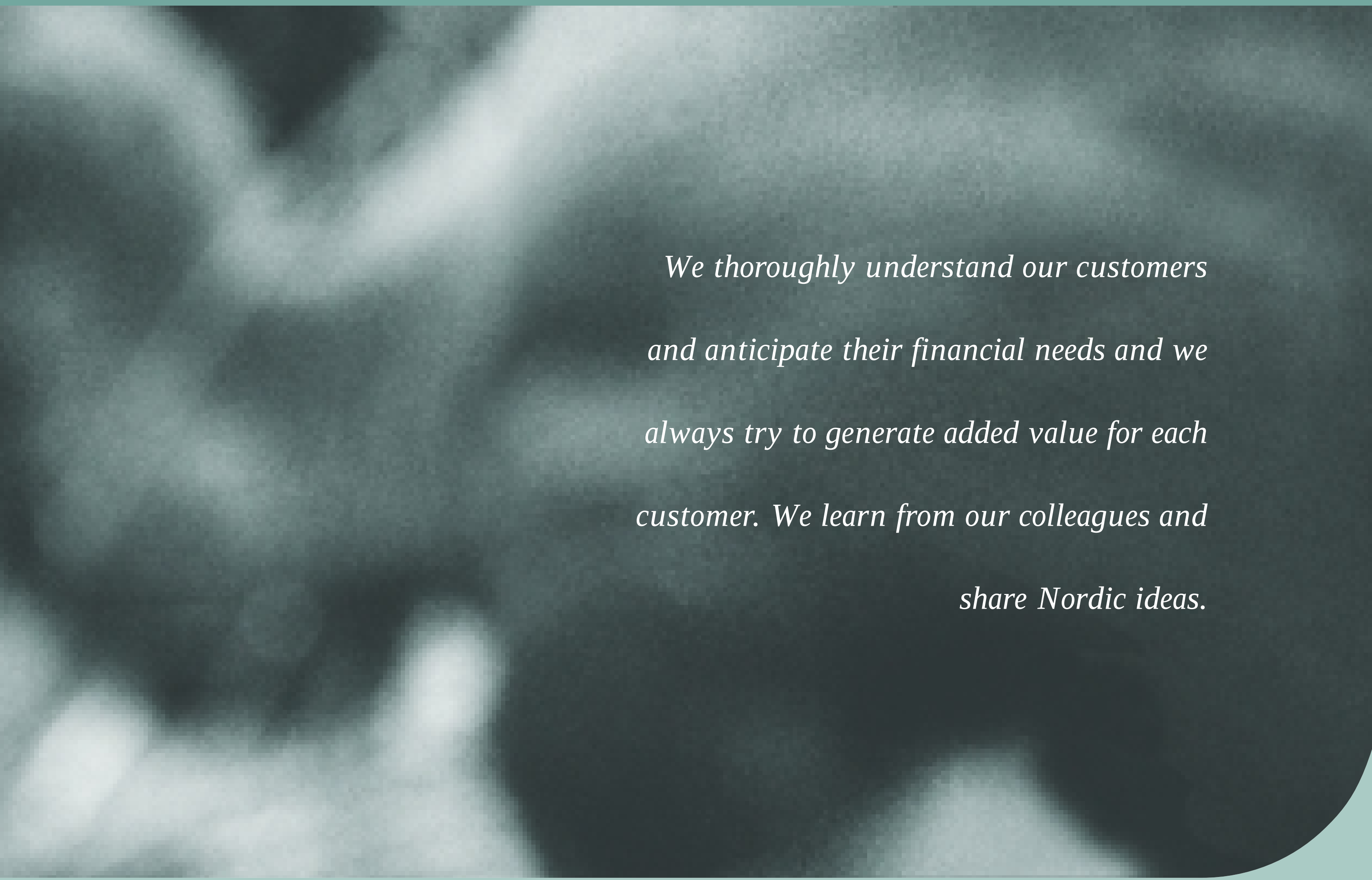
EURm	2001	2000 [1,2]	Change %
Net interest income	3,465	2,838	22
Commission income	1,397	1,454	–4
Trading	543	415	31
Income from insurance	524	451	16
Other	161	134	20
Income	**6,090**	**5,292**	**15**
Personnel expenses	–2,188	–1,829	20
Other expenses	–1,701	–1,491	14
Expenses	**–3,889**	**–3,320**	**17**
Profit before loan losses	**2,201**	**1,972**	**12**
Loan losses	–373	–79	372
Profit from companies accounted for under the equity method	95	62	53
Profit excl investment earnings	**1,923**	**1,955**	**–2**
Group Treasury	124	267	
Life insurance	–7	61	
General insurance	–13	81	
Other	48	164	
Investment earnings	**152**	**573**	
Goodwill depreciation	–147	–93	58
Operating profit	**1,928**	**2,435**	**–21**
Loss on disposal of real estate holdings	–	–40	
Refund of surplus in pension fund	–	32	
Taxes	–360	–691	
Minority interests	0	–3	
Net profit	**1,568**	**1,733**	**–10**

Ratios and key figures (see definitions page 103)

	2001	2000
Earnings per share, EUR	0.53	0.58
Share price[3], EUR	5.97	8.10
Shareholders’ equity per share[3], EUR	4.00	3.74
Shares outstanding[3 4], million	2,965	2,982
Return on equity, %	13.8	16.1
Return on equity excl goodwill[5], %	19.2	19.4
Lending[3], EURbn	138	129
Deposits[3], EURbn	83	79
Shareholders’ equity[3], EURbn	12	11
Total assets[3], EURbn	242	224
Assets under management[3], EURbn	105	105
Cost/income ratio, banking[6], %	58	55
Combined ratio, general insurance, %	106	110
Tier 1 capital ratio[3], %	7.3	6.8
Total capital ratio[3], %	9.1	9.4
Risk-weighted assets[3], EURbn	136	132

1 Incl Unidanmark Q1 pro forma.
2 Profit 2000 excl Nordea Bank Norway (formerly Christiania Bank og Kreditkasse).
3 End of period, incl Nordea Bank Norway from Q4 2000.
4 Average number of shares Jan – Dec 2001 after full dilution was 2,990 million.
5 Excl goodwill depreciation and excl remaining goodwill, which has been deducted from shareholders’ equity.
6 Before loan losses and goodwill depreciation.

- ***We create value***
- *We are innovative*
- *We are empowering*



We thoroughly understand our customers and anticipate their financial needs and we always try to generate added value for each customer. We learn from our colleagues and share Nordic ideas.

We have started tapping the potential of the Nordea business model

2001 was a year of committed work to deliver merger synergies and intense preparations to realise the Nordea business model, but also a year of uncertainty in equity markets and in the Nordic economy. With a return on equity excluding goodwill at 19 per cent, financial results were in line with earlier performance but short of targets.

Nordea will offer better individual financial solutions at lower costs based on harmonised service concepts with standardised products and unified processes. No combined solution needs to be the same for any two customers. No single product or process needs to be different between the countries of our home market.

This business model represents a possibility to meet our financial objectives and to reach our ambitious cost/income ratio target within three years. We have started tapping this potential.

Nordea in 2001 was impacted by three factors: the sluggish world economy and home markets with significantly reduced growth, the continued transformation of the financial services industry and our own mission to deliver the benefits of our mergers.

Weakened economies

An economy already in the beginning of a recession was brought to almost no growth in many markets by the 11 September catastrophe and the ensuing chain of events. It kept business down with falling share prices and trading volumes, cautious consumers, reduced investments, increasing credit losses, downward pressure on new savings products, a slowdown of trade and limited listings or restructuring of Nordic businesses.

The banking sector mirroring general business activity was impacted by the recession. Across Europe, the industry had a weak year. A turnaround is expected this year.

Continued structural change

But structural change continued. The financial services industry is increasingly global and IT-based. Consumers become ever more demanding while demography contributes to a change in demand profile. Demands for shareholder value continue to rise.

The industry needs to provide easy to use e-services, reliable and value adding asset management and a financial partner to trust with a personal relationship. For the many customers seeking a partner, consolidation to provide broader services at reduced costs continues. For the few preferring to shop around, niche banks and new entrants to the market are abundant.

Nordea responds

In response to these trends, Nordea is building an integrated Nordic group providing universal banking and insurance services. We continued to grow through strategic acquisitions in Poland and above all in Sweden through the acquisition of Postgirot Bank.

Nordea's retail operations aim to be second to none with focus on deepening partnerships with customers. We are responding to the demand for innovative e-services that empower customers and release resources for improved personal relationships and advice. We are building a highly competitive and award winning Asset Management & Life business.

Financial result short of targets

Despite intense work and a number of fully noteworthy achievements over all, financial performance last year did not meet our targets. We are satisfied that return on equity excluding goodwill remained above 19%. But we see potential for improvement and we are not satisfied with a falling share price ending the year at EUR 5.97, down from EUR 8.10, despite this representing an industry and stock market trend.

We are not satisfied with the loan losses appearing in the second half of the year. We are, however, satisfied that we identified their origin, reported them and took action and that the credit portfolio is of good quality by industry standards.

Progress

We delivered merger synergies of EUR 168m in 2001 as promised. But we must continue and increase our focus on cost reduction.

We are gradually building a strong investment bank. We do have a vastly improved offer in Sweden to large corporations. But we cannot be content until all potential customers share that view.

We built Asset Management & Life into a savings powerhouse. We received much acclaim and inflow was satisfactory.

Retail Banking continued to report good performance with improved relative customer satisfaction positions and another record breaking year for e-services. With 88 million Internet transactions last year, Nordea stays in a world leadership position. The number of e-customers will pass 3 million this spring. But we are committed to realise the potential of an improved cost/income ratio when full integration is implemented.

Preparing next phase

While we did not create the financial results we aspired to, we identified and built potential. We put adequate systems in place and removed structural barriers to integration.

The background is that in a European perspective, Nordic banking has a strong position based on early adaptation to new technology, skilled employees and demanding customers. Nordea is in the best position among the Nordic contenders to use these competitive advantages to take the business to a new level. This is our focus going forward.

Managing for performance

A new Group wide Planning and Performance Management Model will improve our ability to manage complexity. It aims at aligned and focused implementation of strategy through efficient business planning, monitoring and follow-up.

The system is built around Balanced Scorecards with Key Performance Indicators and linked incentive systems, Rolling Financial Forecasts replacing P/L budgets, Service Level Agreements between providers and receiving units and strategy and business planning with quarterly reviews.

Streamlining structures

Integration proceeded with legal structure changes. All core business is branded Nordea. A group-wide culture change programme – From Words To Action - around the joint Nordea values was implemented.

Nordea is managed as an integrated group in focused business areas. Reviewing this structure, the decision was made to further integrate interrelated businesses and to divest the production of general insurance. Core business areas for coming years are Retail Banking, Asset Management & Life and Corporate and Institutional Banking including investment banking. A corporate centre and corporate staffs support them.

Altogether, these actions will help us tap the potential of the Nordea business model.

Better at lower cost

Ultimately, Nordea has been created to enable every account manager and personal banker in every branch to offer better financial solutions to every customer – better for the customer, better than competition, better than before. As partners to help our customers succeed, we will be local and personal and seek individual solutions.

Our Group has also been formed to enable us to produce and deliver competitive products and services packaged in service concepts facilitating individual customer solutions at lower cost and / or higher quality. In fully integrated production and distribution, we must be Nordic and electronic and apply standardised solutions.

Individual and standardised

We will offer increasingly competitive customer solutions by always choosing the best product or service available in the Group or to be found in the market and only that. We will operate at increasingly competitive costs by always choosing the most efficient process in the Group or to be found in the market and only that.

No combined solutions need to be the same for any two customers. Respecting legal and tax requirements, no single products or services or processes need to be different between the countries of our home market.

Untapped potential

This is our business model to create superior value. It requires us to constantly improve and innovate. It empowers customers and can only succeed with empowered managers and employees sharing and exchanging experiences and new ideas. When fully realised, it will make more things possible for customers, shareholders, employees and the communities and societies we operate in. This is the mission that keeps energising us.

And we know it can work. The more we learn from successes and mistakes in bringing the Group together, the higher the potential we discover. Our best estimates convince us that Nordea can set ambitious targets to improve its financial performance.

Vision and objectives

Our vision is clear. By adopting this business model we will be valued as the leader in our region. We will be number one or number two or show superior profitable growth in all we do. In multichannel distribution and e-services, we will retain a world leadership position.

Our objective is to create shareholder value in the top five of our European peer group.

By the end of 2004, we will reach our cost income target.

Strategic imperatives

Reaching these targets implies uncompromising dedication to the business model. Three imperatives will guide us:

1. There is one and only one Nordea business model. There will be no excuses to stay in the past. There will be no duplication of work.

2. There is for every business area one and only one best way. There must not be two almost similar products requiring different processes or two nearly similar processes delivering basically the same product.

3. There is for Nordea one and only one most efficient business support. There is no free ride being in-house. Everything will be measured against the best in the market and outsourced if it does not stand the test.

Investments will be required. We will make them and we will explain how they will pay back.

Make it possible!

This programme will test our commitment to create value, our ability to innovate and our trust in empowerment.

It will work when we start hearing even more about “my customer”, “joint Nordic”, “best practice”, “benchmarking”, “continuous improvement”, “too expensive”, “outsourcing”, “go do it” and “make it possible”.

It will work when we stop completely hearing about "my country", "we always did it this way", "we never did it that way" and "wait, we need a project".

Actions for customer satisfaction

One important group strategy theme is growth of revenue. In essence this is to proactively offer financial solutions that create superior value. Some examples:

By branding the retail banks Nordea, we help customers identify a Nordic partner and to ask for more. A distribution agreement between Retail Banking and Insurance meets just that customer need. Our joint Nordic service level will be further improved step by step.

In Retail Banking, we continue the integration into one business model for household and corporate customers by harmonising concepts for increased cross-selling and by integrating channels. "Long-Term Savings & Life" and "Nordic Private Banking" are joint Asset Management & Life and Retail Banking units to enhance our retail savings and investment position. For corporate customers, focus is on further development of regional products.

The pan-Nordic Solo Market with 1,000 companies present is a forum for business accessible to millions of personal customers and businesses for secure e-trading. With e-identification solved, e-invoicing and e-salary will help personal and Corporate customers save both time and money. In partnerships Nordea continues to develop new e-services. GPRS-based mobile transactions constitute a recent entry on the list of innovations.

With the integration of Postgirot Bank into the Group, payment services will be further improved.

Actions for shareholder value

The other strategic themes aim to ensure operational excellence through benchmarking and best practice and to optimise the use of capital and risk, thereby lowering the cost of capital. Some examples:

Production will be centralised and automated wherever possible. Back-office resources and IT solutions will gradually be shared by different units. A business-enhancing IT structure is under way.

Divestment of general insurance production will reduce capital requirements. Further implementation of the new legal structure will enable further optimising of capital. Rolling out economic capital models across the Group will focus on and reduce capital needs. In life insurance, an appropriate model for embedded value profit on economic capital will be developed.

Consistent strategy

In 1997 to 2000 Nordea was created through an unprecedented number of cross-border mergers that shaped the first truly Nordic financial services group, the foundation for the business model we are committed to. We accomplished a vision.

In 2001 Nordea followed up on the promised synergies and, maybe even more importantly, initiated and went through major structural changes to form an integrated group and remove internal obstacles to the new business model. We took on a mission to deliver.

In 2002 through 2004 we will implement the Nordea business model and create further value. We have commenced the realisation of second wave synergies of the mergers and we do it by taking on thorough change.

Not easy – but rewarding

Our employees have shown strong commitment to building Nordea and put in long hours of hard work. In addition to the many thanks they receive from customers, they deserve well earned thanks from management and shareholders too.

As to the road forward, I did not say it will be easy. But rewarding!

Thorleif Krarup

The Nordea share

Nordea is the largest Nordic financial institution in terms of market capitalisation and ranks among the top 25 in Europe. The Nordea share is the most liquid financial share in the Nordic region. International ownership of the share has increased during the year. The share price decreased by 22% in 2001.

Shareholder and dividend policy

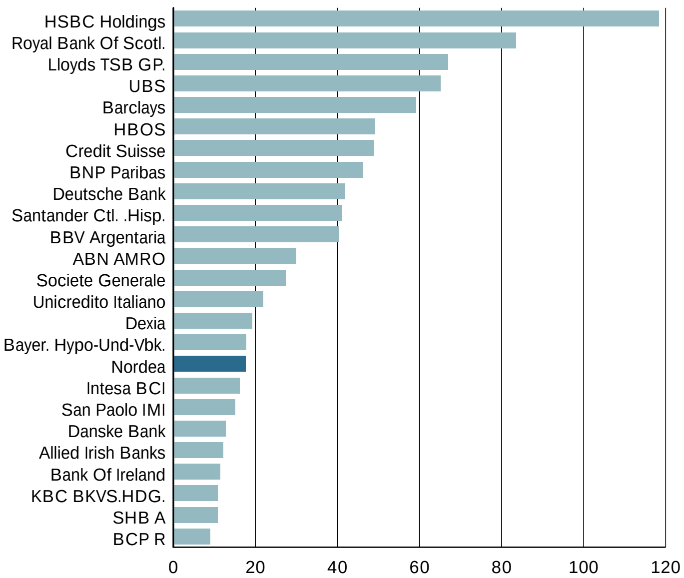
Generating shareholder value is the overall objective of Nordea. Value will be enhanced through concentration on core business, stable and broadly based growth in income, operational excellence, and an optimal use of capital and balanced risk–taking.

The Group aims at creating value for the shareholders in the top 5 of its peer group of European financial services companies. Value for the shareholders is realised through market value growth per share and dividends. The Group aims at a position as one of the leading listed financial institutions in Europe in terms of earnings per share improvement and return on equity.

Nordea pursues a policy of high dividends. The total dividend payment will normally exceed 40% of the net profit for the year. The annual level of dividends depends on market return requirements and the capital needed for developing the business activities.

Market capitalisation European banks, 5 February 2002

EURbn



Source: Nordea Securities.

Share price development in 2001

The market capitalisation of Nordea at the close of 2001 was approximately EUR 17.7bn. During the year the share price of Nordea depreciated by 22.4% on the Stockholm Stock Exchange from SEK 71.50 on 29 December 2000 to SEK 55.50 on 28 December 2001. The daily prices listed for the Nordea share during 2001 (closing prices at Stockholm Stock Exchange) ranged between SEK 79.00 (24 and 25 January) and SEK 45.80 (2 November). The SX40 Financials Index of the Stockholm Stock Exchange depreciated during the year by 20.4%, and the Dow Jones Stoxx European banks index depreciated by 10.0%.

From 6 March 2000, the date of announcement of the merger MeritaNordbanken / Unidanmark, to the end of year 2001, the share price of Nordea has appreciated by 21.2% and the Dow Jones Stoxx European banks index by 7.6%.

The Nordea share is listed on the stock exchanges in Stockholm (in SEK and EUR), Helsinki (EUR) and Copenhagen (DKK).

Total shareholder return

Total shareholder return (TSR) during year 2001 amounted to –19.8%. The calculation of TSR is based on the share price development during the year, assuming the dividend of SEK 2.00 per share is reinvested in Nordea shares.

Liquidity

The Nordea share is the most liquid financial share and overall one of the most liquid shares traded in the Nordic region. Turnover during the year on the three stock exchanges combined totalled EUR 19.1bn, which corresponds to 2.9 billion shares. Of the total turnover in Nordea in 2001 approximately 85% (66%) was traded on the Stockholm Stock Exchange, 9% (18%) on the Helsinki Stock Exchange and 6% (16%) on the Copenhagen Stock Exchange. In Stockholm, Nordea ranked as the 4th (7th) most traded share during the year.

Trading in derivatives

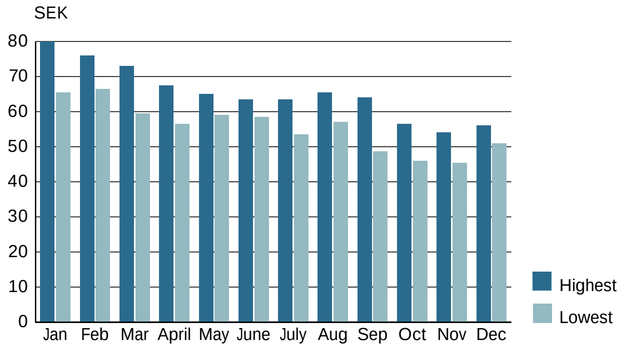
Exposure to the Nordea share can be achieved in the form of put and call options, futures contracts, and securities lending in the Stockholm options market (Stockholm Stock Exchange / OM London Exchange). Numerous brokers also issue long-term Nordea warrants that are traded on the Stockholm Stock Exchange.

Repurchase of own shares

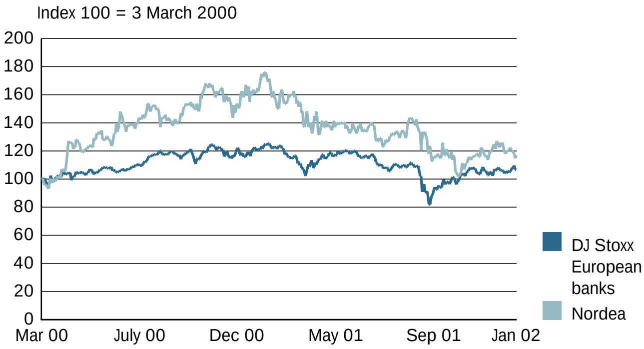
The Annual General Meeting in April 2001 authorised the Board to decide upon repurchase of Nordea's own shares up to a holding of 10% of the total number of shares. The Board decided on 25 April 2001, within the framework of the authorisation given by the Annual General Meeting, that the company would repurchase a maximum of 30 million of its own shares (equivalent to approximately 1% of total shares in the company) for the purpose of achieving a hedge regarding Nordea's management incentive programme. During 25 and 26 April 2001 Nordea AB (publ) accomplished that purpose by repurchasing a total of 17,000,000 shares on the Stockholm Stock Exchange. The shares were purchased at an average price of SEK 63.48 per share. At 31 December 2001 Nordea AB held 17,000,000 own shares, representing 0.6% of the share capital.

The Board has now decided to propose to the Annual General Meeting in April 2002 to renew the authorisation to purchase shares including authorisation to re-sell any shares purchased. The purpose of the proposed authorisation is to be able to redistribute funds to the shareholders and thereby contribute to a more efficient utilisation of company resources.

Monthly share price 2001



Share price performance
6 March 2000[1] – 31 January 2002



[1] Date of announcement of the merger between MeritaNordbanken and Unidanmark

Earnings and shareholders' equity per share

Net profit for the year amounted to EUR 1,568m, corresponding to EUR 0.53 per share. Shareholders' equity per share amounted to EUR 4.00 at the end of 2001.

Dividend

The Board of Directors of Nordea proposes a dividend of EUR 0.23 per share. The total dividend payment for year 2001 would then be EUR 686m corresponding to 44% of the net profit after tax. The proposed record date for the dividend is 29 April 2002 and dividend payments are scheduled to be made on 7 May 2002.

Share capital

As a result of the conversion of outstanding convertible bonds, 407,250 new shares have been issued during 2001. At the close of 2001 the share capital comprised 2,982,666,090 shares of a nominal value of EUR 0.39632 each. All shares have voting rights, with each share entitled to one vote at general meetings. Nordea has outstanding convertible bonds corresponding to a maximum of 19,758,786 new shares.

Shareholders

Having approximately 512,000 shareholders on 31 December 2001, Nordea has the fourth largest shareholder base of all Nordic companies. The number of Nordea shareholders in Denmark is approximately 223,000, in Finland 212,000 and in Sweden 77,000.

The largest among the various categories of shareholders is international investors, holding 27% of the shares in Nordea. The largest individual shareholder is the Swedish state with a holding of 18.3%. The Swedish state has however declared that it will dispose of its holdings in Nordea.

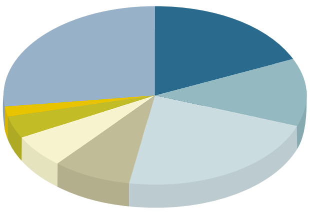
The 20 largest registered shareholders at the end of 2001 are listed in the table.

Investor communication

Nordea will be one of the leading European companies in terms of open, clear and relevant information to shareholders, customers, employees and the community. In response to the increased demand for information, Nordea has during 2001 further improved the disclosure and also the accessibility for market participants.

Nordea relies increasingly on the Internet in the communication with shareholders and investors. During 2001 some 700,000 visitors have entered the financial homepages of

Shareholder structure, 31 Dec 2001



Share data

	2001	2000	1999
Share price end year	SEK 55.50	SEK 71.50	SEK 50.00
High/Low	79.00 / 45.80	76.00 / 41.80	61.00 / 42.30
Market Cap	EUR 17.7bn	EUR 24.1bn	EUR 12.2bn
Dividend	EUR 0.23[1]	SEK 2.00	SEK 1.75
Total shareholder return	–19.8%	46.5%	–0.5%
DJ Stoxx European banks index	–10.0%	10.2%	17.2%
P/E (actual)	11	14	11
P/B	1.49	2.16	1.70
Outstanding shares	2,964,722,883	2,982,258,840	2,091,067,728
Share capital	EUR 1,182,083,195.38	EUR 1,181,921,794.07	SEK 8,926,872,087.00

[1] Proposed.

www. nordea.com and downloaded 460,000 financial reports and press releases. Electronic subscription for press releases and ordering of annual reports are examples of services available.

Annual report practice

Nordea has decided to print the full annual report in English only. A printed annual report will be sent automatically to all shareholders holding more than 10,000 shares.

The annual report can be ordered through www.nordea.com. A summary of the Annual Report will be produced in English and in the four Nordic languages and will on request be sent to shareholders.

Largest, registered[1] shareholders in Nordea Plc

28 December 2001	No of shares	Share capital and votes, %
Swedish government	542,015,102	18.3
Tryg i Danmark smba	185,609,801	6.3
Alecta	106,080,179	3.6
Nordea Danmark Fonden	102,529,423	3.4
Robur fonder	68,363,350	2.3
Nordea fonder	48,933,914	1.7
AMF Pension	36,053,000	1.2
SHB fonder	30,204,287	1.0
Fjärde AP-fonden	29,126,590	1.0
Första AP-fonden	24,345,777	0.8
Andra AP-fonden	23,661,022	0.8
Tredje AP-fonden	22,258,362	0.8
Skandia	22,236,853	0.8
SEB fonder	21,081,187	0.7
Nordea's Vinstandelsstiftelse	18,586,300	0.6
Länsförsäkringar Wasa	15,773,240	0.5
T Rowe Price Funds	13,867,343	0.5
SPP Livförsäkring AB	13,695,155	0.5
Solidium Oy (Finnish state)	12,474,666	0.4
Putnam Funds	10,571,749	0.4

1 Excl nominee accounts.

Source: Sweden's and Finland's securities centres, SIS Ägarservice and Nordea's Danish register of shareholders.

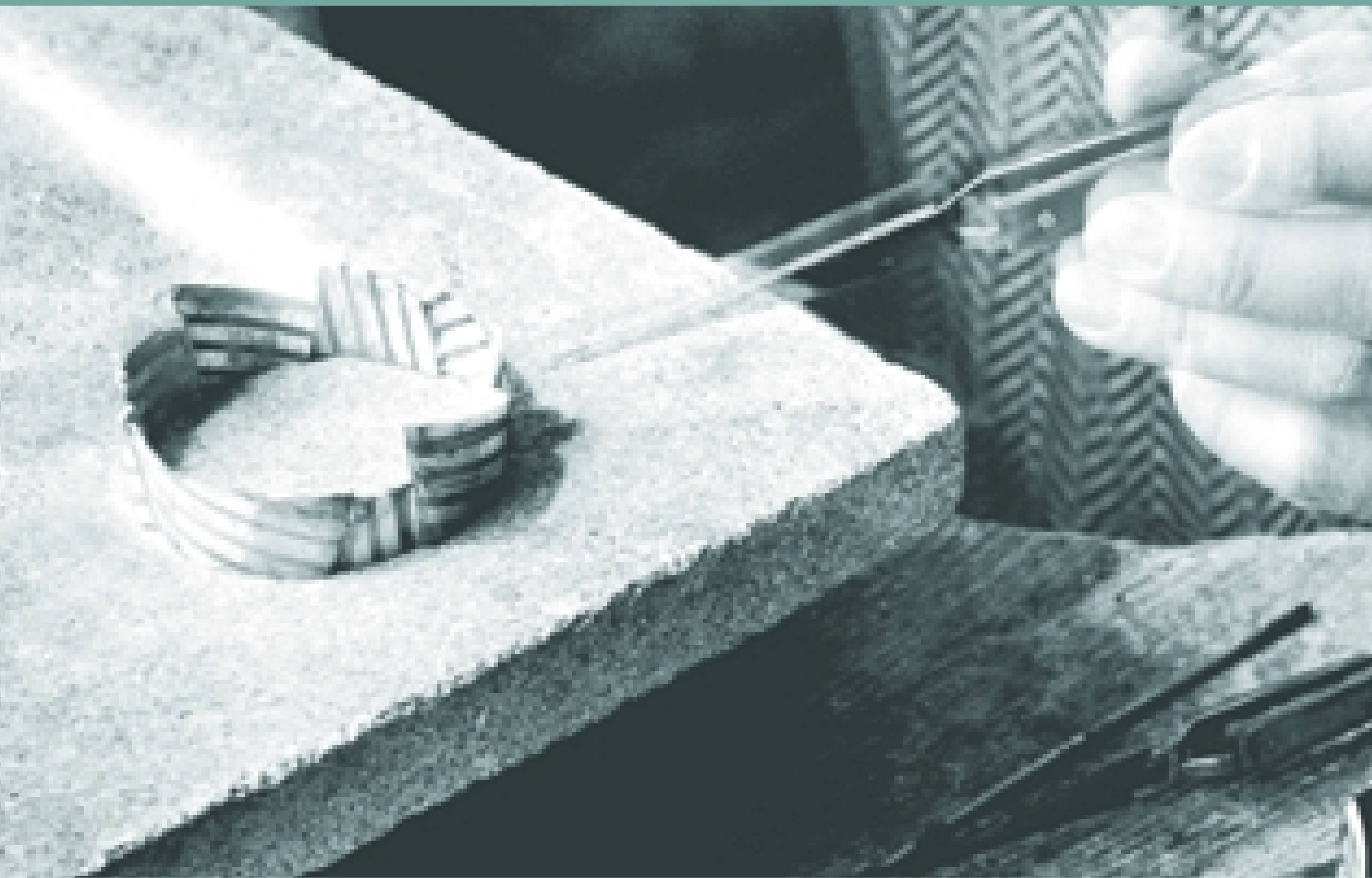
Change in share capital

Date		Nominal value per share SEK	Number of shares issued	Nominal change SEKm	Total number of shares	Share capital SEKm
17 Dec 97	New issue	7.00	1,275,267,441	8,926.9	1,275,267,441	8,927
28 Jan 00	Reduction			–3,188.2		
	New issue	4.50	815,800,287	3,671.1	2,091,067,728	9,410[1]
25 April 00	Reduction			–2,091.1		
	New issue	3.50	869,776,488	3,044.2	2,960,844,216	10,363
9 June 00	New issue	3.50	18,348,501	64.2	2,979,192,717	10,427
29 Aug 00	New issue[2]	3.50	3,006,359	10.5	2,982,199,076	10,438
11 Dec 00	New issue[2]	3.50	59,764	0.2	2,982,258,840	10,438
		EUR[3]		EUR		EURm
10 Jan 01	Conversion[4]	0.40			2,982,258,840	1,182
20 Feb 01	New issue[2]	0.40	8,408	3,332.26	2,982,267,248	1,182[5]
15 May 01	New issue[2]	0.40	2,401	951.56	2,982,269,649	1,182[6]
14 Dec 01	New issue[2]	0,40	396,441	157,117.49	2,982,666,090[8]	1,182[7]

1 Anticipated in the balance sheet 31 December 1999, registration 28 January 2000.
2 Conversion of bonds.
3 EUR 0.39632.
4 From SEK to EUR.
5 EUR 1,181,925,126.33.
6 EUR 1,181,926,077.89.
7 EUR 1,182,083,195.38.
8 Number of own shares owned by the Group 17,943,207.

Distribution of shares, end of 2001

Number of shares	Number of shareholders	Shareholders, %	Number of shares	Number of shares, %
1–1,000	427,787	83.54	133,197,255	4.47
1,001–10,000	79,697	15.56	187,372,121	6.28
10,001–100,000	3,781	0.74	90,209,707	3.02
100,001–1,000,000	592	0.12	195,634,961	6.56
1,000,001–	221	0.04	2,376,252,046	79.67
Total	**512,078**	**100.00**	**2,982,666,090**	**100.00**



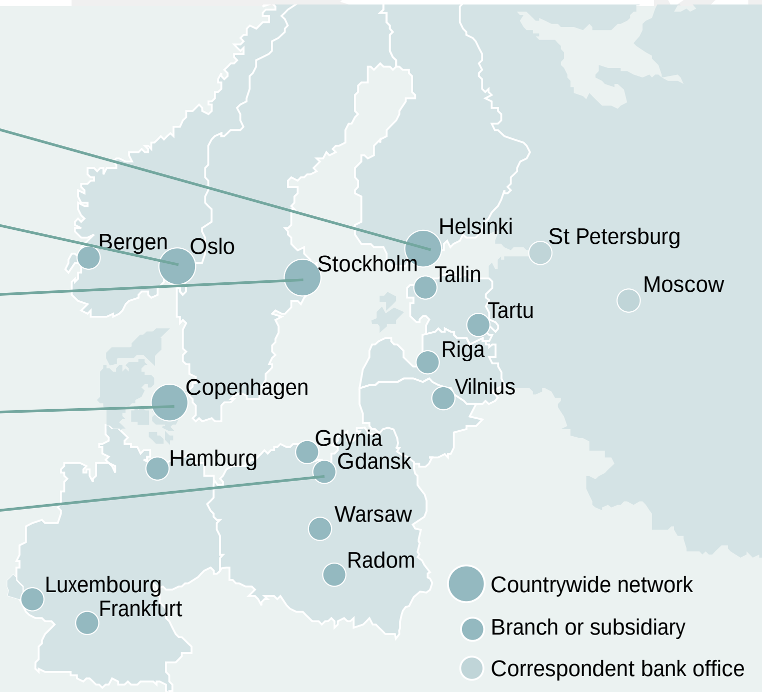
- ***We create value***
- *We are innovative*
- *We are empowering*

Business overview and market position

Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through four business areas: Retail Banking, Corporate and Institutional Banking, Asset Management & Life and General Insurance. Nordea aims to be number one or number two or show superior profitable growth in every market and product area in which the Group chooses to compete. Nordea has nearly 11 million customers, 1,245 branches and 125 insurance service centres in 22 countries. The Nordea Group is a world leader in Internet banking with 2.7 million e-customers at year-end 2001.

Comprehensive presence across the region

Finland	
• Branch offices	444
• Employees	11,600
Norway	
• Branch offices	149
• Employees	4,300
Sweden	
• Branch offices	269
• Employees	9,500
Denmark	
• Branch offices	351
• Employees	13,050
The Baltic Sea region	
• Branch offices	32
• Employees	1,200
Locations	**1,370**
Employees	**39,700**



Large customer base
with high penetration in net banking

	DK	FI	NO	SE	Baltic Sea Region	Total
Retail banking customers (1,000)						
Personal customers	1,700	3,000	500	4,200	55	9,500
Corporate customers	80	340	60	460	10	950
Insurance customers (1,000)						
General Insurance	950	–	420	–	250	1,620
Life insurance and pensions	650	260	230	430	70	1,640
Net banking customers (1,000)	360	1,120	180	1,040	9	2,710

Strong positions in most Nordic markets

	Retail Banking	**Corporate and Institutional Banking**		**Asset Management & Life**		**General Insurance**
	Customer lending, customer deposits and mortgage volumes	Corporate Banking	Equity trading	Investment funds	Life and pensions premiums	Premiums
Denmark	2	Tight 1	2	2	2	1
Finland	1	1	1	1	1	**started 2001**
Norway	2	2	8	5	5	3
Sweden	2–3	3	11	2	8	–

Strategy for leadership and growth

Nordea is the leading financial services group in the Nordic and Baltic Sea region and a world leader in Internet banking.

Nordea has a large customer base of nearly 11 million customers of which 2.8 million are also e-customers. The distribution capability is broad and integrated, covering 1,370 locations in the Nordic and Baltic Sea region as well as the Internet and contact centres.

The business areas of Retail Banking, Corporate and Institutional Banking, Asset Management & Life and General Insurance have strong positions in most markets, based on competence and favourable track records. The aim for each business area is to become number one or number two or show superior and profitable growth in every market in which the business area operates.

Strategic focus

The Nordic countries are Nordea's home market. The Group offers a broad range of financial products and services to personal, corporate and institutional customers and the public sector in these countries.

Strategic themes

Deliver total shareholder return in the top five of Nordea´s peer group

Establish a stable and broadly based growth of revenue by proactively offering financial solutions that create superior value

Ensure operational excellence in all processes by using benchmarking and best practice

Work actively to optimise the use of capital and risk taking thereby lowering cost of equity

Attract, develop and retain highly motivated, competent and empowered employees

The Baltic Sea region is Nordea's emerging home market. The Group is the preferred partner of Nordic and international medium-sized and large corporate and institutional customers in this region. Nordea provides an increasing range of financial products and services to domestic personal, corporate and institutional customers.

Outside the Nordic and Baltic Sea region, Nordea operates to support core customers and competencies through own units or partners. Nordea is also a leading international shipping bank. Nordic and selected European asset management products and services are offered to international institutional customers. Private banking products are offered to high-net-worth individuals in selected European countries.

Strategic direction

Market leadership and growth are closely linked and Nordea has a clear strategy for growth. Nordea will work to further deepen the customer relationship and increase customer loyalty and thereby business volumes with existing home market customers. Customer orientation built upon a thorough understanding of customers' financial needs is the key for success. In the Baltic Sea region, Nordea will grow through increasing market shares achieved by organic growth as well as acquisitions.

Being a universal bank and bancassurer, Nordea offers a broad range of financial solutions and advisory services, focusing on opportunities for cross-selling. A significant and growing share of industry profits is expected to be made from servicing customers' asset-side needs and from providing debt capital market products and services.

Growth has to be achieved with operational excellence, optimal use of capital and balanced risk-taking in order to create shareholder value. All possible means to unify operations and units within the Group are taken and duplication is avoided. Benchmarking – internally and externally – and best practice is used to improve efficiency of internal processes. Non-compliance with unification or parallel processes must demonstrate measurable added value. Outsourcing is the preferred alternative to operating activities falling short of critical mass or being outside core competencies. A second wave of integration process has started to fully exploit the Nordic dimensions of the integrated Group and to further increase the benefits from scale and size.

While being Nordic in operations and internal processes, Nordea is local in the marketplace close to the customers. The comprehensive local presence and delivery are crucial for the continuous strengthening of customer relationship.

Nordea has a strong distribution strategy with customers choosing the most appropriate mix of distribution channels. The role of branch offices is changing into focused service and advisory centres and sales offices along with the intensified use of the Internet. Electronic and personal, however, are not contradictions. Nordea aims to strike the optimal balance between personal and electronic services and to be a world e-leader as well as a trusted partner helping customers to succeed.

Financial targets

Nordea aims at creating value for shareholders in the top five of the peer group of European listed financial services companies.

Total shareholder return

Nordea has selected a peer group of 20 European financial services companies and aims at creating value for shareholders in the top five of this peer group. Creation of shareholder value is measured by total shareholder return and includes investors' capital gains and reinvested dividends. Nordea will pursue a policy of high dividends. The annual level depends on market return requirements and the amount of capital needed for development of activities. Dividend payment will normally exceed 40% of the net profit for the year.

Earnings per share and return on equity

Growing earnings per share and high return on equity are important indicators of value creation. Net profit for the year as a percentage of average equity shall exceed the euro risk-free rate of interest plus 8 percentage points.

Economic capital

Capital is allocated to the business areas reflecting the risks as well as economic and strategic goals of the business. Total capital is not to exceed capital required for a sound development of activities, an attractive rating and cost-efficient funding. The economic capital for the Group has on a preliminary basis been calculated to approximately EUR 11bn at the end of 2001.

Costs

Nordea believes that a competitive and continuous high level of profitability is a prerequisite for the success and the development of the Group.

The cost/income ratio in banking, before loan losses and goodwill depreciation, is not to exceed 50%. The combined ratio in general insurance is not to exceed 100%.

Key performance indicator

	2001	2000	Target
Total shareholder return, %	–19.8	46.5	In the top five of the defined peer group
Dividend pay-out ratio, %	44	40	≥ 40% of net profit
Return on equity, %	13.8	16.1	≥ Euro risk free rate of interest +8 percentage points
Assets under management, growth, %	0	18	20% p.a. growth
Cost/income ratio, banking, %	58	55	≤ 50
Combined ratio, general insurance, %	106	110	< 100
Merger synergies, EURm	168	23	360
Average loan losses, %	0.29	0.08	≤ 0.40% of loans and guarantees over a business cycle

Synergies

The MeritaNordbanken-Unidanmark merger and the acquisition of CBK will create annual synergies of EUR 360m when fully realised by the end of 2003. To ensure the further improved efficiency of the Group, a second wave of integration process has been initiated.

Risk exposure

Nordea aims at limited and controlled risk exposure while constantly availing itself of opportunities to increase profits and return on equity within acceptable risk limits. Lending is subject to strict quality requirements. The average loan losses over a business cycle should not exceed 0.40% of the loan and guarantee portfolio. Investment risk (market risk related to investment activities) should not lead to an accumulated loss in investment earnings exceeding one quarter's normalised earnings at any time in a calendar year. Administrative, legal and technical risks should be kept within manageable limits at reasonable costs.

Peer group

Nordic peers	Most comparable European banks	Capital markets exposure
Danske Bank	Abbey National	ABN AMRO
Den norske Bank	Allied Irish Bank	Barclays
Sampo	Bank of Ireland	BNP Paribas
SEB	HBOS	Dexia
SHB	Commerzbank	Société Générale
Swedbank	HypoVereinsbank	
	KBC	
	Lloyds TSB	
	Royal Bank of Scotland	

Second wave of integration

Nordea was created in cross-border mergers gradually bringing four major Nordic financial institutions into one Nordic group. Further minor acquisitions have been made. The aim is to create a truly Nordic company, operating as a group – not a federation - focusing on business areas not countries or legal entities.

The first phase of this process – the merger integration - has developed as planned and the announced annual pre-tax synergies amounting to EUR 360m will be realised by the end of 2003.

Based on experience gained so far, Nordea has launched a second wave of integration. This is a group change programme consisting of a limited number of high impact initiatives. The target of the integration programme is to create additional annual synergies of the same magnitude as the merger synergies by fully exploiting the benefits of operating as one integrated Group in a cross-border environment.

In November 2001 Nordea's business structure and management were consolidated into four main business areas and a single executive management team. The second wave initiatives will be executed as an integrated part of this management structure and not in a parallel process.

The initiatives will demand investments and result in fewer employees. Investments will partially be self-financed and partially be financed by reallocation of the development capacity. From an overall perspective all investments are expected to be paid back well before the end of the programme period. The effects of the programme will be separately accounted for each quarter.

Every initiative under the programme will be decided upon, organised and managed, as a separate project and employee representatives will be involved.

The second wave integration programme will only to a limited extent affect the customer-related activities. The programme will aim to simplify, unify, speed up and re-engineer internal processes. Roles and responsibilities in the integrated Group may thereby be changed. Second wave integration will seek to consolidate and share group infrastructure across borders and across business areas in order to increase benefits from scale. Activities no longer needed will be terminated. In cases of relocation Nordea will to a reasonable extent seek an overall balance between the Nordic countries.

Major initiatives of the programme have already been started or will be started shortly, including:

- Groupwide roll out new financial steering principles and systems. This includes economic capital and economic profit, balanced scorecard and rolling financial forecasts replacing traditional budgeting. It is expected that this will stimulate managerial behaviour to increase shareholder value creation.
- A Finance initiative will, based on SAP-technology, result in a common general ledger system for the Group and a common data

warehouse solution. A Finance shared services centre organisation is also part of the initiative. The benefits of unifying all finance processes will be a faster reporting cycle, enhanced quality in decision support as well as increased efficiency and cost savings.
- A trading infrastructure programme will enable all customer transactions in FX / money market and derivatives to be carried through in one common system and based on a centralised infrastructure for settlement and accounting activities. This will result in cost savings and improved control.

A number of other initiatives are in the planning phase. Among these initiatives are:
- Separate all kinds of general support services not related to primary business activities from the business areas and establish a common support and procurement organisation within Nordea. The purpose is to standardise and consolidate each service and re-engineer the internal processes to gain efficiency and uniformity. This will include e-based solutions and opening up for external partnerships. Availability of consolidated information about vendor relations will facilitate more professional procurement.
- Consolidation of IT production aiming at the lowest IT operational costs per transaction in the region and at the same time significantly reducing the overall cost level. The initiative will lead to fewer technological platforms, more centralised data centre operations and an increased degree of standardisation. There will be a number of quick hits and the initiative can be executed without heavy investments.
- Implementation of e-based integrated HR systems can enhance the quality of HR services, achieve significant operational benefits and reduce HR functional headcount. The initiative will improve management practice as well as the development of employees and thus realise cost savings.
- Consolidation of activities within marketing, branding and communication will enable a better utilisation of the existing resources paving the way for cost savings without significant investments.
- Structural changes within Retail Banking aiming at consolidation of various national staff and business support functions into a Nordic organisation. This will make it possible to realise cost savings and increase the possibility to speed up the launching of joint and shared development projects contributing to a competitive edge.
- A number of projects are under evaluation aiming at improving and harmonising various Retail Banking processes. Such processes include new front systems, loan and credit processes and processes related to cashier services, cards and accounts. There is a large potential for cost savings and improved customer service as a result of productivity increase.
- Continous streamlining of the international network offers cost-saving potential. This will include a simplified business structure, a common system platform and centralisation of back-office functions.

In addition further initiatives will be launched. This may include further development of the Group’s legal structure and a redesign and consolidation of securities back office processes. The latter will depend on the consolidation of stock exchanges and central securities depositaries.

Information Technology

The IT strategy is primarily to establish full integration in supporting all existing pan-Nordic activities whereas a step-by-step integration strategy will apply to Retail Banking activities. IT activities will thus contribute to further integration, improved efficiency of processes and lower costs.

An ongoing development programme will transform existing systems into common solutions and will lead to fewer systems and standardised processes.

Together with the system consolidation a cross-border harmonisation of the IT infrastructure will provide the basis for centralisation of IT production on fewer platforms.

A new application platform within the frames of the chosen middle-layer architecture is being developed. The platform is an interface between the new and old application and contains security functions such as authentication and authorisation to the user and switchboard for transaction control to the right application. It also contains a development environment and the data bases needed. The first larger application that will use this middle layer is Nordea's new e-banking portal for corporate and personal customers.

The main goal for the IT production is to deliver IT services according to business needs while operating the basic IT support on the lowest unit cost in the region. Internal and external benchmarking as well as considering various outsourcing alternatives will be used in achieving this goal.

The IT integration does not involve decisions likely to give rise to large new investments or complex new structures and systems exposing the Group to increased operational risk.

Major achievements in 2001

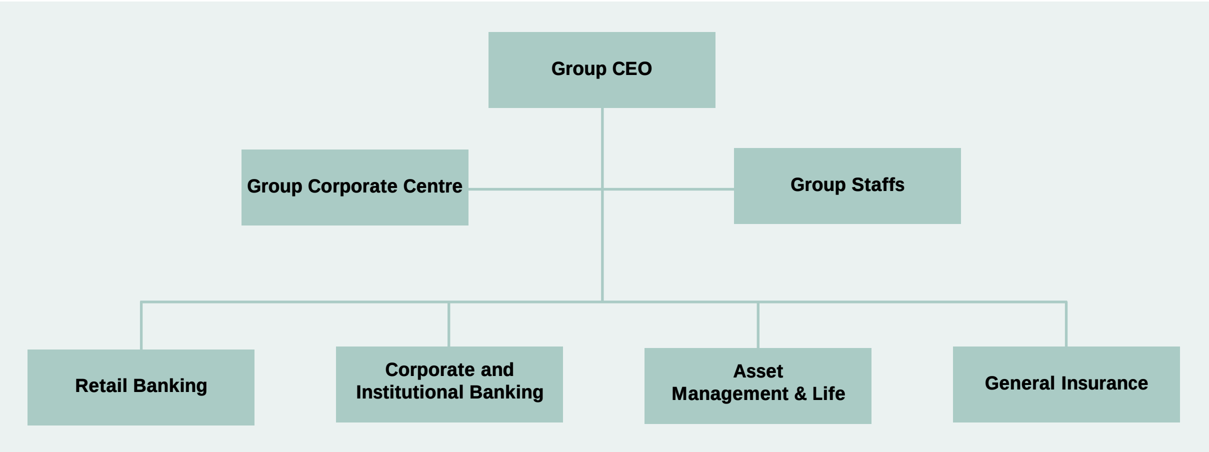
The IT integration work related to Nordea Bank Norway (the former CBK) was finalised in the first quarter.

The development of a new e-banking platform for both corporate and personal customers has followed the plan and the pilots, where the new middle layer architecture was part of the solution, have shown promising results.

The Swedish Postgirot Bank's IT organisation will be integrated in Nordea and the harmonisation of application and technical platforms is proceeding well.

The conversion project from Finnish markka to euro in Finland was executed successfully and without any disturbances in normal production.

Organisational and management principles



Nordea's operations are organised and managed in four business areas: Retail Banking, Corporate and Institutional Banking, Asset Management & Life and General Insurance.

The business areas operate in Nordea's markets, integrating the former country-organised bank and insurance operations into one cross-border financial services group.

Decisions are made close to the customers and employees within Group guidelines and limits. The customer unit organisation is developed taking into account local experience and market conditions.

Customer units have full responsibility for customer relations and operate as profit centres with full responsibility of financial results, utilisation of capital and human resources and for risk.

Service units operate efficiently with high quality and are measured against market prices of each service demanded by business units. Units that carry responsibility for business development and support are measured by customer profitability, product profitability and quality in addition to own costs.

Firm group policies guide the whole organisation in areas such as granting of credit, all kinds of risk-taking, customer relations and human resources.

One single ‘financial language’ provides for transparency, consistency and uniform methods throughout the Group to follow-up and to evaluate the financial performance of the units.

The extensive delegation and the Group policies are supported by strong control functions as well as by advanced central risk management procedures.

All units are managed with clear objectives for every manager and employee and with commitment to follow-up and give feedback. Managers are measured by financial results, customer and employee satisfaction and process efficiency.

Benchmarking and best practice are used to improve efficiency.

Outsourcing is the preferred alternative to operating activities falling short of critical mass or for operations outside core competencies.

All possible means to unify operations and units within the Group are taken and duplication is avoided.

The Nordea brand

Following the adoption of the new name, Nordea, at the end of 2000, further progress has been made during 2001 to apply the Nordea identity and to begin to transform it into a brand.

With many financial products and services becoming less differentiated and more of a commodity, a key objective is to build a strong brand in order to deliver synergies across borders and to provide added value for our customers.

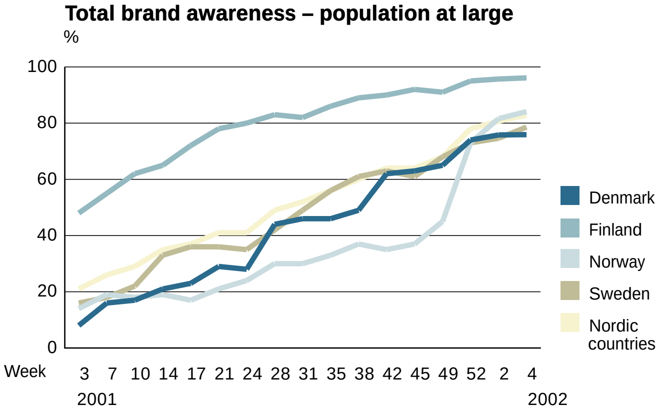
A strong, clear and differentiated brand will support the business and attract customers.

As such, the Nordea brand, of which the name and visual identity is only a part, is a key strategic asset that will need to be nurtured, managed and kept relevant in order to deliver optimum value to customers and shareholders.

Progress in 2001

During the year, the Nordea name and visual identity has been increasingly promoted externally and adopted by entities in the Group, which culminated in the roll-out of a common visual identity at branch level in December. Initial results from customers have been encouraging and show that awareness of the name at year-end was over 80% in all of Nordea's major markets.

Total brand awareness – population at large



In parallel with this, progress has been made to define and articulate common values and ambitions, retaining elements of the past and combining them with new desired aspirations.

A process has begun to integrate these and to adopt them internally as a part of the common corporate culture.

This has resulted in the need to integrate branding more closely with business processes and to ensure that new products and services deliver the intent of the brand. Since the brand is a key strategic asset, steps have been taken to put in place an organisational structure that will allow the brand to be managed as part of the business process.

2002 developments

It is expected that most of the visual manifestations of the brand identity will be converted by the early part of the year and that progress will be made during the year to capitalise on the momentum and investment made in 2001.

A key driver will be to bring more focus to the brand and to sharpen its delivery to all customer touch points. Nordea will undertake an audit of the brand, which will highlight and prioritise areas requiring attention. The results of this audit, together with results from external research, will be consolidated to form an annual brand asset performance review.

Development in 2001

January – April
The Nordea name introduced through advertising and online campaign combined with internal campaign information to all employees. The main message was to explain that Nordea stands for Nordic Ideas.

March – 2 December
Retail banks in the Nordic countries operate under integrated branding showing the old brands in combination with the Nordea name.

April
Investment Banking changes name to Nordea Securities. The retail banks in Poland and the Baltic countries adopt the Nordea name.

November – (ending February 2002)
Start of groupwide internal cascade – From Words To Action – where all employees were encouraged to discuss the implications and possible customer benefits of gradually implementing and starting to live the Nordea values.

3 December
All retail banks operate under the Nordea name only. Major name change operation with over 20,000 different items to be changed ranging from fascias, forms, brochures, IT systems, promotional gifts, advertising etc. In order to be cost-effective and ensure minimum disruption of daily business, the focus was put on those 20% of the items which accounted for about 80% of visibility, while setting deadlines for the changes of all items to Nordea.

Economic development and business environment

2001 was a year of downturn for the world economy and for the Nordic countries. Economic growth came to a standstill in almost all industrial countries after the many favourable years of technology-driven economic development in the late nineties.

The global downturn during the course of 2001 was accentuated by the terror attacks in September. Towards the end of the year, however, there were signs that the worst shock was about to wane. Expectations were more positive again, stock markets recovered and oil prices have stabilised on a substantially lower level than before. The more expansionary stance of fiscal and monetary policy could lead to a global recovery this year. Central banks' key rates were lowered several times in 2001 to extraordinary low levels historically. Despite the recession in the US economy the dollar remained very strong. Although the decline in interest rates softened the fall in demand, many US companies have been hurt and the number of bankruptcies has increased.

Denmark

As many other economies the Danish economy was hit by the international downturn in 2001. Investment activity and consumer confidence were adversely affected by the more uncertain prospects. Overall, weaker international and domestic trends implied GDP growth below 1% in 2001.

Consumer spending continued along the negative path, which since 1998 has characterised the Danes' propensity / ability to spend money. However, private consumption showed a moderate recovery in 2001 following a small decline in 2000. The reluctance to consume was not caused by a lack of purchasing power but by the incentive to save given the reduction in the tax relief on interest payments and the more blurred economic prospects. Following years of strong growth, investments declined in 2001 driven by decelerating activity and the fall-out of the investment effect of the hurricane in December 1999. The Danish krone strengthened slightly in the latter part of the year. The spread against German bonds decreased due to an increased domestic demand for Danish bonds. Lending has slowed during the autumn while deposits decreased, but savings are expected to rise again.

Finland

Economic growth in Finland decelerated abruptly in 2001. The main reason behind the weak development was adverse conditions in export markets. In a very short time rapid growth in exports changed to a notable decline. The Finnish economy was clearly hurt by the worldwide difficulties in the information and communication technology industries. The situation in that respect was worst in the spring but during the autumn the electrical equipment industry started to grow again. GDP also increased in the latter part of the year compared to the April-June period.

Domestic demand increased relatively steadily. Private consumption was supported by healthy growth of real incomes and declining interest rates. Consumer prices rose on average 2.6% and the inflation rate was only 1.6% in December 2001. Investments on the other hand suffered due to the downturn in export demand.

Despite the weak economic growth unemployment declined further last year. The unemployment rate was on average 9.1% compared to 9.8% in 2000. In general economic balance remained good. The current account showed nearly as large a surplus as in 2000. Furthermore, also public finances had a notable surplus, although the record level of year 2000 was not reached.

The decline in interest rates boosted loan demand quite notably. The major portion of loans are tied to short-term interest rates in Finland and fluctuations in interest rates tend to affect loan demand swiftly. According to the consumer surveys households felt that conditions to raise new loans improved towards the year-end, which was felt especially in new housing loans. Growth in bank deposits also accelerated due to weakness of the equity market and towards the end of the year also due to the changeover to euro coins and notes.

Norway

Long into 2001 it looked as if the Norwegian economy would not be affected at all by the international downturn. Open unemployment even diminished during the first half of the year as employment continued to increase in the private and public services sectors. However, many other sectors had problems and the tight monetary policy and high inflation dampened consumer spending. Moreover, traditional export sectors were influenced by lower international demand during the second half of the year.

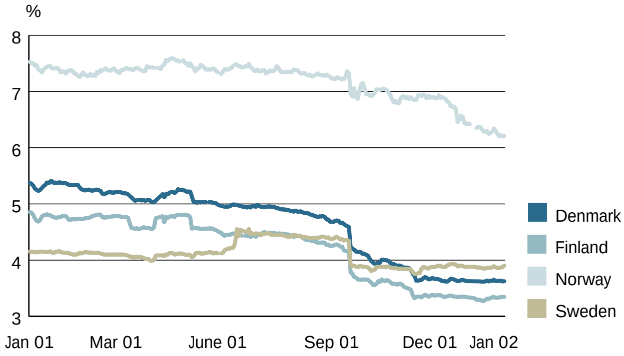
When unemployment gradually increased at the end of the year, the tight monetary policy was loosened and the central bank lowered its key rates. Tax cuts proposed by the new government, low growth in consumer prices and expected high wage growth should boost private consumption. At the moment a relatively strong Norwegian krone has a dampening effect both on CPI growth and the domestic economy. However, the Norwegian krone is expected to weaken in the somewhat longer term, which should lead to higher CPI growth again. It will then be clear that wage cost growth in Norway must come down if the inflation target of 2.5% is to be reached. Relatively high wage cost growth and a tight labour market are the main reasons for believing that interest rates will remain relatively high. Credit growth has fallen steadily through 2001. Credit growth to the household sector has moved about sideways and picked up lately.

Sweden

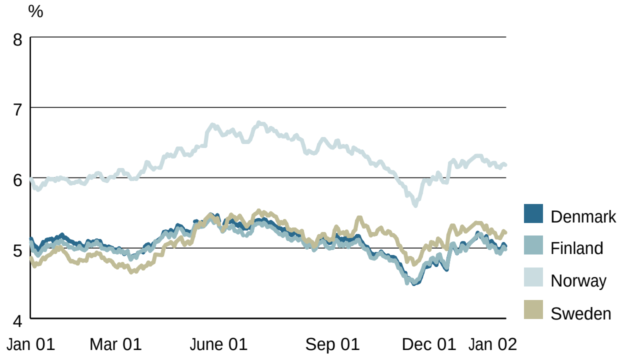
The Swedish economy lost momentum during the course of 2001. The steep downturn in the telecom equipment industry had substantial effects on the economy. Exports of telecom products fell by 30-40% in volume terms and this led to a decline in total exports of goods and services for the first time in ten years. Investment activity in manufacturing and other business sectors was generally dampened by the international downturn at the same time as planned investments in third generation mobile telephone systems were delayed. On the other hand investments in housing increased briskly. Another reason for slower growth in the Swedish economy is the weak development of private consumption due to increased uncertainty in connection with falling stock prices and deteriorating labour markets. At the same time disposable income and housing prices continued to increase at a steady pace and interest rates were low. The Swedish krona weakened to an extremely low level in the middle of the year because of large structural currency outflows and diminishing foreign and domestic demand for Swedish stocks. Towards the end of 2001 the krona strengthened again and the development continued in the beginning of 2002.

The stock market decline was probably behind the increase in deposits over the year. Lending increased despite rising interest rates during the spring and the turbulence on the world market in the latter part of the year. The main part of the increase in lending is related to the housing sector.

3–month interest rates



10–year government bonds



Results by business area

Nordea's operations are organised into four business areas: Retail Banking, Corporate and Institutional Banking, Asset Management & Life and General Insurance. The business areas operate as decentralised profit centres. The Group's financial management operations are conducted by Group Treasury.

Within Nordea, customer responsibility is fundamental. Decentralised profit responsibility essentially means that the Group's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet. Through year 2001 equity has been allocated to the customer responsible units using existing BIS rules corresponding to a tier 1 ratio of 6.5%, and each unit's performance is evaluated in relation to its individual target for return on allocated equity. When calculating return on allocated capital standard tax is applied.

A model for allocating capital based on each business unit's actual risk exposure has been implemented as an integrated part of the planning process for 2002. The model takes into consideration credit and insurance risk, market risk as well as operational and business risk. It optimises utilisation and distribution of capital between the different business areas. The economic capital for the Group has on a preliminary basis been calculated to approximately EUR 11bn at the end of 2001. Going forward, performance will be evaluated by measuring economic profit (see page 71).

In addition to customer responsibility, Asset Management & Life also assume product responsibility, which means ensuring competitive and profitable products for the customer responsible units. Product units are monitored through the evaluation of product result, which includes all income and expenses within the Group related to the respective products.

Operating profit by business area and relating to customer responsibility is shown in the accompanying table.

Asset Management & Life has customer responsibility within investment management, in private banking outside the joint unit with Retail Banking, and for life and pensions distributed outside Retail Banking. In addition, the business area commands product responsibility for investment funds and life insurance products. The operating profit shown in the accompanying table includes the customer responsible units, while the product result also includes the Group's total earnings on mutual funds and insurance products, including sales and distribution costs within the retail branch network.

In addition to the four business areas, Group Treasury, with responsibility for managing the Group's own positions in securities portfolios and internal bank activities, is also included in the table. The column "Other" includes income and expenses not allocated to business areas, ie funding costs for the cash acquisition of Nordea Bank Norway, results from real estate holdings and business-related equity holdings, expenses for Group staffs, goodwill depreciation, central provisioning for loan losses and profits from companies accounted for under the equity method which are not included in customer responsible units. The result from the Swedish Postgirot, which was consolidated as from 1 December 2001 is reported in the column "Other". From 2002 Postgirot will be allocated to respective business area.

Results by business area 2001[1] EURm

	Retail Banking	Corporate and Institutional Banking	Asset Management	Life[2]	General Insurance[2]	Group Treasury	Other	Total
	Business areas		Asset Management & Life					
Customer responsible units:								
Income	4,320	1,268	248	79	390	78	–293	6,090
Expenses	–2,444	–650	–158	–95	–395	–28	–119	–3,889
Loan losses	–168	–254	–	–	–	–	49	–373
Profit from companies accounted for under the equity method	–	12	–	–	–	–	83	95
Profit excluding investment earnings	**1,708**	**376**	**90**	**–16**	**–5**	**50**	**–280**	**1,923**
Investment earnings	–	–	–	–14	–13	124	55	152
Goodwill	–	–	–	–	–	–	–147	–147
Operating profit	**1,708**	**376**	**90**	**–30**	**–18**	**174**	**–372**	**1,928**
of which:								
Q4	366	142	25	–6	1	38	–98	468
Q3	425	–5	17	–24	–24	21	–182	228
Q2	463	94	20	14	36	35	15	677
Q1	454	145	28	–14	–31	80	–107	555
2000[1]	1,472	480	120	72	53	269	–31	2,435
Return on equity, %	21	11	–	–	–	–	–	13.8
Cost/income ratio, %	57	51	64	–	–	14		58
Combined ratio, %	–	–	–	–	106	–	–	106
Product responsible units:								
Income			528	136				
Expenses			–283	–146				
Investment earnings			–	–7				
Product result			**245**	**–17**				
of which:								
Q4			55	4				
Q3			50	–49				
Q2			65	42				
Q1			75	–14				
2000[1]			306	73				

Due to changes in the organisation and development of financial reporting for the merged operations, the quarterly results by business area have been restated.

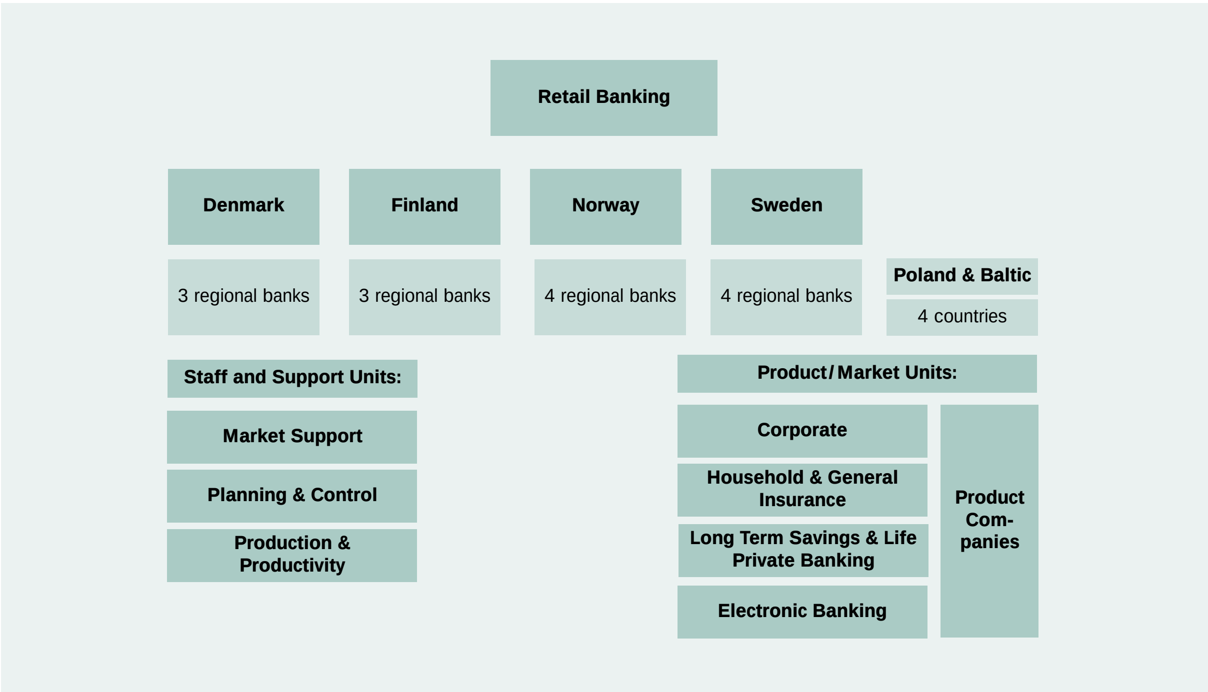
1 Business area reporting excludes Nordea Bank Norway (formerly CBK) in 2000.

2 Income is reported as net of premiums, claims, benefits and provisions.

Retail Banking

Nordea runs the leading retail banking operation in the Nordic region. Retail Banking has a unique customer base, comprising more than 9.5 million personal customers, or about 40% of the population in the region, and 1.0 million corporate customers.

The completion of Nordea's acquisition of Postgirot Bank in December 2001 further strengthened the position in Sweden. Nordea also consolidated its position among the most widely used electronic banks in the world. More than 2.7 million customers have subscribed to the e-banking services. The business area Retail Banking showed in 2001 an operating profit of EUR 1,700 m.



Retail Banking develops, markets and distributes a broad range of financial products and has full customer responsibility for personal and corporate customers. The ambition is to ensure the fulfilment of customer needs at the right time and place.

Retail Banking is a strongly decentralised profit–centre–based organisation where the branch offices and the regions are the profit centres. The branch offices have the responsibility for all business its customers have with the bank, including risks related to such business, the quality of the services offered as well as profitability. This applies irrespective of the channel through which the customer chooses to contact the bank, be it through branch offices, the Internet or telephone.

The business area comprises 14 regional banks in the Nordic countries, each one responsible for a certain geographic area and including a Private Banking unit, which focuses on high-net-worth customers requiring more sophisticated investment services. The operations in Estonia, Latvia, Lithuania and Poland are organised into one separate regional bank.

In the matrix organisation, Retail Banking's product and market units have a cross-border responsibility to develop customer concepts and products. By operating across the entire business area these units ensure the use of best practice and the benefits deriving from economies of scale. Group-wide responsibility for these units is delegated to individual members of the Retail executive management.

Market conditions

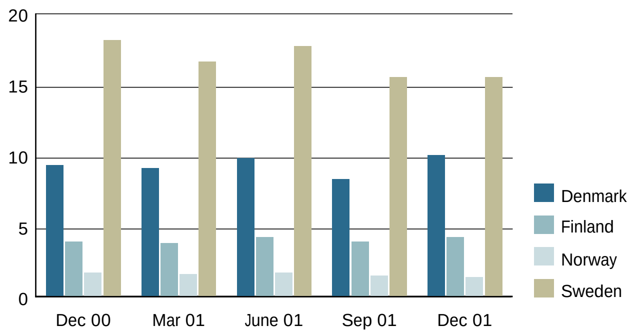
The economic outlook deteriorated in 2001. The customers' cautious attitude towards investing in investment funds, shifting away from equity products to bond and cash products, was evident throughout the year.

The demand for personal loans was maintained despite the slower development in overall economic activity. Demand for other financial services, especially e-banking, remained at a high level.

Total market growth for domestic loans to personal customers was 8.9% and for deposits 7.5% in the Nordic countries, combined.

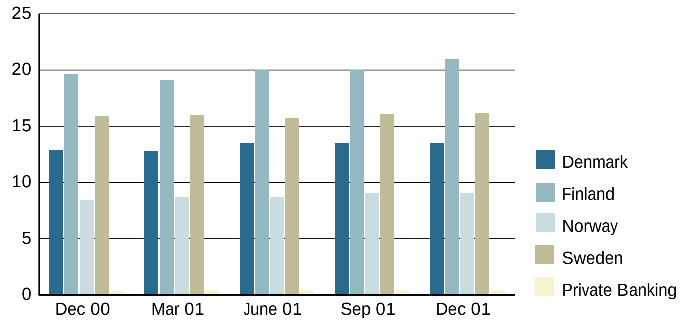
Investment funds in Nordea

EURbn



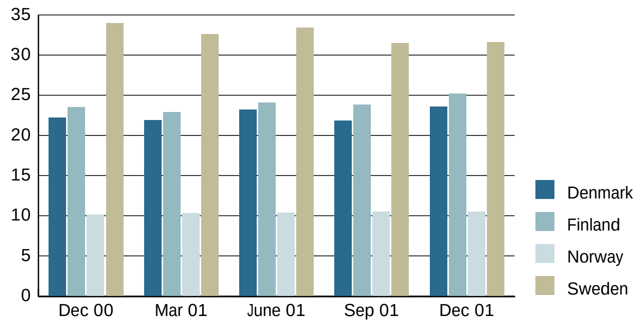
Deposits in Nordea

EURbn



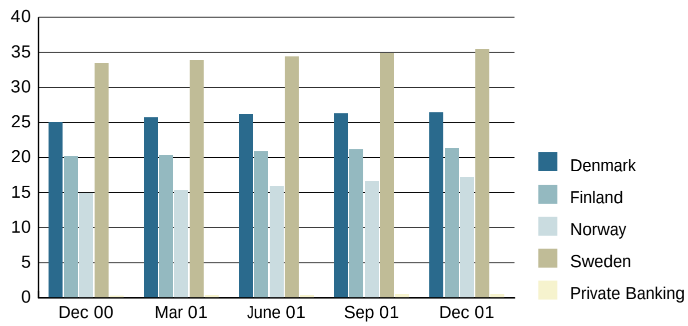
Total savings in Nordea

EURbn

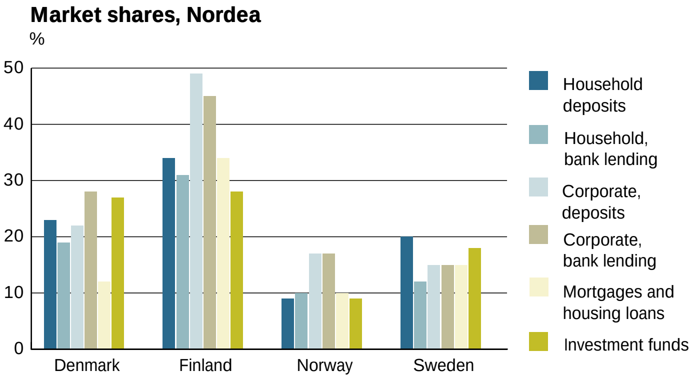


Lending in Nordea

EURbn



Growth in market volumes for Investment funds			%
	2001	2000	1999
Denmark	10	26	64
Finland	12	31	109
Norway	–10	17	42
Sweden	–14	5	52
Total	**–6**	**13**	**56**



Nordea is the only financial services group that has a prominent position within retail banking throughout the whole Nordic area. Competition remained intense in the different countries among established institutions, and new financial institutions entered the market. The trend towards consolidation continued with mergers and acquisitions, where Nordea eg acquired Sweden's Postgirot Bank. Several financial institutions have expressed their ambitions to expand in the Nordic market.

Personal customers

Competition has intensified with new players entering the market. ICA Bank and Coop Bank in Sweden are two examples of new competitors with large networks and personal customer bases. The vast majority of customers still seem to prefer to do their banking business with a universal bank instead of using a "one product provider". The new competitors have therefore experienced difficulty in gaining any substantial market shares.

Nordea's market shares have been stable during the year with the exception of deposits where a slight decline was recorded.

The number of customers in Nordea has also been stable with a slight increase in some markets. The acquisition of Postgirot Bank added some 600,000 new personal customers to the customer base in Sweden.

Corporate customers

Competition is intense but a small number of banks in each country dominate the market.

Nordea's market shares have on the whole been stable.

Market shares, Nordea								%
	Denmark		Finland		Norway		Sweden	
	2001	2000	2001	2000	2001	2000	2001[2]	2000
Household, deposits	23	26[1]	34	35	9	9	22	21
Household, bank lending	19	24[1]	31	32	10	10	12	12
Corporate, deposits	22	26[1]	49	48	17	18	23	15
Corporate, bank lending	28	24[1]	45	45	17	17	15	17
Mortgages and housing loans	12	11	34	35	10	10	15	16
Investment funds	27	27	28	29	9	9	19	19

[1] In Denmark the market shares for 2000 have not been divided into households and corporates.
[2] Incl Postgirot Bank representing 2 percentage points for household deposits and 8 percentage points for corporate deposits.

The number of customers is increasing and was close to one million at year-end. The acquisition of Postgirot Bank added 340,000 new corporate customers to the customer base.

Business development

In spite of the general economic downturn the volume of deposits and loans has continued to increase and was clearly higher compared to the year 2000.

The total loan volume at the end of 2001 amounted to EUR 101bn, around half of which comprised household and corporate mortgages. Loan volume growth over the year was 7.0%. The deposit volume at the end of 2001 amounted to EUR 60.2bn. This is an increase of 5.3%. Growth figures are calculated including Nordea Bank Norway in 2000.

Lending to personal customers increased from EUR 45.2bn to EUR 49.1bn in 2001. Deposits increased from EUR 35.2bn at the end of 2000 to EUR 36.9bn at year-end 2001. The increase in lending volume primarily comprised mortgages. The margins of loans remained stable in all countries except Denmark, which experienced a decrease from a formerly high level. Nordea's deposit margins have in general decreased due to the developments in short-term interest rates.

Lending to corporate customers increased from EUR 48.5bn to EUR 51.4bn in 2001, while deposits were EUR 22.8bn at the end of 2001, compared to EUR 21.7bn at the end of 2000. The volumes of deposits and loans have steadily increased, and the average interest rate margins have remained stable in all Nordic countries.

The sales of investment funds declined from EUR 6.0bn in 2000 to EUR 3.7bn due to the weak development in the financial markets.

Actions for further growth

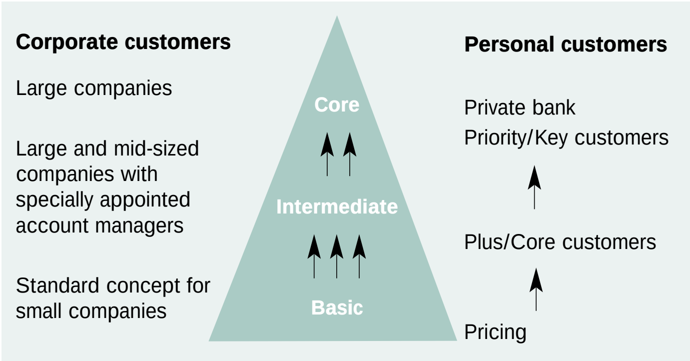
Retail Banking's strategic focus is on customers, profit and performance to ensure cost-effective growth of the business. Growth will be accomplished primarily through increasing business with existing customers in the Nordic region and through increasing market shares in Poland and the Baltic countries.

Nordea has a substantial customer base and an important challenge is to increase customer loyalty and thereby business volumes. Long-term relations and a high degree of customer satisfaction contribute to sustained and strong profitability.

The customer base is therefore divided into the three segments: core, intermediate and basic, according to business volume. To induce customers to gather more of their banking business with Nordea there are increasing service levels and differentiated prices for the different segments.

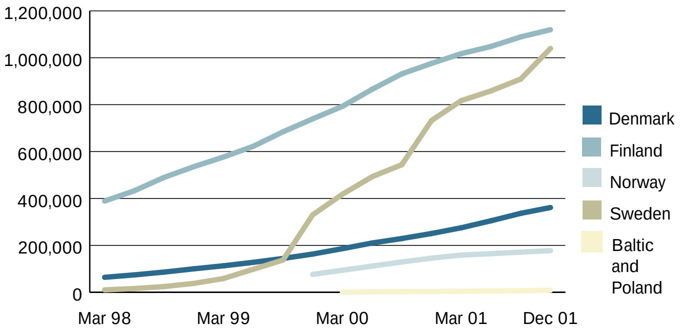
A common Nordic household market strategy with sharpened segmentation and improved value proposals to customers is being implemented. Common service concepts have also been defined for corporate customers in 2001. Uniform customer segmentation is being implemented throughout Nordea. The ambition is to have suitable and efficient service concepts for customers and at the same time maintain the current high level of customer satisfaction.

Growth and profitability are in the long run deemed to be higher in serving the customers' asset-side needs compared to providing loans and transactions. Nordea has developed a broad concept called "Long-Term Savings & Life". Retail Banking and Asset Management & Life run this concept together. Nordic Private Banking offers its services to affluent personal customers and to medium-sized institutions. Nordea had 50,000 Nordic private banking customers at the end of 2001. (For a further description, see page 56).

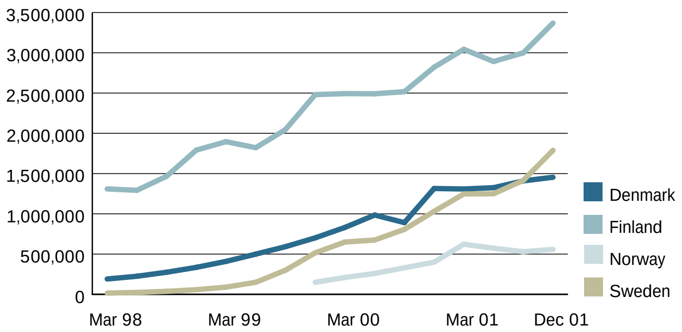


The goal is to influence the customers to move upward in the pyramid.

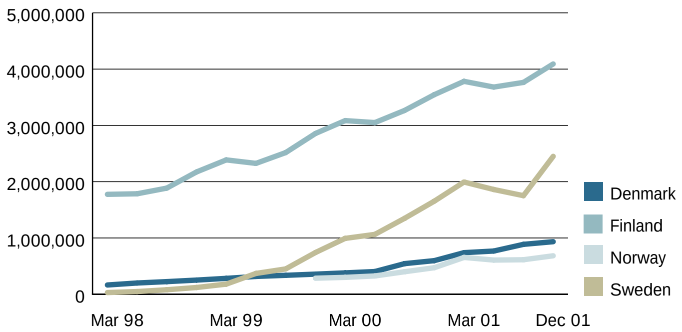
Electronic banking customers in Nordea



Electronic banking log ons in Nordea per month



Electronic banking payments in Nordea per month



Strong growth in electronic services

One of Nordea's major strengths relative to its competitors is the number of customers who are already accustomed to using the Internet for conventional banking services. This facilitates the rapid development of new banking services within the electronic banking concept as well as the launch of completely new e-commerce services that create value both for personal and corporate customers.

Nordea strengthened its position as one of the most widely used e-banks in the world in 2001. Nordea reached the target of 2.7 million electronic banking customers by the end of 2001. These customers logged on to the service 76 million times – an increase of 21 million or by 39% - and made over 88 million payments during the year, up by 26 million or 41% compared to 2000. A new target of 3.2 million customers is set for 2002.

Nordea had over 1,900 contracts with merchants using direct e-payments at the end of 2001. More than 600 of them are represented at the electronic marketplace Solo Market. Nordea's e-commerce services also include e-invoicing, e-identification, e-signature, and e-salary.

Nordea received *The Banker's* global award for the best online strategy 2001 – for the second consecutive year.

Due to changes in customer behaviour and the decreasing number of manual transactions, the number of traditional branch offices is declining. The number of regular branch offices in the Nordic area has decreased by 23 during 2001, while the number of staffed bank-in-store branches has increased from 62 to 90. Branch offices and other points of contact are increasingly used for advisory services.

Increased use of payment cards
Debit and credit cards continued to gain ground as a payment method. Nordea increased the card stock by 200,000 new cards to 5.9 million cards.

Baltic countries and Poland
Poland and the Baltic countries with more than 45 million inhabitants, represent a growth market for the Group. Nordea provides an increasing range of financial products and services to personal and corporate customers in the Baltic region.

Nordea has 28 branches and an additional 12 service points in the region. In addition to offering electronic banking, telephone banking, contact centres and cards, Nordea is now able to serve both corporate and personal customers countrywide in all four countries.

Deposits grew by 40% and lending by 52% during the year and there is an increasing volume deriving from Nordic corporate customers and private individuals.

Integration of Nordea Bank Norway
The integration of the former CBK (Christiania Bank og Kreditkasse) into Retail Banking has developed well and Retail Banking is on track in delivering the synergies that were identified, eg in the following areas:
- Cross-border introduction of new products and services.
- Gradual introduction of jointly developed products and services.
- Harmonisation of customer service concepts.
- Elimination of overlapping functions.

New agreement with the Swedish Post
A new agreement was established between Nordea and Swedish Post allowing customers to conduct basic banking transactions at the around 900 post offices and through rural post carriers.

The new agreement meant considerably lower costs for Nordea after 1 April.

Acquisition of the Swedish Postgirot Bank
Nordea entered on 31 July 2001 into an agreement with Swedish Post in order to buy Postgirot Bank. The EU Commission approved the acquisition on 8 November. Postgirot Bank was consolidated in the accounts from 1 December 2001. The purchase sum amounted to EUR 489m and goodwill was calculated at EUR 228m.

Through the acquisition Nordea's payments and cash management functions in the Nordic region are significantly strengthened. At the time of the acquisition Postgirot Bank had a staff of 2,100 and 1.2 million customers, of whom 0.4 million were corporate customers. This customer base represents a sizeable cross-selling opportunity for Nordea.

As a result of larger potential cost synergies than initially anticipated and further identified cross-selling opportunities, the net synergies from the acquisition have been revised upwards. Total annual net synergies in 2004 are estimated at EUR 65m. The increased cost synergies follow further identified opportunities of integrating Postgirot Bank’s operations and closing duplicate functions.

Result 2001

The result for 2001 showed stable development, despite deteriorating economic and market conditions.

Net interest income increased in all countries. Volume growth contributed positively, and offset the effect of depressed deposit margins.

Net commission and other income showed a decrease as a result of the negative developments in the financial markets.

Total income increased by 3% compared with last year, comprising income growth in Denmark and Sweden and a slight decline in Finland.

Strict cost control ensured that total costs were almost unchanged compared with last year. The cost / income ratio was 57%, which is an improvement by 2 percentage points compared to last year (excluding Retail Banking Norway).

Loan losses in Retail Banking remained at the low level of EUR 168m which is a modest increase from the year 2000 level. EUR 24m was related to Nordic aircraft leasing in Nordea Finance, with the residual of EUR 144m relating to the ordinary credit portfolio in Retail Banking.

Operating profit was EUR 1,708m, up 4% compared to 2000, and return on equity remained at a high level of 21%.

Priorities for 2002

Nordea aims to continue the growth of business volumes offering products and services via the right channels and points of sale. This includes building on the customer programmes already established and striving to further develop the e-banking offerings and products and services within the savings market.

Customer base and number of branch offices

	Total Nordea		Denmark		Finland		Norway		Sweden		Poland & Baltic	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Customer base (000)												
Personal customers	9,479[1]	8,933	1,684	1,692	3,015	3,035	528	526	4,197[1]	3,643	55	37
Corporate customers	951[1]	611	77	77	339	340	59	59	465[1]	127	11	8
Netbank customers	2,708	2,109	361	251	1,120	976	178	146	1,040	732	9	4
Branch offices	1,245	1,256	351	356	444	464	149	155	269	261	32	20

[1] Incl Postgirot Bank.

Volumes of Nordea EURbn

	Retail Banking		Retail Denmark		Retail Finland		Retail Norway		Retail Sweden		Poland & Baltic	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Lending	101.0	94.1	26.4	25.1	21.4	20.2	17.2	15.0	35.5	33.5	0.5	0.3
Deposits	60.2	57.2	13.5	12.9	21.0	19.6	9.1	8.4	16.2	15.9	0.4	0.3

Retail Banking operates with a strong focus on cost control. This is achieved through securing effective and cost-efficient production processes by streamlining work flows, utilising economies of scale through centralisation, as well as benchmarking and outsourcing where appropriate.

Cost focus is an overriding priority that implies further selling of e-banking to customers and demonstrates the convenience of using electronic banking.

Retail Banking will have continued emphasis on credit risk management on the present basis of firm policies and consistent follow-up procedures. In addition to this, the rollout of the planning and performance measurement model focusing on economic profit will support the overall risk management in the business area.

Retail Banking 2001

EURm	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001
Operating profit	1,708	366	425	463	454
Return on equity (%)	21	18	22	24	25
Cost/income ratio (%)	57	58	57	56	56
Customer base:					
personal customers, million	9.5[1]	8.9	8.9	8.9	8.9
corporate customers, million	1.0[1]	0.6	0.6	0.6	0.6
Number of employees (full-time equivalents)	22,700	22,700	22,700	22,600	22,600

[1] Incl Postgirot Bank.

Retail Banking by market

EURm	Retail Banking	Of which: Retail Denmark		Retail Finland		Retail Norway		Retail Sweden		Poland & Baltic	
	2001	2001	2000	2001	2000	2001	2000[2]	2001	2000	2001	2000
Profit and loss:											
Net interest income	3,117	876	789	966	929	392	–	859	775	25	20
Net commission and other income	1,203	312	311	305	374	154	–	420	444	11	8
Total income	**4,320**	**1,188**	**1,100**	**1,271**	**1,303**	**546**	**–**	**1,279**	**1,219**	**36**	**28**
Total expenses	–2,444	–685	–682	–623	–597	–372	–	–734	–756	–29	–22
Profit before loan losses	**1,876**	**503**	**418**	**648**	**706**	**174**	**–**	**545**	**463**	**7**	**6**
Loan losses	–168[1]	–59	–32	–36	–38	–21	–	–25	–27	–2	0
Operating profit	**1,708**	**444**	**386**	**612**	**669**	**153**	**–**	**520**	**436**	**5**	**6**
Cost/income ratio (%)	57	58	62	49	46	68	–	57	62	81	76
Return on equity (%)	21	19	17	35	39	11	–	21	20	11	17

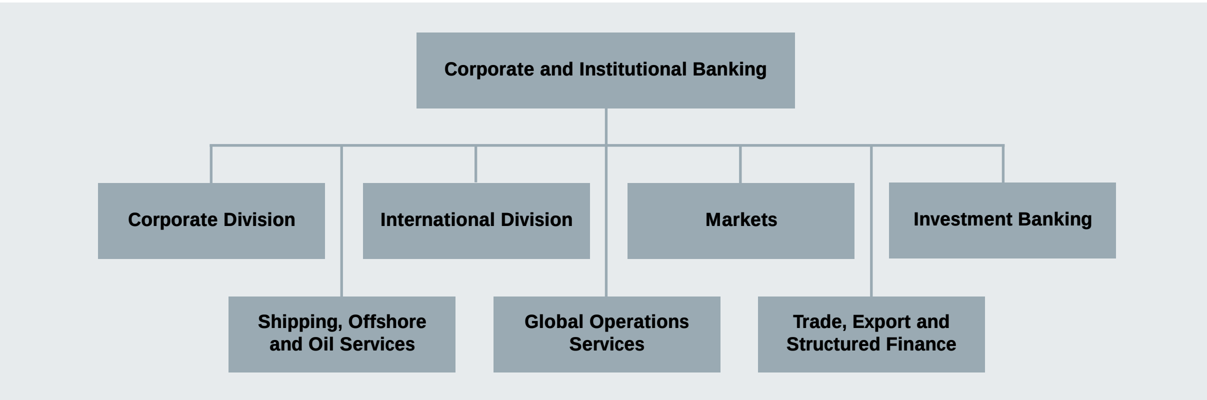
[1] EUR 24m refers to Nordic aircraft leasing transactions and is not allocated to individual markets.
[2] Reporting excl Nordea Bank Norway in 2000.

- *We create value*
- ***We are innovative***
- *We are empowering*

We explore our competencies and try out new ideas to improve existing services, create new solutions or meet new needs. We embrace new technology and are committed to excel through continuous improvement.

Corporate and Institutional Banking

Nordea has a leading position in the Nordic region as a provider of financial services to large corporates and financial institutions, and internationally to shipping, offshore and oil services companies. The business flow was strong in 2001, offsetting the negative impact on income from weak equity markets. The pan-Nordic focus has started to pay off in terms of wider business mandates. Higher credit losses than in previous years resulted in a drop in operating profit.



Corporate and Institutional Banking delivers a range of products and services to corporate and institutional customers and has customer responsibility for large corporates, shipping, offshore and oil services companies and financial institutions.

Nordea's Nordic and international customers are supported by the Group's network of international branches and representative offices, and alliances with banks worldwide.

Nordea's investment banking services are offered through Nordea Securities, which has been part of this business area from 1 November 2001.

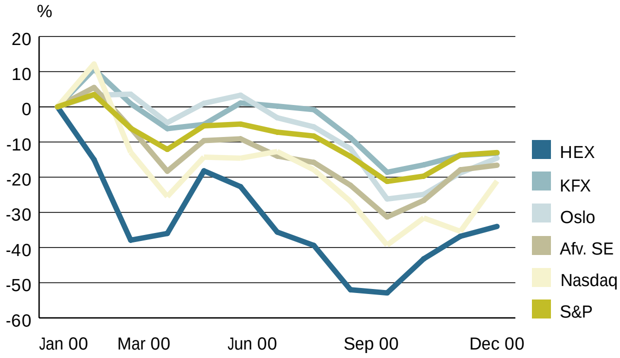
Market conditions

Business sentiments deteriorated successively in 2001, with some tendencies towards a rebound in the last quarter. Notwithstanding this economic environment, the business flow was strong throughout the year from Nordic corporates and shipping, offshore and oil services companies. Equity market-related business, such as equity trading, custody, and corporate finance, was negatively influenced by the economic developments. The turnover and market value decreased on all four Nordic stock exchanges, compared to 2000.

The business environment of Corporate and Institutional Banking is increasingly international. Nordea's main competitors are a small number of banks from the Nordic countries and a handful of international banks that target the Nordic markets. In addition, specialised financial companies provide significant competition in narrower market segments.

Main long-term trends include
- Customer demand for efficient cross-border banking services increases, as more companies operate outside their domestic markets
- The focus on the efficient use of equity capital, both by corporates and in the banking sector itself, increases. This leads to increased financing through capital markets, with an effect from the prices of debt securities feeding through to the pricing of bank credits.

Change in stock market indices compared to year-end 2000



Business development

Corporate and Institutional Banking is responsible for Nordea's business relations with:
- Some 600 of the largest Nordic corporates and institutions
- Shipping, offshore and oil services customers on a global but selective basis. Nordea is a leading bank for this sector internationally.
- International financial institutions, primarily banks. The customer base consists of several thousand customers, but substantial resources are devoted to around one hundred relationships that provide most of the business flow.
- Corporate customers based outside the Nordic home markets, with Nordic-related business.

	Customer responsibilities	Product/service responsibilities
Corporate Division	• Large Nordic corporates • Nordic financial institutions	• Cash management concepts
Shipping, Offshore and Oil Services	• Shipping, offshore and oil services customers, globally	
International Division	• International financial institutions • Corporate customers outside Nordea's home markets	• International network
Markets		• Debt capital markets • Foreign exchange, money market, fixed income and derivatives
Global Operations Services		• Custody services • International payments
Trade, Export and Structured Finance		• Trade, export and project finance • Acquisition finance • International loan administration
Investment Banking	• Corporate finance customers • Institutional equity customers	• Corporate finance • Equities

Strategic direction

Nordea has a unique position in the Nordic markets to serve large corporates and financial institutions, with a starting point from top or near top positions in each of the four major Nordic markets. The aim is to secure Nordic leadership in terms of customer satisfaction, perceived market position, and financial results. To this end, the following four themes have been defined:

- Nurturing partnerships with customers is key to both increased cross-selling and to be able to act proactively to avoid credit problems. Hence, mechanisms to strengthen customer relationship management are actively developed.
- Products and services are developed and applied on a Nordic scale, to facilitate for customers with Nordic operations and to lower operational costs. Activities aimed at further streamline core processes across Nordic markets are prepared for launch, with the ambition of setting up cross-border production centres for some processes.
- The framework of economic capital will be applied at all operational levels, to ensure correct pricing of credits and efficient use of equity. The target is to reduce the use of equity by a significant amount over the medium-term. A strong flow of business combined with active syndication and use of debt capital market instruments will ensure improved financial results without a build-up of volume of the lending book.
- The competitive position in Sweden within corporate and institutional banking is to be significantly enhanced; it is currently weaker than in the other Nordic markets. The common strengths now developed will be used to improve the competitive position.

Top ratings received from Nordic corporates and international financial institutions, as well as in surveys conducted in the Markets Division confirm that Nordea is considered a leading partner in many of the service areas covered by Corporate and Institutional Banking. Following the strategic themes outlined above, Corporate and Institutional Banking aims at developing a Nordic leadership position across business segments and countries.

Nordea international network

• Branches:	New York, London Frankfurt, Hamburg, Singapore
• Minority shareholding:	International Moscow Bank
• Representative offices	
• Cooperation banks	

Nordic corporates

Business volumes with Nordic corporates increased strongly in 2001, despite the downturn of the economic cycle. Progress was made on origination and distribution of debt capital market deals. Lending margins increased steadily, following the market trend. Balance sheet utilisation was reduced during the year.

The implementation and application of new common customer relationship management standards and processes contributed significantly to high ratings in customer surveys.

Nordea won a considerable number of Nordic and international cash management mandates, evidencing Nordea's competitive strength with regard to combining comprehensive Nordic cash management solutions with the strong country presence in the four Nordic countries.

Shipping, offshore and oil services customers

The deal flow continued to be strong throughout 2001. Several important credits and cash management mandates were won in a competitive environment. During 2001 Nordea has arranged and co-arranged new transactions for more than USD 7bn in the Shipping, Offshore and Oil Services segment. Transactions have been syndicated actively, resulting in a decrease in outstanding loans compared to year-end 2000.

International financial institutions

In servicing international financial institutions, Nordea is leading in Finland, second in Denmark and Norway, and third in Sweden. The strategy to offer pan-Nordic coverage of accounts, payments, and custody has started to pay off in terms of widened business mandates. Financial institutions continue to reduce the number of counterpart banks.

International branch operations

International branch operations have been further consolidated during 2001, accompanied by a significant reduction in the cost base. Nordic-related business is in focus, and some non-core activities are being phased out. There has been a satisfactory inflow of Swedish and Finnish customers to the branches in Germany.

The merger of Nordea's minority-owned International Moscow Bank (IMB) with Bank Austria Creditanstalt, Russia, was completed on 1 October. In the new bank, which is the fourth largest Russian bank, Nordea holds 22%.

Foreign exchange, money market, fixed income and derivatives

In foreign exchange, money market, fixed income and derivatives, 2001 was characterised by high activity levels with increased customer focus.

Solutions that deal with the customers' needs in a more comprehensive way, like financial risk management and asset/liability management concepts, are becoming increasingly important. During 2001 this was illustrated through the transactions generated by a number of Danish pension funds' hedging of their interest rate risks. In several cases, Markets Division contributed advice and also helped to structure and execute the transactions, comprising very large volumes of interest rate guarantees.

During 2001 and the beginning of 2002, Markets initiated regional sales activities in the Baltic countries and Poland.

The integration of product infrastructure across countries, especially IT and settlement processes, are key elements in realising further cost synergies and will have high priority going forward.

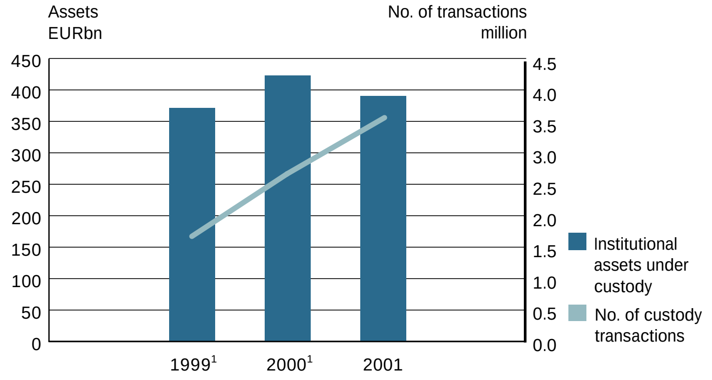
Debt capital markets

The strong growth in debt capital markets activities continued in 2001, with Nordea as the number one mandated arranger in syndicated loans for Nordic corporate borrowers. A centralised syndication function was established in Stockholm.

Nordea is also leading in the Nordic corporate bond market and has during 2001 made significant progress in the Eurobond sector.

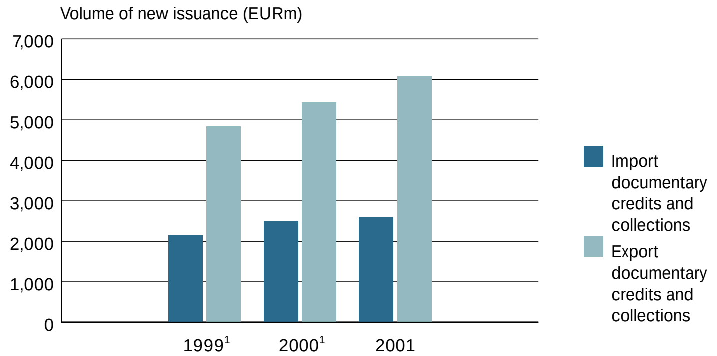
An e-markets portal with research functionality was launched in December to all Nordea's customers. Trading facilities have been made available in Norway and Finland.

Custody business, Nordea



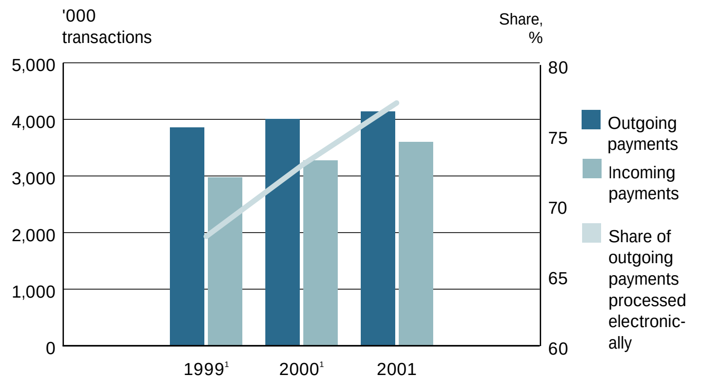
[1] CBK included in 1999 and 2000 figures.

Trade finance, Nordea



[1] CBK in 1999 and 2000 figures.

International payments, Nordea



[1] CBK included in 1999 and 2000 figures.

Custody services
The transaction volume in custody services increased substantially during 2001, while the volume of assets under custody fell by 9%, which was less than the decline in stock market indices. A series of new mandates were won in 2001.

Acquisition finance
In acquisition finance activity was slow but picked up towards the end of the year. Following substantial loan loss provisions in the Danish and UK portfolios, the operating model has been revised. Focus on Nordic-related business, only has led to the discontinuation of operations in London.

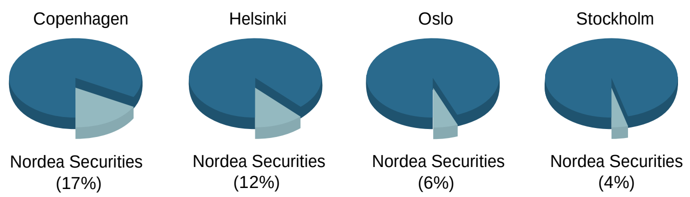
Trade finance, export and project finance
Volumes in trade finance increased despite a slowdown in exports and imports.

IT investments for the processing of trade finance and international loans are made to increase operational efficiency. This will enable centralisation of operations at a later stage.

Nordea is now able to offer all customers access to trade finance services via the Internet.

International payments
International payments volumes have continued to increase in 2001. The acquisition of Postgirot is strengthening Nordea's position in Sweden considerably.

Stock exchange market shares 2001



Equity market development

	Market turnover		Market index
	2001 EURbn	Change 2001/2000	Change 2001
Denmark	79.3	–29%	–13%
Finland	202.7	–11%	–34%
Norway	65.6	–13%	–15%
Sweden	430.9	–10%	–17%

With respect to cash management products, services and documentation, strong emphasis has been on harmonisation on a Nordic basis.

Important strategic projects were initiated in 2001. A new Internet-based electronic banking system for corporates is of high priority, with expected launch during 2002. Services supporting Shared Service Centre set-ups are under development, and will be launched in the first half of 2002. The continued enhancement of Nordic cash pool solutions is a key part of the future Nordea cash management product developments.

Investment Banking: Nordea Securities
Nordea Securities aims to become a leading advisory driven Nordic investment bank.
To ensure the right environment for independent advice and proper conduct in terms of customer confidentiality, the activities are run in a separate legal entity.

The M&A and equity capital market business were influenced by the turmoil in the markets, especially during the second half of 2001. The activity in the IPO market decreased during the year and came almost to a standstill.

During 2001, Nordea Securities completed more than 30 M&A transactions representing a value of approximately EUR 15bn and was involved in 20 equity capital market transactions with a total value exceeding EUR 6bn.

Independent survey specialists ranked Nordea Securities as one of the top Nordic M&A and equity issue advisers in terms of volume and transactions during 2001. Nordea Securities was able to increase its market share.

In the latter part of 2001 a restructuring process was initiated, including a reduction in staff and the cost base.

Result for 2001

Income
The total income in 2001 was EUR 1,268m, which is 6% lower than the comparable total income in 2000. The development of net interest income was stable. A negative impact of increased non-performing loans was compensated by increased margins. The steep downturn of equity markets affected negatively the income in Investment Banking and Custody Services. This was partly compensated by strong performance in other

areas. Markets Division's income increased appreciably. The deal flow was strong in Corporate Division, Shipping, Offhore and Oil Services, and Trade, Export and Structured Finance.

Costs

During 2001, major merger synergies were realised. This included closure of duplicate Nordic offices and merger of international branch offices. IT systems were integrated in international branches and major steps were taken to integrate Trade Finance IT systems. The organisation and business structure turned into one Nordic operation early in the year. The total cost in 2001 was EUR 650m, which is 7% lower than the comparable total cost in 2000.

Loan losses

Loan loss provisions were EUR 266m in 2001, 0.9% of total lending. Provisions include:

- EUR 174m related to run-off loan portfolios of non-core business in:
  - Acquisition Finance, related to non–Nordic business and a few Danish transactions inconsistent with the current strategy, where new provisions for loan losses in 2001 were EUR 123m.
  - New York branch local credit portfolio, where new provisions for loan losses in 2001 were EUR 51m.
- EUR 92m related to core business referring mainly to a few aviation, energy and telecom companies.

The country risk reserve decreased by EUR 12m following a policy change not to make provisions for exposures to the Baltic countries and Poland.

Operating profit

Operating profit was EUR 376m, the cost/income ratio 51%, and the return of equity 11%.
The volume of total lending was EUR 30.9bn at year–end.

Corporate and Institutional Banking 2001 EURm

	Full Year 2001	Q4	Q3	Q2	Q1
Net interest income	466	116	110	118	122
Other income	802	204	190	199	209
Total income	**1,268**	**320**	**300**	**317**	**331**
Total expenses	**–650**	**–171**	**–153**	**–167**	**–159**
Profit before loan losses	**618**	**149**	**147**	**150**	**172**
Loan losses	–266	–28	–164	–50	–24
Country risk	12	17	11	–10	–6
Equity method	12	4	1	4	3
Operating profit	**376**	**142**	**–5**	**94**	**145**
Return on equity, %	11	16	0	11	16
Cost/income ratio, %	51	53	51	53	48
Lending, EURbn	30.9	30.9	30.6	31.4	31.4
Number of employees (full-time equivalents)	3,700	3,700	3,700	3,900	3,800

Operating profit 2001 by main areas EURm

	Total	Corporate division	Shipping, Offshore & Oil Services division	International division[1]	Nordea Securities[1]	Other	Markets[2]
Net interest income	466	249	122	83	–	12	–
Other income	802	338	50	119	138	157	419
Total income	**1,268**	**587**	**172**	**202**	**138**	**169**	**419**
Total expenses	**–650**	**–237**	**–32**	**–88**	**–142**	**–151**	**–194**
Profit before loan losses	**618**	**350**	**140**	**114**	**–4**	**18**	**225**
Loan losses	–266	–60	–14	–22	–	–170	–
Country risk	12	–	–	12	–	–	–
Equity method	12	–	–	9	–	3	–
Operating profit	**376**	**290**	**126**	**113**	**–4**	**–149**	**225**
Lending, EURbn	30.9	18.3	7.2	4.4	–	1.0	–

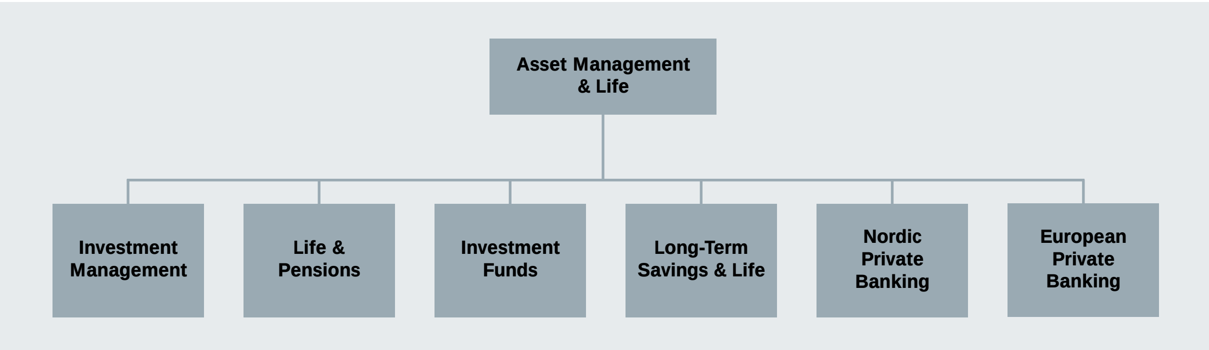
[1] Numbers include income and cost related to the division's activities as a customer responsible unit. In addition, the division has income and cost related to its service and product responsibility and that are allocated to other customer responsible units within the Group.

[2] Markets has product responsibility for trading products such as FX, fixed income and related derivatives and is evaluated by monitoring the product result. The product result includes all revenues and expenses related to the respective products, which is allocated to the customer responsible units within Corporate and Institutional Banking and Retail Banking.

- *We create value*
- ***We are innovative***
- *We are empowering*

Asset Management & Life

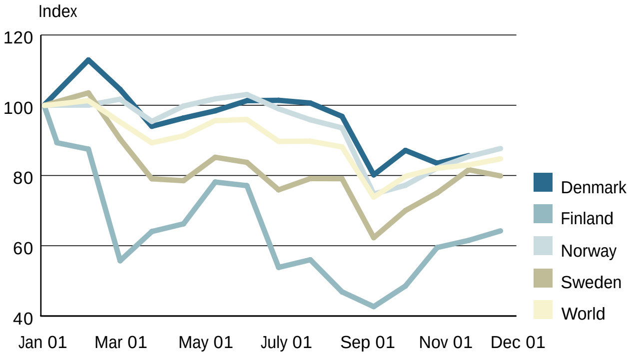
Nordea is the leading Nordic asset manager and ranks among the top 20 in Europe. During 2001, assets under management increased slightly despite difficult market conditions. The competitive focus of Nordea in the wider long-term savings market was sharpened by combining Life Insurance and Pensions with Asset Management to form a new business area: Asset Management & Life.



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

In the last quarter of 2001, Nordea decided to reinforce its operations in the wider long–term savings market by combining the two business areas Asset Management and Life and Pensions.

The MSCI market development for 2001



Market conditions

Throughout 2001, market conditions for Asset Management & Life were influenced by the negative trend in equity markets. This phenomenon manifested itself globally, but was felt especially strongly in the Swedish and Finnish markets with their heavy dependence on technology stocks.

After the terrorist attack in the USA, the negative trend was initially reinforced, leading to further dramatic drops in market values and assets under management in the industry.

During the fourth quarter a certain rebound took place. However, this only partially reversed the drift from equity-based products to fixed income instruments which had gained strength during the first three quarters.

Business development

Assets under management for the combined business area ended the year at EUR 105.2bn, up from EUR 104.8bn at the end of 2000. EUR 1.7bn refers to the inclusion of real estate investments in Life.

For the year as a whole, net inflows came from all parts of the business and totalled EUR 13.8bn.

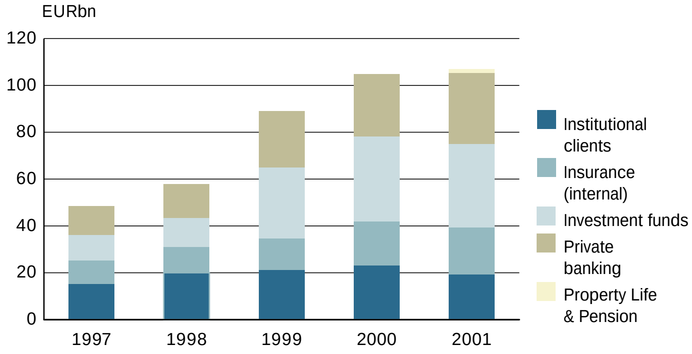
Investment Management

Nordea Investment Management (NIM) serves Nordic and international institutional clients as well as manages the majority of the Group's retail investment funds and insurance assets. As the leading Nordic investment manager, NIM offers three distinct equity investment styles: The Thematic Investment Process®, the Active Growth Approach and the Value approach. In addition, NIM offers a highly developed Fixed Income investment service as well as strategic and tactical asset allocation services and online reporting services.

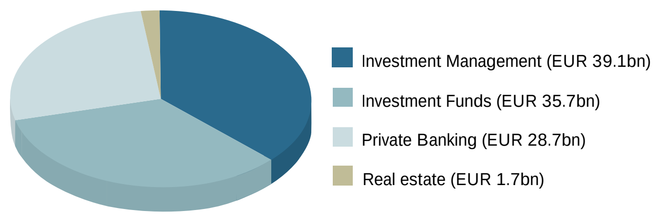
In early 2001, Nordea received the award ”A firm to watch” from Euromoney Global Investor. Stating that ”Nordea could emerge as a significant force in European Fund Management…”, Global Investor also chose Nordea as overall runner-up for the award for performance in European Equities. Later in the year, Nordea Invest, the Danish investment funds provider advised by Nordea, received the yearly Sharpe Award (presented by the Danish daily Børsen) and the trade journal Sparöversikt chose Nordea as Fund Manager of the Year in Sweden for the second year running.

While investment performance was satisfactory in relative terms, negative absolute performance on many portfolios could not be avoided given the prevailing market conditions. This caused NIM's assets under management to decline during 2001 despite net inflows of EUR 4.2bn,

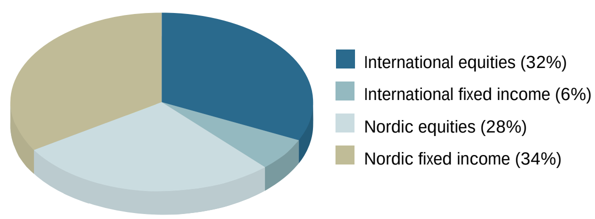
Total assets under management, Nordea



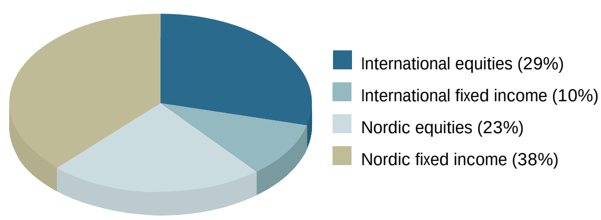
Assets under management



Approximate distribution of assets end 2000



Approximate distribution of assets end 2001



Net inflow by category:	EURbn
Investment Funds	4.1
Institutional Clients	0.7
Group Insurance Companies	1.3
Private Banking	8.0
Total before eliminations	**14.1**
Unit Link in Nordea Funds	–0.3
Total net inflow	**13.8**

representing 6% of assets under management end 2000. Assets under management were EUR 72bn at year-end, down 4% from end 2000. The average gross margin (including internal fund and insurance assets) over the year was 21bp.

Investment Funds

Nordea is the leading Nordic supplier of investment funds and the only player with a substantial presence in all four Nordic countries.

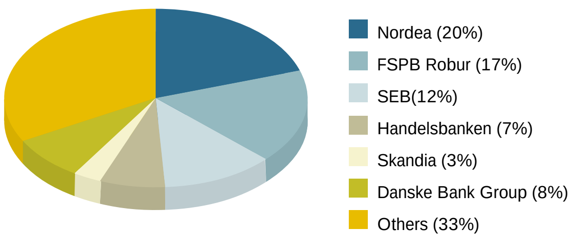
While Nordea maintained its position as the largest Nordic player in terms of both inflows and stocks, the Group's share of Nordic fund assets under management fell by one percentage point to 20%. This was mainly because the Swedish and Finnish markets saw their relative weight in the Nordic total reduced, while the importance of especially Denmark grew. Still, in terms of assets under management, Nordea improved its position in the Swedish market, moving to the number 2 spot. By the same measure, the Group remains number 2 in Denmark and number 1 in Finland. In Norway, however, Nordea's ranking dropped from number 4 to number 5 during 2001.

Investment funds, market share of Nordea by country %

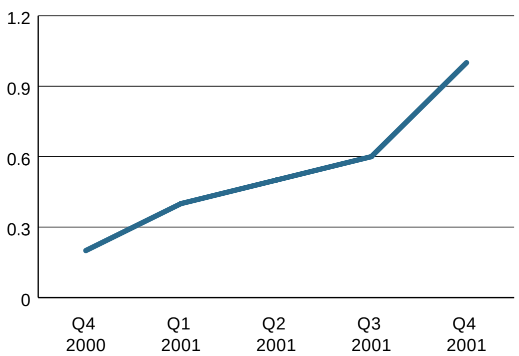
	Nordic	Denmark	Finland	Norway	Sweden
Net inflow	17.5	23.7	25.3	–[1]	7.9
AuM	20.3	26.5	28.3	8.8	18.6

[1] In Norway Nordea had a net outflow in 2001.

Investment funds
Shares of Nordic investment fund assets 2001



Investment funds
Assets under management in European Fund Distribution
EURbn



Total net inflows into Nordea's Nordic funds were EUR 3.2bn during 2001. In terms of market share of flows, this ranks Nordea as number 2 in Denmark, number 2 in Finland and number 4 in Sweden. Market share data is affected both by flows of institutional money into investment funds and by the relative resilience and subsequent recovery of the Danish market.

Gross margins in Nordic investment funds were an average of 101 bp for the year. This is somewhat lower than for 2000, the principal reason being a short-term shift from equity funds into lower margin fixed-income products following the weak performance of equities during the first 9 months of the year.

Nordea's European Fund Distribution unit was launched in early 2000 to promote the sale of Nordea investment funds through European intermediaries. The unit is operated by European Private Banking and performed satisfactorily during 2001, growing assets under management from EUR 0.2bn to EUR 1.0bn while generating positive profit. The European intermediary channel has already proven its value in terms of diversifying Nordea's sources of asset inflow. Significant potential remains to be tapped. Gross margins in European Fund Distribution were attractive in 2001.

Total assets under management in investment funds were EUR 35.7bn at year-end, down from EUR 36.1bn at the end of 2000.

Long-Term Savings & Life

This business unit is run jointly with Retail Banking. It embodies Nordea's strategy to maintain and reinforce its retail savings and investment proposition by making available to all customers the internationally competitive investment competencies of Nordea. By doing so, Nordea expects to capture a rising share of the profit available from a Nordic savings market that is both growing in absolute terms and in which transformation from simple savings deposits to higher-value-added products is set to continue.

The guiding principles of the unit are:
- Customers need optimal portfolios, not individual products
- Asset allocation must be decided according to customers' chosen risk / return profiles and lifecycle perspectives

Over 2001, LTS&L has been implemented in all the Nordic countries. A total of 210 staff managed by Asset Management & Life now coordinates the marketing of all investment and savings products through Retail Banking and provides integrated support and training to customer relations personnel. In parallel with the physical implementation of LTS&L, Nordea in 2001 continued the work to unify its various online savings and investment offerings into an integrated Nordic Savings Portal with both business-to-customer and business-to-employee interfaces.

Value creation by LTS&L is defined as the share of the Retail Banking result (after LTS&L costs) deriving from investment and savings products. Assets held for customers under the LTS&L concept (”retail savings”) are not included in assets under management as such. Total retail savings in Nordea fell slightly during 2001.

Nordic Private Banking

Through Nordic Private Banking – part of which is run jointly with Retail Banking – Nordea provides private banking and wealth management solutions. The business unit serves 50,000 customers from 77 locations in Denmark, Finland and Sweden. From January 2002, Nordic Private Banking will become operational in Norway. Nordic Private Banking offers its services to high-net-worth individuals and to medium-sized institutions. Besides providing the basic requirements of quality investment advice, discretionary management and personalised service, Nordea aims to protect its customers' wealth through its ”total wealth” approach. Where relevant, this takes into consideration the tax, inheritance and other aspects relating to the total financial and non-financial assets held by customers and their families, whether personally or through business interests etc.

While 2001 was a challenging year for all of Nordea's asset management and life insurance activities, assets under management in Nordic Private Banking were hit especially hard. This was mainly due to the high share of domestic technology stocks in Swedish and Finnish clients' portfolios. However, the drive to bring additional core affluent customers under contract with Nordic Private Banking was highly successful, particularly in Denmark. This contributed EUR 4.3bn to the total asset inflow. Consequently, assets under management in Nordic Private Banking increased by 7% to EUR 22bn in 2001.

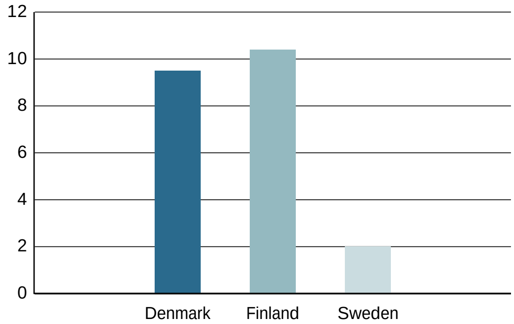
The bulk of Nordic Private Banking being organised as a joint unit with Retail Banking, only Trevise Private Banking in Sweden and Private Wealth Management in Helsinki are included in the result of Asset Management & Life. The remainder of Nordic Private Banking is included in the result of Retail Banking.

European Private Banking

Through its wholly owned subsidiary, Nordea Bank S.A., the Group is the leading Nordic private bank in Luxembourg with activities in Switzerland, Germany, Austria and Belgium as well as in France, Spain and the Isle of Man. Nordea Bank S.A. offers a broad range of international private banking products and services including solutions tailormade for a number of specific countries and client groups. Among these is a unit-linked product tailored to the requirements of clients resident in Spain, which was introduced during the year.

During the year, further synergies from the merger process of Nordea were realised. Together with a satisfactory client investment performance in the market context and continued

Nordic Private Banking in Nordea
Assets by country of origin
EURbn



Private banking was launched in Norway January 2002.

Assets under management, development					EURbn
	Full year 2001	Q4	Q3	Q2	Q1
Assets under management – start of period	105	87	101	97	105
Net flows	6	1	1	2	2
Investment performance	–9	7	–12	2	–6
Net flows and performance Nordic Private Banking	1	8	–3	0	–4
Assets under management – end of period	105[1]	105[1]	87	101	97

[1] EUR 1,7bn refers to the inclusion of real estate Investments in Life & Pensions.

Life & Pensions, market shares				%
	Traditional		Unit-linked	
	Individual	Corporate	Individual	Corporate
Denmark	21	10	79	23
Finland	42	3	32	21
Norway	11	11	23	10
Sweden	5	0	8	0

The figures are partly estimated.

Life & Pensions, gross premiums written						EURm
	2001			2000		
	Traditional	Unit-linked	Total	Traditional	Unit-linked	Total
Denmark	819	100	919	521	81	602
Finland	735	159	894	987	392	1,379
Norway	340	108	448	364	111	475
Others	13	25	38	12	12	24
Sweden	158	241	399	155	528	683
Total PRU	2,065	633	2,698	2,039	1,124	3,163

product development, this enabled European Private Banking to maintain high earnings despite the market climate. The branch in Zürich performed according to original expectations despite the deteriorating environment.

A sustained recruitment effort especially among the Swedish and Norwegian customer bases of the Group ensured a satisfactory inflow of net new assets. The combined activities out of Luxembourg realised a net increase in assets under management of 7%, growing from EUR 6.2bn to EUR 6.6bn, while the client base increased from 14,000 to 16,300 clients. Average margins over the year were somewhat lower than in 2000.

Life & Pensions

This business unit is Nordea's provider of life insurance and pension products and services, which are distributed through Nordea's retail branch network. In Denmark, Norway and Poland, Life also retains independent distribution channels. As a major Nordic player, Nordea Life serves both the individual and corporate / institutional segments with traditional as well as unit-linked products. It is the long-term aim of the business unit to increase the unit-linked business' share of total premiums.

The effect of the negative trend in equities during the year was felt by Life in two ways. Firstly, premium volume in traditional products increased by 1% while unit-linked premium volume fell by 44%. The impact on unit-linked premiums was felt primarily in Finland and Sweden, the two most developed markets in this respect. Secondly, buffer funds suffered, although never to a critical extent. The Group thus did not attract extraordinary attention from regulators or the media, as was the case for other players in the market.

Assets under management in Life increased by 12.3% during the year, with robust inflows counteracting an investment return of –2.1% compared to +5.3% in 2000. Investment return exclusive of unit linked ended at –0.7% compared to +6.7% in 2000.

Life experienced good investment results during the fourth quarter 2001. A significant part of this result has been allocated to various buffer funds in the different countries at the cost of the result in 2001.

This means that despite very difficult conditions in 2001, Life & Pensions is able to enter 2002 with adequate buffer funds to cope with future market volatility. Moreover, the buffers will increase the competetive advantage in the local markets.

Result

Subdued transaction income and depressed margins throughout most of the year led to a product result in 2001 in Asset Management of EUR 245m, down 20% from 2000. The product result of Life & Pensions is more directly influenced by the investment result and thus fell to EUR –17m (down from EUR 73m in 2000). Reacting to the beginning pressure on income caused by decreased trading activity and a shifting asset mix, resource use was monitored even more closely than usual starting quite early in the year. As the asset base decreased further in the second half, all new recruitment was postponed. This freeze on new resources will remain in place until a sustained improvement in net flows and margins has been observed.

Profits growth in the fourth quarter was held back by the fact that average assets under management remained lower than in the third quarter, despite a significant increase in assets from quarter-end to quarter-end.

Key figures per quarter – Asset Management activities EURm

	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001
Revenues	528	133	117	133	145
of which allocated to Retail Banking	215	45	48	59	63
Expenses	–223	–63	–52	–54	–54
Distribution expenses in Retail Banking	–60	–15	–15	–14	–16
Product result	**245**	**55**	**50**	**65**	**75**
Operating profit, customer responsible units	90	25	17	20	28
Cost/income ratio, % – CRU's	64	64	69	67	58
Investment funds margins, %	1.01	1.01	0.97	1.03[2]	. .
Investment Management margins, %	0.21	0.22	0.18	0.21[2]	. .
Assets under management, EURbn	105[1]	105[1]	87	101	97
Number of employees (full-time equivalents)	830	830	800	800	800

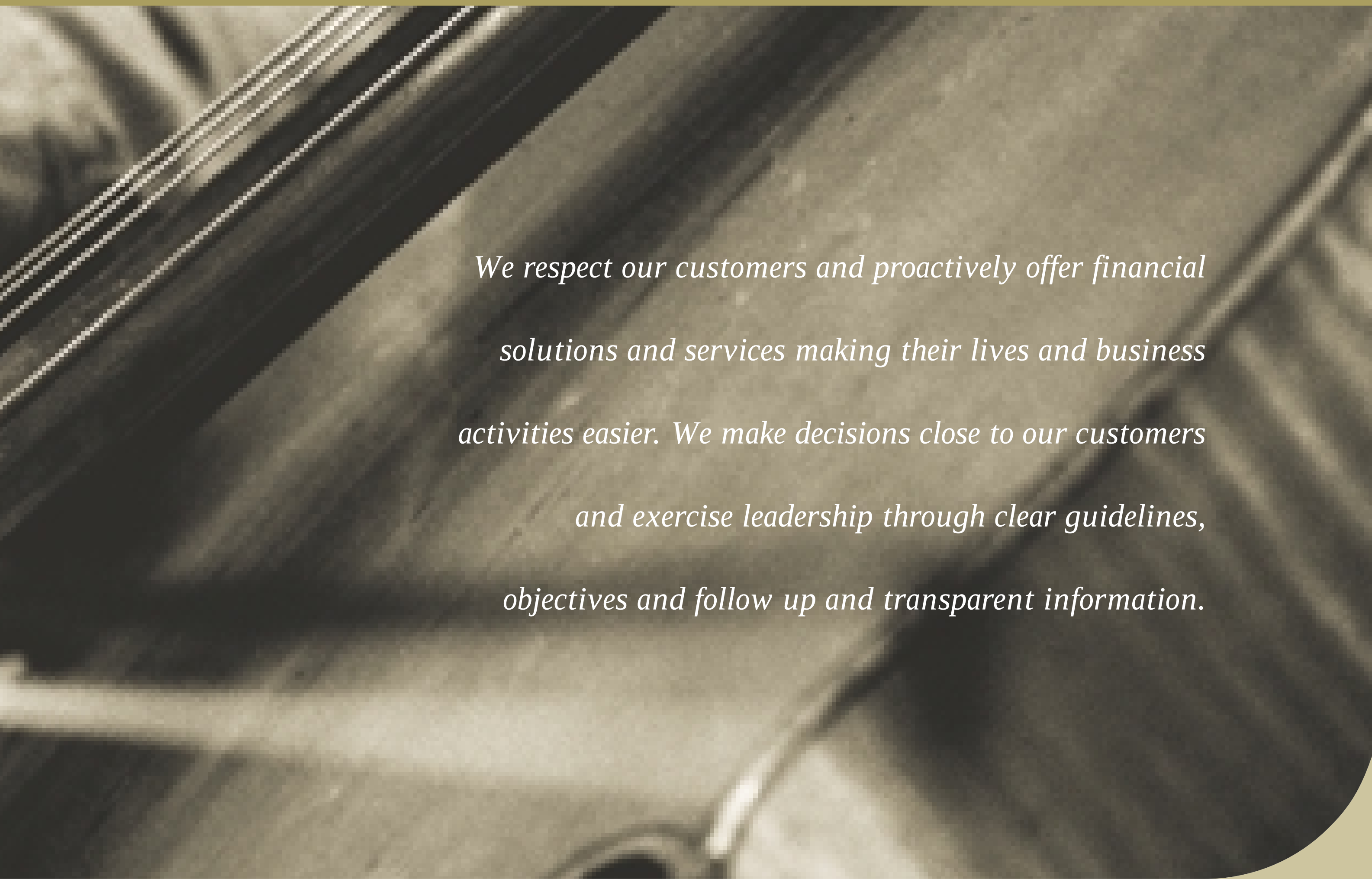
[1] EUR 1.7bn refers to the inclusion of real estate investments in Life.
[2] Margins stated for the second quarter are accumulated Jan–June.

Key figures per quarter – Life activities EURm

	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001
Premium written, net of reinsurance	2,666	778	458	746	684
Technical result	–10	–41	5	23	3
Investment earnings on shareholders' equity	–7	45	–54	19	–17
Product result	**–17**	**4**	**–49**	**42**	**–14**
of which customer responsible units	–30	–6	–24	14	–14
Equities	5,001	5,001	4,384	5,455	5,023
Bonds	11,205	11,205	10,813	10,636	10,503
Property	1,740	1,740	1,663	1,502	1,463
Unit-linked	3,378	3,378	2,952	3,353	3,116
Total investments	21,324	21,324	19,812	20,946	20,105
Investment return, % p.a.[1]	–0.7	13.2	–12.4	6.8	–10.0
Technical provisions	20,534	20,534	19,120	20,027	19,122
Bonus buffers	1,776	1,776	1,563	2,185	2,198
Number of employees full-time equivalent	802	802	827	835	856

[1] Exclusive of unit linked business.

- *We create value*
- *We are innovative*
- ***We are empowering***

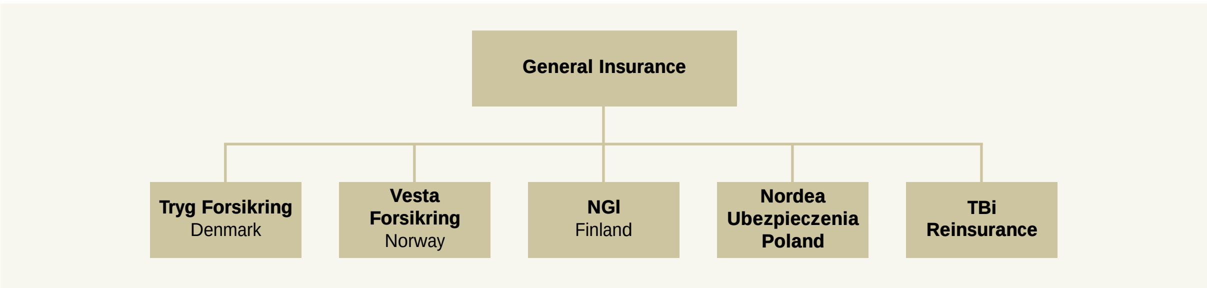


We respect our customers and proactively offer financial solutions and services making their lives and business activities easier. We make decisions close to our customers and exercise leadership through clear guidelines, objectives and follow up and transparent information.

General Insurance

Nordea is the second largest provider of General Insurance in the Nordic region.

A new ownership structure for General Insurance, in which Nordea is expected to become a minority shareholder, is being discussed.



Nordea aims at reducing its ownership stake in General Insurance to a minority position and to establish a strategic partnership with a view to continuing the cooperation concerning bancassurance.

Market conditions

The general insurance market in the Nordic countries is saturated. The market is at the moment characterised by rising prices and consolidation into larger units. The Polish insurance market has experienced a slowdown as a result of the weakening Polish economy.

Market characteristics are different from country to country. Though the Danish market is saturated, the healthcare insurance area holds significant potential, and Nordea has recently launched hospital insurance. Moreover, a law amendment concerning liability will lead to substantial market-related premium increases within the liability aspect of motor products. Measures have been taken to improve profitability, which will lead to an increase in prices.

Nordea has succeeded in maintaining its market share of some 21% in Denmark.

The Norwegian market, which is very competitive, has over the past years been dominated by poor underwriting results within commercial insurance. The market is now more balanced, with acceptance of rising prices. Nordea's Norwegian general insurance activities have recorded considerable premium growth in 2001, which both reflects rising premiums and gain of market share, which is now 19%.

The Finnish market is dominated by a few large providers, and Nordea is expected to gain considerable market share in Finland.

Poland is generally a growth market with strong earnings potential. However, the Polish economy is currently slowing with substantially

Number of customers in General Insurance (2001)

	Denmark	Norway	Poland	Total
Personal	765	365	230	1,360
Corporate	180	50	20	250
Total	**945**	**415**	**250**	**1,610**

lower growth rates than in previous years. At the onset of 2001, Nordea held 51% of the shares in Nordea Ubezpieczenia, and the takeover of another 35% of the share capital has strengthened Nordea's position.

Business development

The common strategy in all markets over time is profitability over growth. In the new markets, such as Poland and the Baltic countries, which hold strong growth potential, continued investments in business development and technology are required for some years yet. Investment activity will also have to be continued in the coming years in Finland, where General Insurance in 2001 launched a green field operation.

Nordea's business in Denmark and Norway are dominant in terms of volume. However, growth rates, particularly within reinsurance, are expected to cause a shift in the volume composition in the years ahead.

The multichannel distribution strategy has shown its strength and more than 130,000 customers have now bought insurance products via Nordea's Retail Banking network in Danmark.

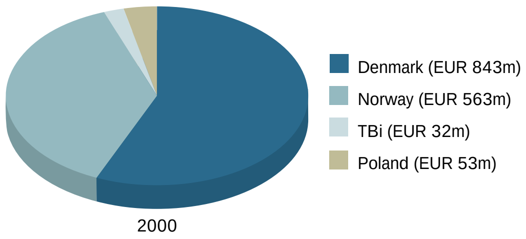
The positive expectations for 2002 have increased further, as the experience with the bancassurance concept in Denmark has now been applied in Norway, and Retail Banking Norway will launch the sale of general insurance in early 2002.

In the summer of 2001, Nordea launched the sale of general insurance products in Finland, at first via the Internet and subsequently via Retail Banking's branches.

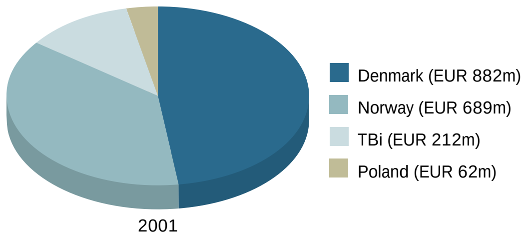
In all markets the pricing at especially the commercial lines is subject to continuous focus. The rising of reinsurance prices has to be followed by rising of prices for the customer.

In the Nordic personal customer market, loyalty concepts are a key element for the business area's effort to increase customer retention, the share of full-service customers and customer satisfaction.

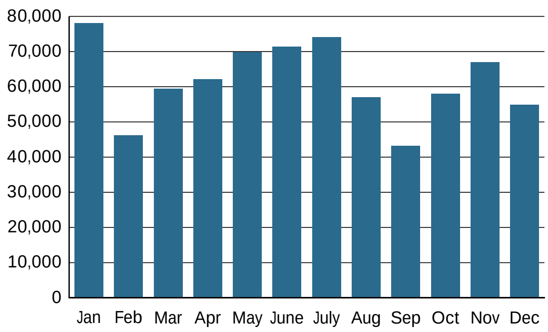
Gross premiums
EURm



Gross premiums
EURm



Visitors on www.tryg.dk 2001



Furthermore, the bancassurance concept is to be expanded and further developed on an ongoing basis.

The application of the recently implemented CRM systems in Denmark is expected to increase sales, especially to small and medium-sized businesses via focused sales efforts targeted at profitable segments, and non-profitable customers will be subject to price increases. The CRM system will be implemented in Norway in the beginning of 2002.

The use of the Internet will intensify in the coming years, both in respect of service and self-service facilities for existing customers, but also as a new distribution channel. Therefore General Insurance will continue to focus on the development of e-business, which is intended to execute and offer full-service business on a digital basis.

Reinsurance

Exploiting the better prices in the international reinsurance market the portfolio of Tryg-Baltica international (TBi) has been expanded substantially during 2001. The portfolio is global, with a large US underweight.

Due to the underweight in the US portfolio, the terrorist attacks in the USA only resulted in claims of less than EUR 1m net of reinsurance.

Nordea's inwards reinsurance is written in TBi. The portfolio consists of property, motor, marine, aviation, accident and selected specialist niches written in London, Amsterdam and Copenhagen.

Results for 2001

The technical result for the year was a loss of EUR 5m, while the loss on investment activities was EUR 13m. This result is due to substantial increases of provisions for personal injury in motor insurance and share price losses.

The terrorist attacks in the USA in 2001 has had a negative impact on the result. However, substantial premium increases are expected in 2002 in Denmark and Norway as well as in TBi which should imply an improvement of the technical result in 2002.

Premiums

Premium growth has been strong. Gross premiums totalled EUR 1,845, up 16% on 2000. Earned premiums net of reinsurance were calculated at EUR 1,520. The increase reflects healthy growth in the Norwegian market and within the area of reassurance as well as a maintained market share in Denmark.

Claims

Claims incurred net of reinsurance for 2001 are calculated at EUR 1,233m, corresponding to a claims ratio of 80%, excluding equalisation provisions.

The Danish general insurance business reported a claims ratio of 83%. This high ratio is a consequence of significantly increased provisions for personal injury in motor insurance liability. It was necessary to increase provisions in order to take into account changed practice concerning loss of work capacity. The new practice led to an increased number of claims as well as a considerable increase of the average size of the individual claim. Recognition of whiplash is an example of the new practice. Excluding the strengthening of provisions for personal injury claims, the claims ratio net of reinsurance would have been 78%.

The Norwegian general insurance business reported a claims ratio of 80%. Although the claims level is still high, this is a definite improvement compared to 2000. The market in Norway is more well balanced with a more ready acceptance of price increases, a trend which is expected to continue into 2002.

The claims ratio in TBi is at a very high level due to single claims and poor underwriting results. This has resulted in the closure of some of the special lines, among them energy accounts.

Expenses

Following a downward trend, the cost pattern is still satisfactory. Despite investments in Poland and Finland and rising commission costs, the expense ratio has been reduced by more than one percentage point compared to 2000. The positive development has been achieved through persistent focus on efficiency enhancement.

The Danish insurance business reported an expense ratio of 23.8%, a reduction of 3% on the previous year, while the equivalent figures for the Norwegian insurance business were 23.1% and 2%.

Investment return
The loss on investment activities was EUR 13m after transfer to insurance activities. The total investment return before transfer to insurance activities was 4.6%. The return in Denmark is on a par with the benchmark, while the return in Norway outperformed the benchmark by 3 percentage points. The result was influenced by share price losses of EUR 43m and property revaluation of EUR 21m. Despite higher market values, property is still valued corresponding to an anual return of 7.25%.

Portfolios
Most assets are invested in Danish and Norwegian bonds. At year-end, equities made up 16% of the portfolio, of which non-Scandinavian equities account for 55%.

Market value EURm

Investment

	Shares	Bonds	Property	Total[1]	Return
Denmark	220	786	340	1,346	4.4%
Norway	211	733	90	1,034	4.5%
TBi	0	232	0	232	5.5%
Poland	6	39	0	45	6.2%
Total	**437**	**1,790**	**430**	**2,657**	
Return	–56	109	54	107	
Return (%)	**–12.3**	**8.3**	**13.8**	**4.6**	

[1] Total before transferral to insurance acitivites.

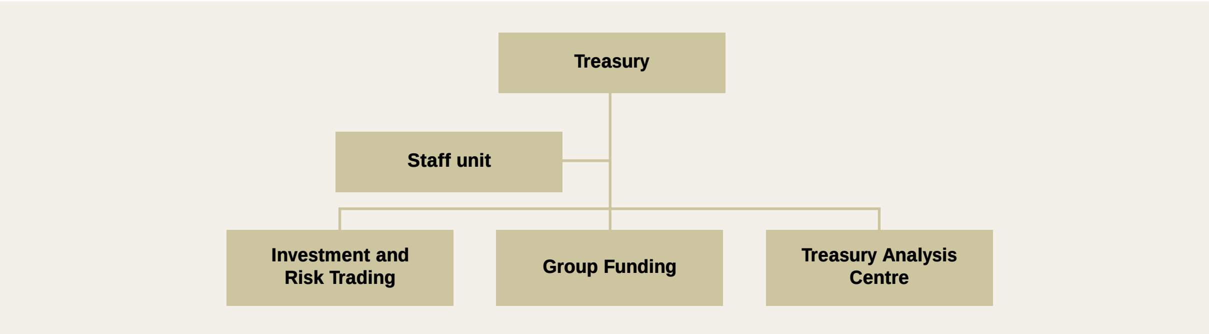
General Insurance 2001 EURm

	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001
Gross earned premiums	1,845	494	470	453	428
Technical result	–5	–42	11	25	1
Investment earnings	–13	43	–35	11	–32
Operating profit	**–18**	**1**	**–24**	**36**	**–31**
Combined ratio, %	106	114	105	100	106
Core operating ratio, %[1]	0	–10	3	7	0
Operating ratio, %[2]	–1	0	–6	10	–9
Return on equity, %	–18	8	–18	26	–21
Shares	437	437	372	444	412
Bonds	1,790	1,790	1,628	1,518	1,438
Property	430	430	426	407	412
Investments	2,657	2,657	2,426	2,369	2,262
Investment return, % pa[3]	4.7	2.9	–2.8	4.8	1.2
Number of employees (full-time equivalent)	4,290	4,294	4,280	4,220	4,210

[1] Technical result/premiums for own account.
[2] Operating profit/premiums for own account.
[3] Before interest allocation to technical result.

Group Treasury

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



Market conditions
The financial markets were volatile in 2001. Most equity markets ended the year down 20% even after a very strong performance in the fourth quarter. In the USA, the fed funds rate was lowered 11 times and ended the year at 1.75% compared to 6.50% at the beginning of the year. At the same time the 10-year US interest rates ended the year unchanged at 5.10% after having been as low as 4.20% in early November.

In the Euro area the ECB was more moderate and the ECB's refinancing rate was lowered to 3.25% from 4.75% at the beginning of the year. The 10-year euro rate rose slightly to 5.00% from 4.85% at the beginning of the year with a low of 4.25% in early November. In Sweden the repo rate was only lowered to 3.75% from 4.00% in the beginning of the year reflecting the inflation and currency development during 2001. The 10-year interest rate in Sweden rose to 5.35% from 4.75% at the beginning of the year.

Investment and Risk Trading
Investment and Risk Trading (IRT) endeavours to generate the maximum performance income every year from active management of investment portfolios and the market risk mandate in general. Performance income is measured as total income in IRT minus income from benchmark portfolios and non-tradable investments.

IRT is active in all key financial investments in fixed income, foreign exchange and equity markets. IRT mainly takes positions in liquid products and in mortgage bond markets in Sweden, Denmark and Germany.

The market focus is on the Nordic region, the Euro area and the USA. Directional market views are formed on a mix of expectations for macroeconomic developments, global financial flows and global political development.

During 2001 Nordea's market risk exposure was kept below that of previous years. Most positions were held for a shorter time period as a result of the changing market environment and a perceived lack of value in both equity and fixed-income markets in the latter part of the year.

The equity exposure was gradually reduced throughout the first eight months of 2001, still investment losses were experienced in that period. As the equity exposure remained low towards the end of 2001, investment earnings did not fully benefit from the rebound in equity markets in the latter part of the year.

In the fixed-income markets the main income was derived from the exposure to euro interest rate instruments and Danish mortgage bonds. The Swedish risk exposure provided a neutral result as a consequence of underperformance of the Swedish fixed-income markets in 2001. The relative exposure to Swedish interest rates was reduced in 2001 even after including the portfolio of Postgirot Bank in December.

At the end of the first quarter the hold to maturity portfolio was reclassified as current assets. After the reclassification, all investments are categorised as current assets and are marked to market with the exception of a portfolio in Postgirot Bank.

A new investment policy framework for the longer-term investments was developed and approved by the Group's Asset and Liability Management Committee. The asset allocation and resulting market risk for these investments are adjusted to the Group's market risk willingness and strategic market expectations for a 12 month forecasting period with at least quarterly reviews.

Group Funding

Group Funding (GF) manages the external funding of the Group as well as the pricing of all cash flows within the Group. GF manages the interest and liquidity risks arising from the Group's banking operations. It manages relationships with rating agencies and fixed income and money market investors.

2001 was an exceptional year in terms of interest rates with sharp reductions in short-term interest rates both in the USA and in the Euro area. Nordea was able to benefit from this development by actively managing its interest-rate risk in the banking business.

With the Nordea structure in place, the focus in 2001 was on building up liquid and cost-efficient funding programmes, that will attract a broad base of investors.

Nordea now has one USD 10bn US commercial paper programme only. The issuance of London and New York CD's only takes place in the name of Nordea.

Issuance of EMTNs takes place under one common Nordea programme, under which each of the banks have or will have the opportunity to act as an issuer.

Direct marketing to investors, with special focus on money market investors and mortgage bond investors was increased in 2001. The mortgage bond issuance through Nordea Kredit and Nordea Hypotek represents an important part of the Group's long-term funding.

Key figures per quarter

	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001
Operating profit, EURm	174	38	21	35	80[1]
Cost/income ratio, %	19	17	23	22	11
Bonds, EURbn	13.4	13.4	11.9	11.7	12.9
Shares, EURbn[2]	0.6	0.6	0.6	0.7	0.8
Investments, EURbn	**14.0**	**14.0**	**12.5**	**12.4**	**13.7**
Number of employees (full-time equivalents)	101	101	103	106	105

1 Incl a reclassification gain of EUR 68m.

2 Incl private equity funds and shares in real estate companies.

Operating profit by main area

EURm

	Total	Fixed income	Equities	Group Funding
Income	78			78
Cost	–28			–28
Operating profit	**50**	**–**	**–**	**50**
Investment earnings	124	100	24	–
Total	**174**	**100**	**24**	**50**

During 2001 companies in the Nordea Group received higher ratings (see page 69).

Treasury Analysis Centre

Treasury Analysis Centre includes the Group's Asset and Liability Management Secretariat (ALM), a mid-office function of Treasury and a project group. ALM aims at facilitating and supporting an effective balance sheet management throughout the Group.

Integration process in Group Treasury

Group Treasury has started the integration with Postgirot Bank. Implementation and harmonisation work runs according to plans.

Interest rate risk and equity risk

At the end of December, the price risk involved in Group Treasury´s interest rate positions calculated as a parallel shift assuming a change in market interest rates of 100 basis points was EUR 157m as opposed to EUR 143m at the end of 2000.

The risk related to equities, measured as VaR, was EUR 40m at the end of 2001. In the beginning of the year, the VaR was EUR 56m including real estate shares.

Result

Earnings from Group Treasury are divided into core earnings and investment earnings. Core earnings are the result of the internal bank and group funding activities in Group Treasury. Investment Earnings are the result from the investment portfolios and other market risk taking.

Group Treasury's operating result was EUR 174m with EUR 50m from core earnings and EUR 124m from investment earnings.

The result from equity investments was negatively affected by the weak stock markets, whereas the results from the fixed-interest portfolio and Group funding activities was positively influenced by falling interest rates.

Ratings

In January 2001 Moody's Investors Service finalised its reviewing process and upgraded Nordea Bank Norge ASA to A1 from A2. The outlook for Nordea Bank Norge ASA and Norgeskreditt AS were both confirmed positive.

In March 2001 Moody's upgraded the long-term rating of Nordea Kredit Realkreditaktieselskab to Aa1 from Aa2 in connection with their review of Danish mortgage institutions.

In July 2001 Moody's upgraded the long-term rating of Nordea Bank Norge ASA to Aa3 from A1 and the long term rating of Norgeskreditt to A1 from A2. In Moody's statement the rating actions were based on the good degree of post-merger integration between Nordea Bank Norge ASA and Nordea – underpinned by Nordea's good track record in banking consolidation in the Nordic area.

In August 2001 Fitch IBCA upgraded to AA–/F1+ the long-term and short-term ratings of the banking subsidiaries of Nordea due to the steady progress of Nordea's pan-Nordic strategy.

Insurance financial strength ratings

In connection with Nordea's announcement to review the strategic alternatives for its general insurance activities the rating agencies have placed the ratings of the insurance companies under review. Standard & Poor's also lowered its long-term counterparty credit and insurer financial strength ratings from A– to BBB+.

	Moody's		S & P		Fitch IBCA	
	Short term	Long term	Short term	Long term	Short term	Long term[1]
Nordea Bank Finland Plc	P–1	Aa3	A–1	A+	F1+	AA–
Nordea Bank Sweden AB (publ)	P–1	Aa3	A–1	A+	F1+	AA–
Nordea Bank Danmark A/S	P–1	Aa3	A–1	A+	F1+	AA–
Nordea Bank Norge ASA	P–1	Aa3	A–1	A+	F1+	AA–
Nordea Hypotek AB (publ)	P–1	Aa3	A–1			
Nordea Kredit Realkreditaktieselskab		Aa1				
Norgeskreditt AS	P–1	A1				

	Moody's	S & P	A.M. Best
Dansk Kautionsforsikrings-Aktieselskab		BBB+[1]	
Tryg-Baltica Forsikring, internationalt forsikringsselskab A/S		BBB+[1]	A– (excellent)u[3]
Tryg-Baltica International (UK) Ltd		BBB+[1]	A– (excellent)u[3]
Tryg Forsikring A/S (General Insurance Company)	A1[2]		

1 on CreditWatch with developing implications.
2 on review for possible downgrade.
3 under review with developing implications.

Planning and performance

A new planning and performance management model

In the strategy and business planning process for 2002, a new common planning and performance management model has been applied, introducing Balanced Scorecard (BSC) to drive strategy into actions, rolling financial forecasts to always have an updated view on future financial performance and service level agreements to better govern cooperation between internal service providers and receivers. The overall purpose is to increase groupwide focus on shareholder value creation, ensure aligned and focused strategy implementation and support the development of a common Nordea corporate culture.

Making strategy operational

The purpose of the Balanced Scorecard framework is to make strategy operational. The idea is to select a number of areas in the strategy where changes are required. These are referred to as strategic focus areas.

For each of these focus areas a key performance indicator is defined, ie a concrete measure and an initiative to be completed which will contribute to achieving the target. The key performance indicators include cost/income ratio, market position, customer satisfaction and employee satisfaction. Business strategy, target and activities are thereby linked and strategy becomes operational.

BSC has been developed for the Group as a whole and each business area has its own BSC. Where the Group's BSC has served as a guideline for the BSCs of the business areas, the scorecard of the business areas will provide the guidelines for the scorecards of each of their subordinate units.

Each business area is responsible for implementation in its own area. BSC has been implemented in business areas and will be implemented in Group Staffs and Group Corporate Centre during first half of 2002.

Rolling financial forecasts

In order to always have an updated view of future financial performance, quarterly rolling financial forecasting has been introduced. There is no element of target-setting in this process. Instead, latest available inputs regarding the major drivers of financial result are considered in order to provide the best possible estimate of future earnings.

Management’s attention will then be on discrepancies between the financial forecast and the targets within the financial perspective in the respective balanced scorecards in order to be future oriented and to decide on potential corrective actions, rather than explaining historical performance.

Service level agreements

In order to provide a clear understanding of the services to be provided by internal service providers, such as IT, HR etc, to service receivers (mainly the business areas), service level agreements have been introduced consisting of four key components:

- Clear definitions of scope of services provided

- Defined measures in order to track quality, content and timeliness of services delivered
- A governance structure establishing clear responsibilities
- A structured process for building and maintaining the service level agreements.

Economic profit

In addition, economic profit has been introduced as the overall key performance indicator in order to further strengthen the link between Nordea's internal financial objectives and shareholder value creation. Looking ahead, Nordea will on a quarterly basis review the performance, update the financial forecasts and, if needed, take corrective actions.

Economic profit measures value creation from a shareholder perspective. A positive economic profit means that the shareholders' value is growing, while a negative value reflects a business where value is destroyed. Economic profit may be calculated along several dimensions, eg different organisational levels, products or customers. Economic profit is currently used as a target at business area level. Economic profit supports alignment with shareholder's interest by providing incentives for profitable growth, focus on cost efficiency as well as related risk throughout the organisation.

Calculation of economic profit

Economic profit is calculated as shown below. Risk-Adjusted Profit is based on the actual income and costs, expected loan losses, and standard tax. Expected loan losses are the assumed long-term average loan losses. In addition a standard tax rate is used in order to normalise the profit to ensure an adequate comparability.

$$\textbf{Economic profit} = \underbrace{\text{Risk-Adjusted Profit}}_{\substack{\text{income – costs – expected loan losses} \\ \text{– standard tax}}} - \underbrace{\text{cost of equity}}_{\substack{\text{cost of capital in percent} \\ \times \text{ Economic Capital}}}$$

Cost of equity is the yield shareholders require to invest in Nordea shares multiplied by economic capital. The long-term risk-free rate, the premium to invest in shares and the Nordea share's volatility compared to shares in general is used to set the percentage.

Economic capital

Economic capital is based on a compilation of the various risks into a total need for capital. Losses are inevitable in the business performed by Nordea, and thus require a cushion of capital. The economic capital is the capital that will be required to cover unexpected losses.

Unexpected losses may arise from many sources. The graph below shows the risks against which economic capital is applied:
The primary risks are derived by the exposures intentionally entered into for business reasons and which are actively traded and managed, while the consequential risks are derived by exposures that are not actively taken, but which are incurred as a consequence of the business operations undertaken. The risks are discussed in more detail in the "Risk management and asset quality" section (page 74).

Calculation of economic capital
Consistent risk measuring across the types of risk requires the same statistical confidence level and measurement period to be used for all types. In addition, the diversification effects between different risk categories are taken into account. In Nordea the measurement period is set to one year and the confidence level is set to 99.97%. This implies that the total economic capital equals the amount needed to cover unexpected losses during one year in 99.97% of all possible cases.

Economic capital is calculated for different risk types and for different parts of the business organisation. For each of the various risks types compiled into economic capital quantitative models based on probability theory are used to estimate the unexpected losses:

- Credit risk is calculated using a set of capital factors. The capital factors are developed for different products, customer segments and credit quality. The factors have been estimated using a portfolio model and have been updated and refined during 2001. New rating models for certain segments have also been implemented.

- Market risk is based on the Value-at-Risk models (VaR) (linear risks) and scenario simulation (non-linear risks) used in the overall risk management. During 2001 historical simulation has been adopted for all VaR models and the effect of "management intervention policies" has been included in the calculations of economic capital.

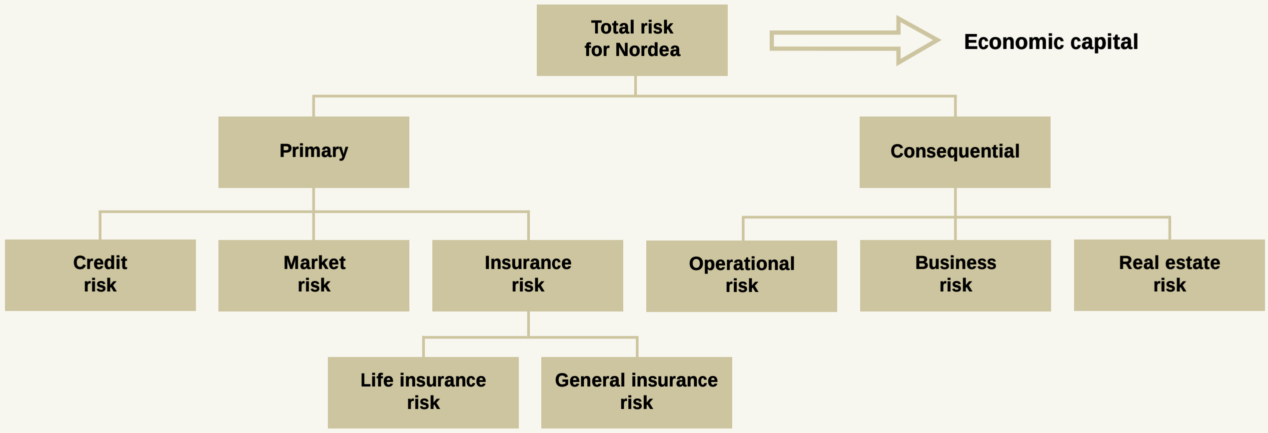
- Insurance risk for general insurance is calculated using a VaR model, comprising losses with respect to previous years, losses on coming years and catastrophic losses, while the insurance risk for life insurance is calculated taking potential fluctuations in mortality rates, longevity rates, disability rates and selection effects into accounts.

- Operational risk is calculated based on the standardised approach proposed by the Basel Committee on the New Capital Accord, Basel II.

- Business risk is currently calculated based on benchmarks set as a percentage of expenses.

- Real estate risk is currently calculated as a percentage of the market values.

Compilation of risks into economic capital

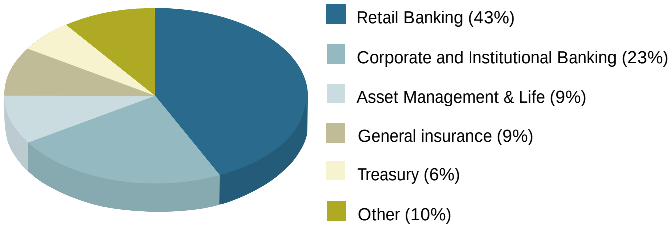


The graphs show the relative distribution of economic capital at 31 December.

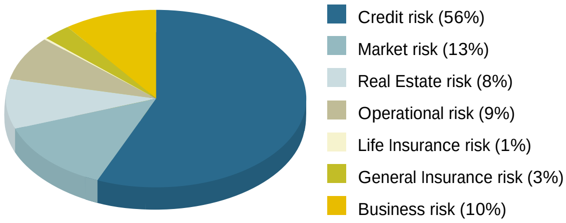
Credit risk is by far the most important, while the other risks are largely of equal magnitude.

When all types of risk of the Group are combined, considerable diversification effects will arise, since it is highly improbable that all unexpected losses occur at the same time. However, credit risk, market risk and real estate risk are all highly correlated with the development of the general economy; economic downturns result in drops in all asset values, and thus provide a relatively low diversification effect. Due to diversification effects, the Group's total need for risk capital becomes lower than if the business areas were completely independent. Total economic capital at 31 December is calculated on a preliminary basis to approximately EUR 11bn.

Allocation of economic capital to business areas



Distribution of economic capital – by risk type



Risk management and asset quality

Risk-taking is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to lending. All risks are monitored and managed by means of effective risk management tools as well as stringent policies, supported by reporting and control functions.

Nordea aims at an overall balanced risk-taking in order to enhance shareholder value.

Management of risk is one of the key success factors in the financial services industry. Nordea has clearly defined risk policies and instructions for risk management.

During the year a new model for allocating capital and measuring performance relating to risk has been developed. This process has in itself enhanced the awareness of risk and the correct pricing. The implementation of the model during 2002 will further strengthen the risk awareness and help finetuning the measurement tools.

Risk management principles

The Board of Directors of Nordea has the ultimate responsibility for limiting and monitoring the Group's risk exposure. Risks in Nordea are measured and reported according to common principles approved by the Board.

Each business area is primarily responsible for the identification and control of risks in their operations. The key elements of risk management are early identification, reporting and control of all risks.

The operative targets set by the Board contain limits on risk exposure that form the framework for operations:

- The average loan losses and provisions over a business cycle should not exceed 0.40% of the loan and guarantee portfolio.
- Investment risk (market risk related to investment acitivites) should not lead to an accumulated loss in investment earnings exceeding

one quarter's normalised earnings at any time in a calendar year.
- Operational risk must be kept within manageable limits at reasonable costs.
- The limitations for insurance risk are set in a reinsurance programme approved by the Board.

The Board's Credit Committee meets monthly to discuss and decide on credit policy matters and guidelines for credit activities.

On behalf of the CEO, Group Executive Management (GEM) has the responsibility for risk management and reviews regular reports on risk exposures. In addition, the following committees for risk management have been established within the Group Executive Management:
- Asset and Liability Management Committee (ALCO) manages the capital structure, allocates limits and decides on risk measurement principles in the Group.
- Risk Committee is responsible for monitoring risk exposures, product approvals and risk measurement techniques in all risk areas.
- Executive Credit Committees (Corporate and Retail) decide on major credit exposures.

Group Credit and Risk Control is responsible for risk measurement rules and guidelines, central control and reporting to the Board of Directors, Group Executive Mangement and the Risk Committee. There are risk management units for Credit, Market and Operational risk respectively and one unit, Risk Modelling, with the responsibility for developing risk modelling tools for quantitative risk analysis and management.

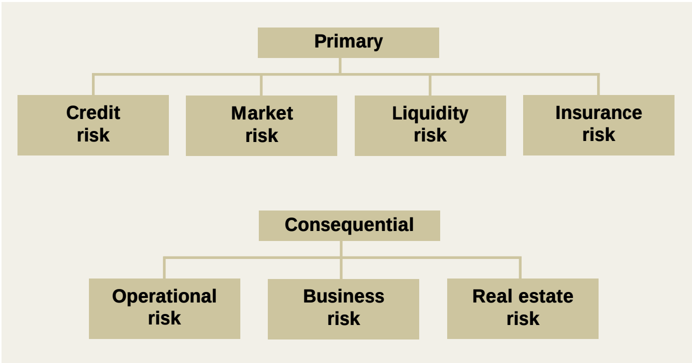
The risk management framework is applicable for the Group as well as for the banking subsidiares.

Types of risk

The risks inherent in Nordea's business activities can be classified as either primary or consequential risks.

The primary risk derives from the exposures intentionally entered into for business reasons, and are actively traded and managed. These risks are well established risk categories with developed management and control processes. They are all subject to independent risk control.

The consequential risk derives from the exposures that are not actively taken, but which are incurred as a consequence of the business undertaken. In Nordea, both operational risk and real estate risk are subject to systematic monitoring. Business risk denotes the uncertainty of earnings due to changes in the business conditions. It is both managed within each business area, and as a strategy activity by GEM. All consequential risks are factored into Nordea's planning and performance process, ie as an integrated part of economic profit and economic capital.



Credit risk

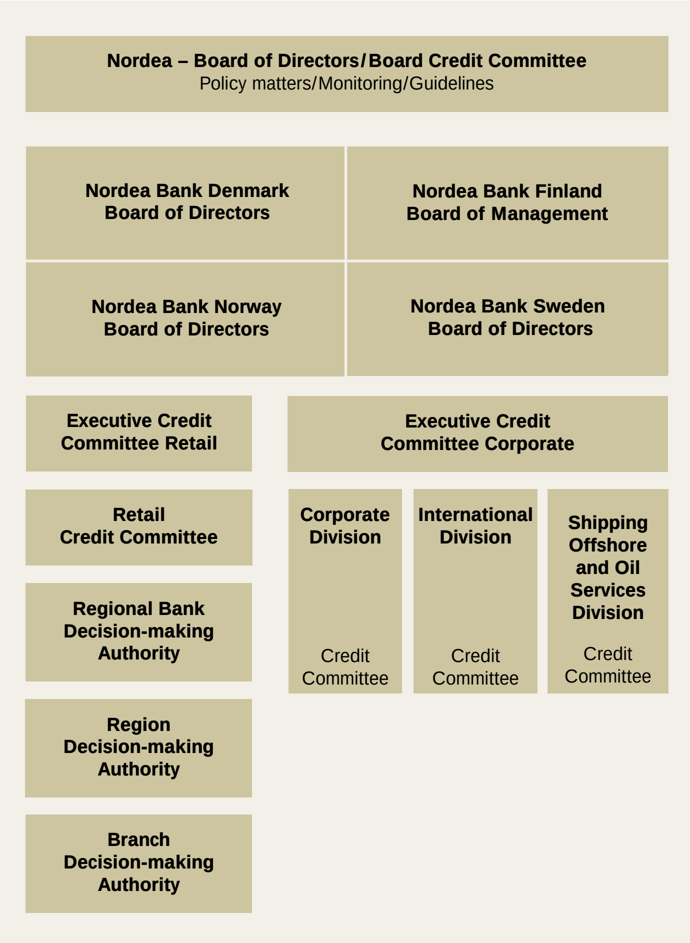
Most of the credit risks in Nordea arise from various forms of lending. Credit risk is defined as the risk that counterparts of Nordea fail to fulfil their agreed obligations and that collateral deposited does not cover Nordea's receivable claims. Nordea's definition of credit risk includes counterpart and country risk as well as settlement risk.

The primary risk management factor is to ensure quality and discipline within the credit procedure. To guide this process, a credit policy and credit instructions for Nordea have been established.

Risk management and control

The Board of Directors has decided regarding authorisation concerning credit decisions. The decision-making process is structured to fit the business area activities and to fulfil legal requirements for the banks in the Group. The diagram on the next page shows the decision-making structure. Authorisations are restricted for each decision-making unit and the restriction relates to the size of the customer limit as well as the unsecured part of the limit.

Credit limits on customers are set as part of the Group's decision-making process. For most commitments a limit is decided stipulating the conditions for granting credits within the limit. These conditions generally set the framework for the required collateral, covenants, pricing, maturity, amortisation etc. For smaller credits decisions are made on a case by-case-basis.



A complimentary method used by Nordea to limit credit risk is to set limits to specific industry sectors. In connection with such an industry limit, a credit policy regarding the relevant sector is established, whereby special requirements for financing the sector are stipulated. The responsibility to follow up on the exposure and the changing conditions for the sector is assigned to special units within the business areas.

To limit credit risk it is essential that limits are adapted to the assessed repayment ability of the customer or customer group. To ensure proper consideration the responsibility for every credit commitment is assigned to a customer responsible unit. This unit must, on an ongoing basis, assess the customer's ability to fulfil its commitment. For this assessment changing macro and micro economic factors influencing the customer´s performance are taken into consideration.

The assessment process is the first opportunity to limit credit risk. After a decision is made, there is a continuous follow-up on the commitment.

The most obvious control is to monitor deviations from agreed conditions. Another important control is to identify weaknesses in customer performance such as deteriorating profitability, tight liquidity and emerging difficulties to maintain a sound capital structure.

Customers who have failed to perform according to agreed conditions are classified as non-performing or loss-rated. Customers, for whom there is a high probability that they will fail to perform, are classified as performing but doubtful. Both categories are defined as being in default.

For loss-rated customers a provision is made for the part of the exposure that is not covered by the current value of pledged collateral or other sources of repayment. For doubtful customers a provision is made for the expected loss considering the repayment capacity, value of pledged collateral and other repayment sources during a work out process.

Customers, who are not in default, but for whom weaknesses in performance, financial stability or market outlook have been identified, are categorised as substandard.

The categories loss, doubtful and substandard taken together form risk classified customers. For these categories an action plan is established outlining how to minimise the threatening credit loss. If necessary, a special team is set up to support the customer responsible unit.

To assess the credit risk level and, as a consequence, the need for provisions, reviews are held with the credit granting business entities each quarter. These reviews are focused on risk classified corporate customers, their current performance, the outlook for the future, and estimates of future debt service capacity.

Measurement methods

During 2001 Nordea has made further progress in establishing a new framework for credit risk measurement. The framework has been developed to support several purposes in the risk management processes.

One of the key drivers in this transition is the forthcoming new capital adequacy directive that supports the use of internal rating models in assessing credit risks. This enhances the value of developing objective risk methods, which also can be used in the pricing process, the credit approval process and for economic profit measurement.

Nordea utilises a method based on statistical estimates of the expected loss and the capital needed to meet such losses. The expected loss measure can be detailed into the three components: Default Probability (DP), Loss Given Default (LGD) and Exposure At Default (EAD).

Expected Loss = DP x LGD x EAD

Default Probability is the measure that shows and differentiates between the creditworthiness of different counterparts. This measure should for most counterparts be derived through the internal rating which aims at estimating the repayment ability.

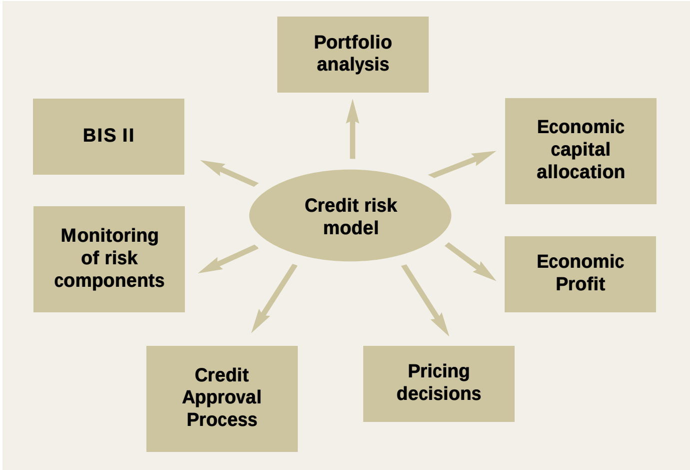
Loss Given Default measures how much of the exposure that is expected to be lost in the event of default. How much can be recovered depends on the collateral coverage, the balance sheet components of the defaulted counterpart and the presence of any structural support. In Nordea the key component when measuring LGD is currently the collateral coverage.

Exposure At Default is an important measure for those exposures where the outstanding amount at default is not known and hence must be predicted. Typical exposures of this kind are credit lines and counterpart exposure related to derivative products.

For credit lines it is assumed that counterparts in distress have a higher than average usage ratio. In the case of derivative contracts the total exposure related to a contract is the sum of the current market value of the contract and a potential exposure calculated as an add-on.

During 2001 the work with creating a group-wide credit database was intensified. The database will help facilitate the objectives set out in Nordea's credit risk measurement framework. The work will continue and be finalised in 2002.

The most important factor in the quantification of credit risk is the internal rating models developed within the Group. Nordea has developed uniform rating systems which will be fully implemented during 2002. In Nordea the internal rating is a process to estimate the repayment ability of the customer. The internal rating system is a combination of two dimensions: repayment ability and collateral coverage.



Nordea uses several rating scales in order to cover different customer types, which all can differ in size and industry base. The portfolio is grouped into the different segments; Corporates, Small Corporates, Bank & Country and Households. Within each rating scale special adjustments are made for size of the counterpart, and for different industries, eg real estate. The internal rating for corporate customers consists of 18 grades from 6+ to 1- for non-defaulted customers (6 rating categories) and two grades for defaulted customers. Banks are rated on the basis of their individual strength, the country risk and the ownership structure. The rating system for banks consists of 7 grades. For household exposures Nordea uses credit scoring.

Country risk

Country risk or cross-border transfer risk is a credit risk attributable to the transfer of money from a country. Since this credit risk is affected by changes in the economic and political situation of countries the assessment of the risk is focused on these factors. To assess the country risk Nordea uses a model whose assessment base is the country risk assessment performed by the EIU (Economist Intelligence Unit). The model is applied to countries outside the OECD and to other countries where Nordea considers it motivated in view of the country's economic and political situation.

Settlement risk

Settlement risk is defined as the risk of losing the principal amount of a financial instrument in the settlement process. Settlement risk occurs whenever Nordea transfers or gives irrevocable instruc-

Structure of loans portfolio EURm

Customer	31 Dec 2001	%	31 Dec 2000	%
Corporate customers	84,088	61.1	77,436	60.2
Personal customers	50,716	36.9	48,462	37.7
Public sector	2,766	2.0	2,719	2.1
Total	**137,570**	**100.0**	**128,617**	**100.0**
Lending to corporate customers by industry				
Real estate management	19,996	23.8	18,607	24.0
Construction	2,883	3.4	3,379	4.4
Agriculture and fishing	3,682	4.4	2,924	3.8
Transport	3,584	4.3	3,587	4.6
Shipping	5,581	6.6	7,241	9.4
Trade & services	8,675	10.3	8,384	10.8
Manufacturing	16,011	19.0	14,819	19.1
Financial operations	6,942	8.3	5,040	6.5
Renting, consulting and other company services	8,845	10.5	4,013	5.2
Other companies	7,889	9.4	9,442	12.2
Total	**84,088**	**100.0**	**77,436**	**100.0**
Lending to corporate customers by size of loan				
EUR 1–100,000	1,967	2.4		
EUR 100,001–500,000	6,169	7.3		
EUR 500,001–1,000,000	3,757	4.5		
EUR 1,000,001–5,000,000	11,629	13.8		
EUR 5,000,001–10,000,000	7,227	8.6		
EUR 10,000,001–	53,339	63.4		
Total	**84,088**	**100.0**		
Lending to personal customers				
Mortgage loans	38,895	76.7	35,299	72.8
Consumer loans	11,821	23.3	13,163	27.2
Total	**50,716**	**100.0**	**48,462**	**100.0**

Derivative instruments EURm

31 December 2001	Total nominal value	Net book value (Balance sheet)
Interest rate related contracts		
Futures and FRAs	227,045	0
Options bought	34,939	481
Options sold	31,014	–446
Interest rate swaps	306,365	–261
Total	**599,363**	**–226**
Currency-related contracts		
Futures and Forwards	223,202	385
Options purchased	10,125	133
Options written	11,219	–99
Currency swaps	24,444	177
Total	**268,990**	**596**
Equity-related contracts		
Equity derivatives	1,065	–9
Options bought	1,915	33
Options sold	677	–14
Total	**3,657**	**10**
Total derivatives	**872,010**	**380**

tions for a transfer of the principal amount in anticipation of delivery from the other party involved in the transaction. Each counterpart is assessed in the credit process. Clearing agents, correspondent banks and custodians are also selected with the view of minimising settlement risk.

Nordea is a shareholder in CLS Services Ltd, the first global institution to provide members with continuously linked settlement service of foreign exchange transactions on a payment versus payment basis. Nordea is planning to start settlement of foreign exchange transactions via CLS Services in the course of 2002.

Off-balance sheet commitments

As a part of its commercial operations, Nordea has substantial off-balance sheet commitments. They pertain in part to commercial products such as guarantees, documentary credits, credit commitments and the like, and in part to financial commitments in the form of derivative instruments. The latter pertain primarily to contracts to exchange currencies at a future date (currency forwards), contracts to purchase and sell interest-bearing securities at a future date (interest rate forwards), and contracts to exchange interest rate payments (Swaps, FRAs). They are used both by customers where Nordea is a counterpart and for proprietary trading and hedging purposes by the bank.

Most of the derivative contracts are marked to market on an ongoing basis and, therefore, affect the reported result. The remaining derivative contracts are, in line with the accounting policies, included in the hedging reports at acquisition value. Derivatives affect the bank's exposure to market risk and credit risk. Credit risks are measured and limits are set according to established principles. The impact of derivative instruments on market risk is measured and limited within the overall market risk. The credit risk that arises in derivative instruments traded over-the-counter (OTC), is limited in accordance with normal credit procedures.

Credit risk analysis

Total lending increased by 7% to EUR138bn. As lending to companies increased more, up 9%, than lending to personal customers, up 5%, total lending to companies increased to 61% from 60% of the total loan portfolio. Lending to personal customers accounted for 37%, compared to 38% in 2000 while the public sector was unchanged at 2%.

Corporate customers
Real estate management remains the largest industry sector in Nordea's loan portfolio despite the small relative decrease. Relatively large and financially strong companies dominate the portfolio, which is also well secured.

Increases in the portfolio could be seen in the following sectors: "Renting, consulting and other company services", "Financial operations", "Real estate management" and "Manufacturing". The first sector includes some holding companies, which explains the rapid growth. A substantial decrease was seen in "Shipping".

The telecom sector, including both equipment manufacturers and operators, amounts to EUR 7.2bn which is down from EUR 7.8bn in 2000. The large Nordic companies account for the majority of this figure.

Nordea's exposure to aircraft finance amounts to EUR 0.9bn. Out of that EUR 230m represents contracts where Nordea carries the residual value risk. All contracts with a negative residual value compared to book value were provided for in the fourth quarter.

When lending to corporate customers is measured by size of the loan, there is a concentration on volumes above EUR 10m. These customers are mostly highly rated and often listed companies.

Personal customers
Mortgage lending increased by 10% while consumer loans decreased by 10%. This improved the overall credit quality of the portfolio as the unsecured portion decreased.

Geographical distribution
Lending distributed by borrower domicile shows that the Nordic market dominates by 88% of the total. Other EU countries represent the main market outside the Nordic countries. The exposure to emerging markets is limited.

Country risk
The country risk exposure is dominated by Brazil and China. The exposure is trade-related and primarily short-term. Both countries are of great importance for Nordea's Nordic core customers. The exposure to Argentina is small and has been further decreased after the year-end. The total country risk reserve at the end of 2001 was EUR 155m.

Lending by geographical area EURm

	31 Dec 2001	%
Nordic countries	121,660	88.4
of which Denmark	31,410	
of which Finland	27,338	
of which Norway	21,197	
of which Sweden	41,509	
The Baltics and Poland	452	0.3
Other EU countries	6,783	4.9
USA	3,490	2.5
Latin America	652	0.5
Asia	1,327	1.0
Other OECD	1,462	1.1
Other non-OECD	1,744	1.3
Total	**137,570**	**100.0**

Country risk exposure to certain markets EURm

	31 Dec 2001[1]	31 Dec 2000[1]
Asia	**618**	**640**
China	278	148
South Korea	95	70
Hong Kong	40	63
Phillipines	33	16
Thailand	30	24
Indonesia	48	38
Malaysia	9	3
Eastern Europe & CIS	**444**	**373**
Estonia	154	103
Latvia	111	90
Lithuania	12	20
Poland	51	109
Russia	84	14
Latin America	**535**	**574**
Brazil	288	231
Panama	84	103
Chile	65	58
Mexico	57	82
Argentina	23	60
Middle East	**382**	
Iran	121	78
Turkey	98	140
Israel	25	16
Saudi Arabia	21	28
Egypt	16	24
Africa	**48**	**44**

[1] Exposure net of ECA guarantees.

Loans to credit institutions
Lending to credit institutions amounted to EUR 21.4bn at the end of 2001 compared to EUR 21.3bn at the end of 2000. Of the lending to banks outside the Nordic area, a majority was to banks within OECD.

Problem loans			EURm
31 Dec 2001	Companies	Personal customers	Total
Defaulted loans, gross	2,493	593	3,086
Provisions for defaulted loans	–1,866	–393	–2,259
Defaulted loans, net	627	200	827
Loans with interest deferments	24	4	28
Problem loans, total	651	204	855
Provisions/defaulted loans, gross (%)	74.8	66.3	73.2
Defaulted loans, net/lending (%)	0.7	0.4	0.6
31 Dec 2000	Companies	Personal customers	Total
Defaulted loans, gross	2,428	625	3,053
Provisions for defaulted loans, gross	–1,842	–414	–2,256
Defaulted loans, net	586	211	797
Loans with interest deferments	9	20	29
Problem loans, total	595	231	826
Provisions/defaulted loans, gross (%)	75.8	66.3	73.9
Defaulted loans, net/lending (%)	0.8	0.4	0.6

Defaulted loans gross, by industry (EURm)

	31 Dec 2001	% of lending to the industry	31 Dec 2000	% of lending to the industry
Real estate management	290	1.4	301	1.6
Construction	100	3.5	93	2.8
Agriculture and fishing	98	2.7	118	4.0
Transport	145	4.0	164	4.6
Shipping	205	3.7	206	2.8
Trade & services	346	4.0	382	4.6
Manufacturing	412	2.6	411	2.8
Financial operations	97	1.4	56	1.1
Renting, consulting and other company services	399	4.5	355	8.8
Other companies	401	5.1	342	3.6
Total	**2,493**	**3.0**	**2,428**	**3.1**

Distribution of reserves to corporate customers, by industry (EURm)

	31 Dec 2001	%	31 Dec 2000	%
Real estate management	190	10.2	189	10.3
Construction	85	4.6	84	4.5
Agriculture and fishing	88	4.7	110	6.0
Transport	97	5.2	110	6.0
Shipping	107	5.7	171	9.3
Trade & services	295	15.8	286	15.5
Manufacturing	365	19.6	365	19.8
Financial operations	38	2.1	53	2.9
Renting, consulting and other company services	316	16.9	234	12.7
Other companies	285	15.2	240	13.0
Total	**1,866**	**100.0**	**1,842**	**100.0**

Problem loans

Problem loans, net of provisions, increased to EUR 855m from EUR 826m. The level of provisions covering defaulted loans were almost unchanged at 73%. Net defaulted loans as a percentage of lending was unchanged at 0.6%. There was no major change in the distribution of defaulted loans or reserves per industry.

Market risk

In Nordea, market risk is defined as the risk of loss in market value as a result of movements in financial market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. Market risk is assessed from a euro base currency perspective.

Risk management and control

The basic principle for most organisational units in Nordea is that market risks are eliminated by matching assets, liabilities and off-balance sheet items. This is achieved by transactions in the Group Funding in Group Treasury, which matches these units' funding and lending and carries out any further transactions needed to hedge the market risks.

However, Nordea derives part of its earnings from the activities in designated dealing centres and position-taking units. These are authorised to expose the Group to market risk within clearly specified limits, but may only trade approved products. For these units, the aim is not to minimise, but to adequately manage the market risk exposure.

Nordea is mainly exposed to market risk in its investment portfolios. The investment risk is managed separately from the market risk relating to customer-driven trading and market making activities in Corporate and Institutional Banking.

Nordea's market risk appetite limits the potential losses on investment activities and reflects the fact that investment income opportunities need to be assessed in the light of the associated market risk. The risk appetite has been decided by the Board of Directors. Investment risk should not lead to an accumulated loss in investment earnings exceeding one quarter's normalised earnings at any time in a calendar year. In addition, investment risk measured by Value-at-Risk (VaR) over a three-month horizon with a 99% confidence level should not exceed one quarter's normalised earnings. Thus the market risk appetite restricts both the accepted level of risk and the potential accumulated loss arising from investments.

The market risk limits for the customer driven trading-related activities are based on the desired level of customer facilitation and market making activity. The risk is managed by market risk limits.

The Board of Directors determines the risk appetite and the overall limits for both investment risk and trading-related risk. ALCO decides the allocation of the limits to the business areas. The limits for the business areas are set in accordance with the business strategies and are as a minimum reviewed annually. The heads of the business areas allocate the ALCO limits within the business area and may introduce supplementary limits. At the operational level, the limits may be based on other risk measures than VaR that better capture the relevant risk exposure.

Group Credit and Risk Control has the primary responsibility for monitoring, analysing and reporting Nordea's consolidated market risk as well as for developing the market risk control standards in the Group.

The control function in each business area is responsible for identifying and controlling market risk within the area including intraday monitoring of the risk, and for ensuring that correct end-of-day information is available for market risk calculations in the central Market Risk System.The latter supports a uniform calculation of all material market risk in Nordea on an end-of-day basis, and thus serves as an important tool for analysing the market risk in the Group. As such the daily market risk control process takes place in close dialogue between risk controllers in the business areas and Group Credit and Risk Control.

Measurement methods

An important key to successful risk management is a true and fair measurement of market risks. As there is no single risk measure that captures all aspects of market risk, Nordea uses several risk measures including VaR models, stress testing, scenario simulation and other non-statistical risk measures such as basis point values, net open positions and option key figures. In order to maintain a high quality of risk measurement, Nordea continuously develops its market risk measurement methods in the light of the developments in the technical infrastructure and international best practice for risk management. These efforts have led to adjustments and further developments of the risk models in 2001.

VaR models

VaR is used in Nordea to measure linear interest rate, foreign exchange and equity risks. VaR is a statistical risk measure that estimates the maximum loss in market value that can be expected in a normal market environment within a given holding period and with a given probability. In Nordea, VaR is estimated based on the last two years' historical changes in market prices and rates, a holding period of 10 banking days and a probability of 99%. The VaR models provide an estimate of the size of the risk exposure and enable comparison of risk figures between different risk categories. While previously Nordea's VaR model was based on historical simulation and a normal distribution assumption, in the course of 2001, the VaR model has been adjusted to historical simulation using the so-called expected tail loss approach to estimate VaR. This approach implies using the average of a number of the most adverse simulation results as an estimate of VaR.

As all statistical models, Nordea's VaR estimates rely on various assumptions and depend on the quality of the underlying historical data. To test the reliability of the VaR model, back tests are performed on a regular basis in accordance with the guidelines laid down by the Basle Committee on Banking Supervision. The VaR models have shown good statistical properties throughout 2001.

Scenario simulation

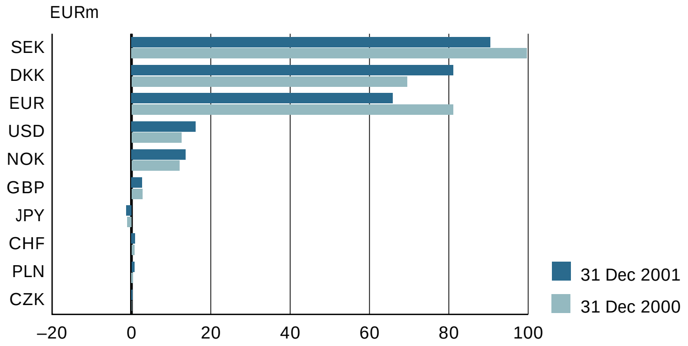
The market risk inherent in options and option-related instruments has particular so-called non-linear characteristics, which are not captured by Nordea's current VaR models. Nordea uses scenario simulations to capture this non-linear risk character. The scenarios simulate movements in yield curves, foreign exchange rates, equity prices and volatility surfaces, which are calibrated to capture the most common market movements over a 10-day horizon. For each scenario, the profit/loss on the option portfolio including linear hedges is calculated and the worst outcome, ie the greatest loss in market value, constitutes the risk.

Stress testing

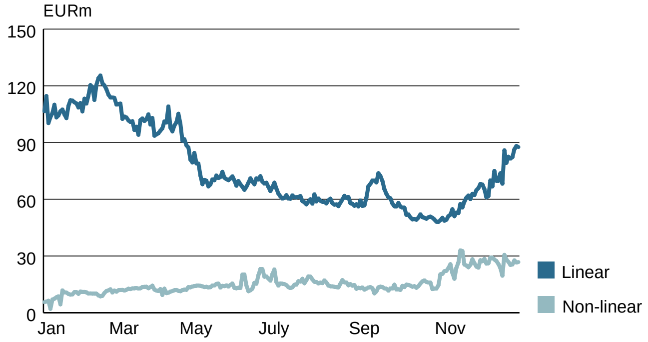
Nordea's VaR and scenario simulation measures are designed to estimate risk in a normal market environment. Therefore, Nordea attaches considerable importance to the estimation of possible losses that may occur under extreme market conditions. Stress tests provide information on the potential magnitude of the losses that may occur when the VaR estimate is exceeded. Nordea performs stress tests for both historic and subjective scenarios. The historic tests estimate the loss that could be incurred over a 10-day horizon under adverse market conditions based on the current portfolio and the financial market developments since the beginning of 1993. These tests are made both for individual risk categories and for the portfolio as a whole. In addition, Nordea's portfolios are stress tested for subjective scenarios, which are most often based on selected historical events prior to 1993 or adverse macroeconomic scenarios relevant at the current state of the economic cycle. Similar to the VaR, the stress tests are carried out daily.

During the highly volatile market conditions in 2001, the actual losses incurred have not exceeded the Nordea stress testing programme, while selected stress test results showed their plausibility.

Largest interest rate sensitivities, current assets



Interest rate risk



Market risk analysis

The information presented in this section is the consolidated market risk figures for investment as well as trading-related activities.

Interest rate risk

Interest rate price risk is defined as the potential loss in market value or lower net interest income due to changes in market factors related to interest rates.

In 2001, the former hold-to-maturity bond portfolio of Nordea was reclassified to current assets, prompted by the cash acquisition of Christiania Bank og Kreditkasse. This implies that all material fixed interest rate risks in Nordea are now marked to market. The risk on the former hold-to-maturity portfolio is included in the interest rate risk developments presented in the graph, and the liquidation of this portfolio is the main explanation of the fall in the interest rate risk in the second quarter of 2001. On the other hand, the inclusion of the risk on the Postgirot Bank portfolio (on 10 December 2001) and a rise in the volatility in interest rates led to a rise in the interest rate risk in late 2001.

The largest interest rate exposures at the end of 2001 were in SEK, DKK and EUR. Interest rate positions in emerging markets have been insignificant in 2001.

Structural Interest Income Risk (SIIR) is defined as the effect on the net interest income in the next 12 months if market rates rise by one percentage point. Calculation of net-interest-risk is based on the entire balance sheet and the assumption that no new market transactions are made during the period. SIIR reflects the mismatch that arises in the balance sheet when interest rate re-pricing periods of assets, liabilities and derivatives do not correspond exactly. The Board of Directors has set a limit for SIIR and receives regular reports on the development. As can be seen from the Gap analysis table the cumulative exposure for the next 12 months was practically zero at the end of the year.

Equity risk

Equity risk is defined as the potential loss in the market value of equity and equity-related products due to changes in market factors related to equity prices. VaR measures the entire portfolio of listed equities in Nordea; all material portfolios of listed equities are marked to market. Private equity funds and unlisted equities as well as business-related and credit-related equities are not included in the equity VaR and have been subject to separate control in 2001.

The equity risk is analysed from a range of different perspectives - as individual equities, across industry sectors and as aggregated portfolios. Measured by industry sectors, Nordea's largest equity exposure by both VaR and market value was to the non-cyclical consumer goods sector at the end of 2001. It is notable that the VaR model estimates a higher than average risk to the communication and technology sectors. Declining equity markets and a reduction of the equity positions have led to a fall in the equity risk in the course of 2001.

Foreign exchange risk
Foreign exchange risk is defined as the potential loss in market value due to changes in market factors related to foreign exchange rates. Nordea's foreign exchange risk is relatively low compared with the interest rate and equity risk exposure.

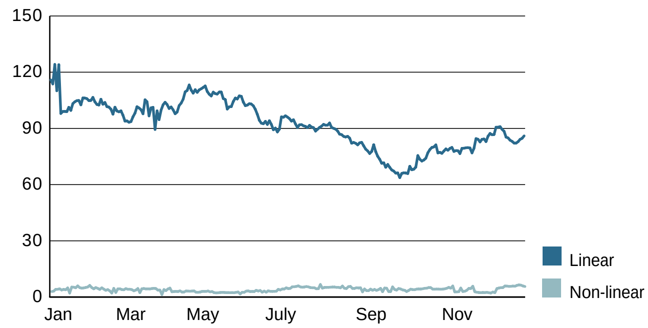
Commodity risk
Commodity risk is defined as the potential loss in the market value of commodity-related instruments. The overall limit for commodity risk is based on sensitivity measures. During 2001, Nordea has had an insignificant exposure to commodity risk, all of which stemmed from customer-driven activities in derivatives related to pulp and paper.

Liquidity risk

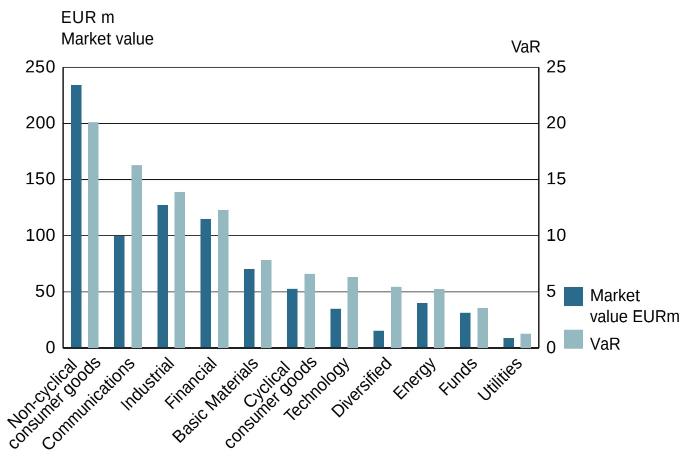
Nordea's liquidity risk management ensures that the Group will always have sufficient funds available to meet its liabilities without excessive costs. The liquidity policy, which is approved by the Board of Directors, sets general rules for liquidity risk management while the liquidity contingency plan addresses the strategy for handling liquidity crises. As an integrated part of liquidity risk management the Group also keeps an appropriate liquidity reserve and strives to diversify the sources of funding, taking the costs involved into consideration.

Liquidity risk management focuses on short-term liquidity risk as well as long-term structural liquidity risk. Short-term liquidity risk is measured by means of funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 30 days. Funding gap risk is measured for each specific currency and as a total figure for all currencies combined.

Equity risk



Equity risk per sector



Market risk 2001 EURm

	Measure	31 Dec 2001	Average	Minimum	Maximum
Interest rate risk	VaR	87.6	76.0	48.0	125.4
	Non-linear risk simulation	26.8	15.6	2.1	33.0
Equity risk	VaR	86.0	91.8	63.7	124.1
	Non-linear risk simulation	5.8	4.1	1.5	6.8
Foreign exchange risk	VaR	10.1	6.5	0.5	17.6
	Non-linear risk simulation	7.8	5.5	1.6	9.7
Commodity risk	20 % of market value	0.6	0.1	0.0	0.6

The structural liquidity risk of the Group is measured by means of the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. Stable assets primarily comprise retail loans and loans with a term to maturity longer than 6 months. Stable liabilities primarily comprise retail deposits, bank deposits and bonds with a term to maturity longer than six months and shareholders' equity.

The Board of Directors has set limits for the funding gap risk as well as targets for the net balance of stable funding.

Insurance risk

Insurance risk is the risk that earned risk premiums will not cover future claims.

The risk inherent in the insurance business is primarily controlled through tariffs, rules for acceptance of customers, reinsurance contracts and provisions for risks. A continuous supervision of the appropriateness of the parameters in the risk models is undertaken to ensure that changes in the underlying risk is captured.

Actuarial techniques have traditionally been used to handle insurance risk and have a long history. New measurement techniques have been developed and are continuously being developed to deal with new products, increase the transparency of the true nature of the risks and to achieve consistency with overall measurement methodology used within Nordea.

General insurance

General insurance risk is defined as the risk that insurance claims payments net of reinsurance will exceed the corresponding insurance risk premiums. Such losses may either be of catastrophic nature, where the loss in respect of a single event exceeds the reinsurance cover, or they may occur as a result of changes in the general risk level.

General insurance risk is monitored on an ongoing basis at customer and segment levels.
At segment level the actuaries measure the risk for the purpose of adjusting claims provisions and tariff structures when necessary. Based on these measurements the persons responsible for the individual business units receive a summary report on the general risk level by segment and its development. At the customer level systems are available for measuring the profitability of individual customers. For personal customers this assessment is based on past claims frequencies, and for large customers in the commercial segment a more detailed measurement is available, based on past claims experience.

The catastrophic element of the insurance risk is analysed on a regular basis in order to ensure that the reinsurance protection against this type of risk is at an adequate level at all times. The yearly reinsurance programme is approved by the Board of Directors. The analysis is updated whenever new information becomes available.

Life insurance

The pure life insurance risk is the risk of unexpected losses due to changes in mortality rates, longevity rates, disability rates and selection effects. For example, claims from death benefits increase with increasing mortality and claims from annuities increase with increasing longevi-

Gap analysis Nordea 31 December 2001 EURm

Interest rate fixing period	Group balance sheet	Static gap: Within 3 months	3–6 months	6–12 months	1–2 years	2–5 years	>5 years	Non repricing	Total
Assets									
Interest-bearing assets	176,568	141,928	10,034	7,600	9,811	4,848	2,348	0	176,569
Trading	15,654	15,654	0	0	0	0	0	0	15,654
Off-balance-sheet items	0	757,504	58,470	7,442	14,684	1,275	1,542	0	840,917
Non-interest-bearing assets	49,327	0	0	0	0	0	0	49,327	49,327
Total assets	**241,549**	**915,086**	**68,504**	**15,042**	**24,495**	**6,123**	**3,890**	**49,327**	**1,082,467**
Liabilities									
Interest-bearing liabilities	185,190	147,286	15,055	8,950	8,626	4,533	740	0	185,190
Off-balance-sheet items	0	763,320	53,242	6,929	14,055	2,328	1,043	0	840,917
Non-interest-bearing liabilities	56,360	0	0	0	0	0	0	56,360	56,360
Total liabilities	**241,549**	**910,606**	**68,297**	**15,879**	**22,681**	**6,861**	**1,783**	**56,360**	**1,082,467**
Exposure		4,480	207	–837	1,814	–738	2,106	–7,032	
Cumulative exposure		4,480	4,687	3,850	5,664	4,926	7,032	0	

ty. Selection effects might increase the proportion of policies incurring losses and thereby increase the total loss. Other risks are intimately connected with the insurance risk in life insurance; of special importance is the connection with the market risk inherent in the traditional guaranteed savings contracts. The main characteristic that distinguishes insurance risk from the other risks is the very long-term nature of the contracts; eg some life insurance contracts can have a duration of more than 60 years. In mutual operating companies the risk is shared with the customers.

To capture the long-term view of life insurance risk, special techniques based on projections of the future cash flows are used for profit testing and risk assessment. In addition to classical actuarial methodology and reporting, stress testing and new methods based on stochastic modelling techniques are used. Trends and changes in mortality and morbidity and anti-selection are continuously under supervision.

Operational risk

Nordea has defined operational risk as the risk of direct or indirect loss, or damaged reputation due to deficiencies or errors in the Group's internal operations which may be attributable to employees, the organisation, control routines, processes or technology, or due to external events and relations.

Solid internal control and quality management, consisting of a risk management framework, leadership, and skilled personnel, is the key to successful operational risk management.

Due to the fact that financial services are to a great extent information processing, much emphasis is put on information security in the processes. The physical safety of the bank's employees and customers is also of high priority.

The terrorist attacks in the USA have urged the international community to emphasise the procedures for preventing money laundering. In Nordea there is a strong tradition and high competence in this field. The scope is now being broadened to cover all Know–your–customer procedures.

With expanding operations the processes become more complex and a systematic approach to ensure high quality becomes more and more important. Each business area is primarily responsible for handling and mitigating its own operational risks.

The operational risk framework consists of policies and instructions, techniques and processes for systematic management of the risks, guidelines to support the implementation and a network of contact persons throughout the organisation.

The main processes for managing operational risks are ongoing monitoring through self assessment and the reporting of quality deficiencies and incidents. The analysis of events and indicators are in focus in the development of processes.

The mitigating techniques consist of business contingency plans together with crisis management preparedness and a broad insurance cover for handling major incidents. Special emphasis is put on quality and risk analysis in change management and product development.

The technicques and processes for managing operational risks are structured around the risk sources as described in the definition of operational risk. This approach improves the comparability of risk profiles in different business areas, and supports the focusing of mitigating measures.

Reliable and risk sensitive ways to quantify the operational risks constitute another important goal when developing the techniques and processes. A convincing quantification is a precondition for more advanced models, with sound incentive structures, to calculate economic capital for operational risks.

New capital requirements Basel II

The new Capital Accord (Basel II) is planned to be in effect from 2005. This will lead to big changes in risk models, processes and systems for Nordea.

During 2001 Nordea has focused on the task of developing internal rating models, data gathering and calibration methods that are in line with the requirements for calculating credit risk under Basel II. Going forward the need for development and adjustments due to requirements concerning calculation of operational risk, risk management processes as well as new disclosure requirements under Basel II will also be addressed.

- *We create value*
- *We are innovative*
- ***We are empowering***

Care for the environment and good citizenship

Nordea adheres to a Nordic heritage of freedom, equal opportunity, care for the environment and good citizenship.

Customers – personal and corporate – increasingly judge not only a product or service or brand but also the corporation behind it. There is a growing demand for ethical alternatives in savings. Analysts and investors now tend to look for shares of companies taking environmental and social responsibility. Employees generally prefer employers with a commitment to sustainability.

Sustainability or ethical indexes continue to show strong developments. A number of international organisations provide guidelines on policies, best practice and reporting and non governmental organisations are active in promoting both corporate and legal actions. The European Union has started a process to make "triple bottom line" reporting-financial, environmental and social results and impacts-mandatory for medium-sized and large corporations.

Nordea welcomes these developments. When public concerns also shape market logic, Nordic companies are likely to have a competitive advantage from factors such as Nordic value traditions, well-educated employees and demanding customers and investors. Doing good and being profitable might historically have been seen as contradictory objectives, but today - and even more so tomorrow - the one is conditional upon the other.

Dual obligations

Banks and insurance companies by the nature of their businesses have comparatively limited environmental impact. Nevertheless, consistent approaches to all aspects of the operations will help reduce use of resources, energy and environmentally detrimental materials and contribute to limiting waste production and emissions.

However, in taking responsibility for the entire value chain, banks and insurance companies also have obligations limiting the scope for discretionary policies. Banks have a duty not to be involved in illegal or unethical proceedings, but on the other hand, they have an obligation to provide services such as accepting deposits and executing payments.

New Group – new challenges

The companies that merged into Nordea had policies and programmes regarding care for the environment and ethics and ran good citizen programmes. In the first year of Nordea operations, these activities continued and often intensified but stayed decentralised.

Beginning in 2002 Nordea will adopt best practice in this field too. The Group will develop groupwide policies, procedures, systems, follow-up and reporting. A project to achieve this has been initiated. In addition to adequate financial reporting, by the end of 2002 Nordea will start providing aggregated environmental and social impacts and results.

The Nordea share in sustainability indexes
The rapid growth of environmentally and socially responsible capital investments is followed and supported by an increasing number of indexes based on environmental, social and ethical criteria. Analysts and investors increasingly request related information from Nordea. At the end of 2001 Nordea was included in the FTSE4Good Europe Index and the FTSE4Good Global Index.

Based on current performance, best practice policies and procedures and structured and transparent reporting of results in 2002, Nordea expects to be included in most sustainability-related indexes.

Care for the environment

Caring for the environment is an integral part of decision making in Nordea business areas. In the merger process, environmental work was coordinated in Finland and Sweden, while there were similar policies in place in Denmark and Norway.

Policies and implemented practices in the Group include waste paper recycling and taking care of environmentally hazardous waste. Environmental screening of purchases is of special significance within IT. Use of electronic communication including video conferencing is preferred over travel. IT solutions reduce energy and paper consumption for transactions. Instructions and information are primarily electronically distributed. Environmental aspects are integrated in business planning. Efforts are supported by environmental education.

Solo saves resources
In addition to empowering customers and reducing costs, e-services save resources. A life cycle analysis performed at the University of Jyväskylä indicates that energy consumption is reduced by close to 90% for bills paid online in comparison to payment at branches. This has encouraged Nordea to prepare for an environmental certification of its e-services.

Retail Banking furthermore reduces resource consumption in marketing and customer information by distributing material electronically and by more precise targeting of Direct Mail.

Reducing risk exposure and environmental impact
In corporate lending, ensuring environmental aspects in the granting of credits is an important aspect of environmental responsibility. Group Credit and Risk Control has continued efforts to harmonise the environmental assessment of customer projects. Nordea uses four levels of environmental concern to classify customer projects. The financial aspects of environmental risk relate to customer ability to service loans or value of collateral.

Environmental risks are estimated with regard to direct financial risk, indirect financial risk and environmental policy risk. Containing the risk exposure of the Group tends to reduce the environmental impact of projects.

Ethical management of assets

Ethical investments are moving towards the top of the agenda of many institutional investors and households' demand for such alternatives also continue to rise. Asset Management & Life has traditionally given investors the option to exclude sectors or companies with questionable environmental or social practices.

In Asset Management & Life, the ex-post-assessment is now increasingly replaced by an ex ante examination of future sustainability performance with the help of outside experts. The system will include dialogue with companies assessed and sustainability reports to customers on their investments. The launch of ethical funds for the retail market is under active consideration.

At Group Treasury, new guidelines for funding and investments have been developed taking environmental, social and ethical criteria into account.

National projects in 2001

Nordea Bank Finland appointed an environmental manager and a head of cleaning and waste and renewed its purchasing guide and general environmental guide. A commitment was made to reduce energy consumption by 15%.

In Sweden every department has an environmental coordinator responsible for recycling and other good practices in the work place. Nordea Bank Denmark has signed the UNEP Statement by Banks on the Environment and Sustainable Development. Tryg in 2001 ran a project to health certify its PC usage.

Good citizenship

The Group has a longstanding tradition to live in symbiosis with its market. Local Branch Boards reflect local market conditions. By helping households and corporations succeed and by contributing to an improved regional financial infrastructure, Nordea is both an exponent and an enabler of regional integration and growth and of Nordic values.

Compliance within Nordea

Compliance is one of the main repositories of the conscience of a financial services business – the guardian of an institution's soul and ethics. The compliance function strengthens the principles of conducting business in accordance with all applicable law, rules, codes and standards required by regulators, respecting the principles of integrity and fair dealing at all times, which is essential for the Group. Good compliance can enhance reputation through improved services and efficient implementation of new business initiatives.

The compliance function within the Nordea Group ensures that the services of Nordea are conducted according to legal requirements and high financial ethics.

In 2001 the focus in compliance matters was on the investment services related business activities within Asset Management, Investment Banking and Corporate and Institutional Banking. To a large extent the compliance officers also form part of the teams introducing new business initiatives, ensuring that compliance matters are dealt with on a cross organisational basis.

Scholarships and donations
Knowledge and culture are common denominators in Nordea donations and grants in the Nordic countries. Nordea's founding banks have in the past and now continue to give scholarships and support to a variety of causes.

The Nordea Denmark Trust gives scholarships to 150 students per year to study one year abroad. Students receive DKK 10,000 – 20,000. In Sweden the Jacob Palmstierna and Hans Dalborg foundations for financial research both support scientific research, postgraduate studies and debate related to the financial sector. Each year the Jacob Palmstierna foundation provides yearly two scholarships for financial research, one at the Stockholm School of Economics and one at either the Swedish School of Economics and Business Administration in Helsinki or the Helsinki School of Economics. The Hans Dalborg foundation shoulders the costs for a visiting professorship at the Stockholm Institute for Financial Research.

In Finland Nordea supports The Finnish Museum Association, the Campus Artis Foundation and numerous other projects.

In 2001 the Group donated money to the Red Cross instead of sending Christmas cards.

Committed employees
The Group encourages individuals to take action or participate in programmes to meet social needs. In Norway, Vesta runs a nationwide programme for parents walking city streets at night providing guidance to young people. The program called "Natteravnerne" involves 250,000 active participants in a country of 4,5 million inhabitants. In areas of high activity, crime rate is reported down by 35–75%.

In Sweden employees through a private initiative last year collected and distributed some 1,000 Christmas gifts to children at nurseries and hospitals primarily in Rumania.

Human Resources

In Nordea, the knowledge, skills and commitment of all people in the Group are increasingly important for sustained success. Employee professionalism, dedication and energy contribute the greater part of value creation for customers and shareholders. Common values, competence building, team-work and cooperation are given systematic support in developing Nordea's human resources.

The Human Resources function

The Group function Human Resources (HR) provides specialist support and services as well as develops and maintains Groupwide policies, guidelines and procedures. A comprehensive project on HR strategy and organisation has resulted in the identification of key value drivers and improved job relationships based on decentralised business area alignment. The key-value drivers are integrated HR partner support, professional competence centres at Group level and shared administrative services.

More demanding jobs

The number of employees involved in conventional banking services continues to decline as customers handle a growing proportion of their own payments and other banking matters by means of new technology. Furthermore, internal administrative tasks are increasingly being rationalised by means of the same technology.

At the same time demands for qualified financial services are increasing in all areas, which means that new competence and specialist skills are required to an ever greater extent.

On-the-job training is the preferred and most widely used method of skills enhancement. Courses, projects, self-study programmes, experience-based exchange and in some countries e-learning are used as effective complements in areas where learning requirements are more comprehensive. The integration of learning and skills activities on the one hand and administrative processes on the other are used to implement best practice and enhance cost-effectiveness.

Executive development

A groupwide executive development programme was inaugurated during the year. The programme has been worked out in cooperation with the leading business schools in the four Nordic countries. The aims are to increase value creation through utilisation of Nordea's joint resources, contribute to the Group's Nordic integration and to widen the career opportunities of participants.

Securing the future leadership capacity of the Group is of prime importance. The audit model implemented provides follow-up on executive performance, leadership qualities and professional development. Outcomes are used to evaluate executive resources in relation to strategic demands in the short and longer term.

Training

A joint Nordic trainee programme is run to attract young academically trained talent to the Group and to offer them stimulating tasks as a basis for a future career within Nordea.

In Finland a young professionals programme has been launched to meet some of the changes associated with high levels of retirements in the next few years.

Common values

To create favourable conditions for successful integration, HR has actively participated in the planning and implementation of a groupwide business culture project ”From Words To Action”. Through manager-employee dialogues basic Nordea values and objectives have been penetrated, with the intention of creating understanding, acceptance and behavioral alignment.

Compensation systems

In Denmark the implementation of a new salary system, based on level of responsibility, job complexity and performance, was completed in 2001. Through an individual dialogue with all employees a strong connection between job content, performance, salary and competence development is achieved.

In Norway projects for performance-based pay systems for teams and individuals and preventive work to reverse increased absenteeism have also received considerable attention.

In Sweden a new model for salary discussions between employee and manager has been implemented within the SACO area.

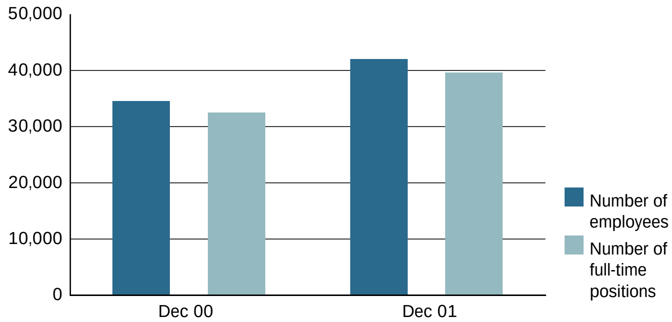
Employee attitudes

A comprehensive survey conducted throughout the Group to determine the attitudes and opinions of all employees with respect to their work situations revealed very positive general ratings. Improvements were particularly impressive in Finland. Survey outcomes for individual units are used as a basis for further improvements through cooperative efforts by managers and employees. By annual measurement the aim is to establish a positive trend of constant climate and work environment improvements. Alongside the internal survey, a study was also conducted to examine customer satisfaction.

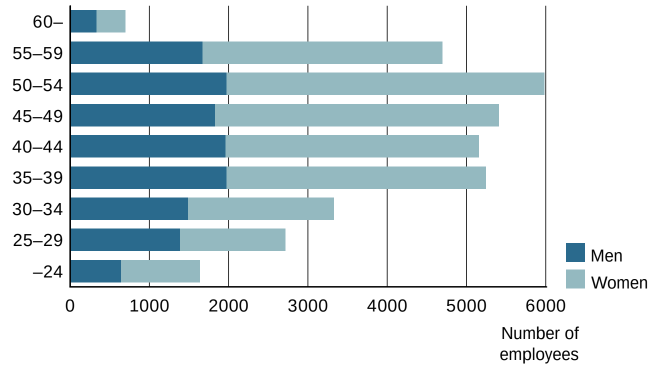
Profit-sharing system

The profit-sharing systems were continued in Denmark, Finland and Sweden and added in Norway. Early 2001 the systems were harmonised with regard to profitability goals. They are designed to reward all employees when the Group’s profits exceed fixed profitability goals. In total EUR 30m was allocated to the profit-sharing system.

Number of employees and full-time positions

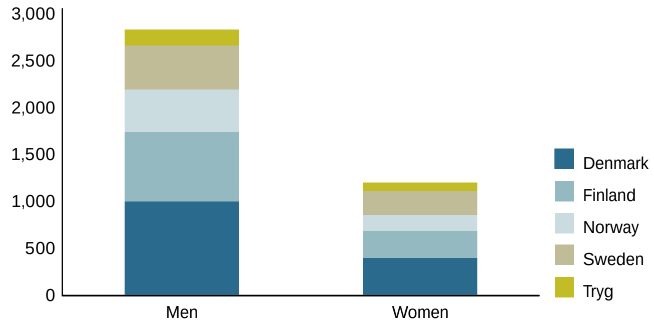


Age distribution 31 December 2001



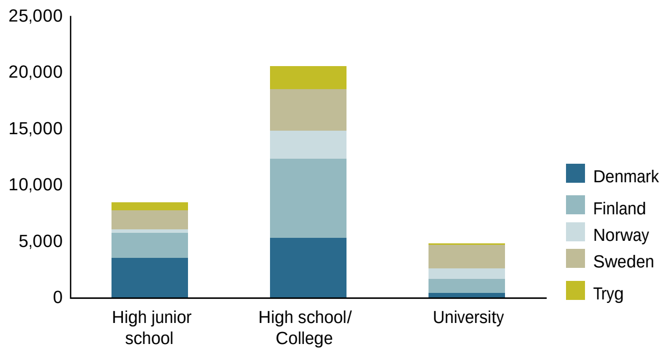
Managers in Nordea – distribution of men and women 31 December 2001

Number of managers



Nordea educational profile 31 December 2001

Number of employees



Financial structure

In 2001 total assets rose by EUR 17bn or 7.6% to EUR 242bn. However, this development was affected by currency fluctuations, particularly the weakening of the Swedish krona, which fell by 5% against the euro, the reporting currency of the Group. Adjusted for this, total assets rose by about 9%.

As regards lending to the public, the adjusted rate of increase amounted to 8.1% compared to the reported 7.4%. The corresponding figures for deposits from the public were 6.0% and 2.5%, respectively.

Assets

Lending

At the end of 2001, lending to the public amounted to EUR 138bn representing 57% of total assets or the same proportion as at the end of 2000.

Lending to credit institutions was EUR 21bn corresponding to 8.8% (9.5%) of total assets.

Interest-bearing securities

Interest-bearing securities totalled EUR 33bn at the end of the year, representing 14% (12%) of total assets.

The interest-bearing securities are marked to market. The cash acquisition of Nordea Bank Norway prompted a reclassification during the first quarter 2001 of a portfolio earlier held as financial fixed assets.

Shares and participations

The portfolio of investment shares, excluding holdings in the insurance business, totalled EUR 0.8bn at the end of 2001. Of this amount, EUR 0.7bn are classified as current assets and are valued at fair value.

The Group´s portfolio of shares and participations in subsidiaries and associated undertakings accounted for under the equity method amounted to EUR 0.5bn.

Properties

Nordea´s real estate portfolio contains properties mainly in the Nordic markets. Real estate operations are not part of the Group´s core business. Accordingly, investments are made principally in properties for the Group´s own use and for the benefit of insurance policyholders. Other properties will gradually be divested. At year-end directly owned property in the banking business amounted to EUR 1.6bn (EUR 1.8bn).

Insurance assets

Assets in the insurance business amounted to EUR 24bn, corresponding to 10% (10%) of the Group´s total assets.

Other assets

Other assets totalled EUR 23bn including EUR 3bn in assets for which the customer bears the risk. Positive valuation items relating to derivatives accounted for EUR 9bn and accrued income for EUR 2bn.

Liabilities and shareholders´equity

Deposits

Deposits from the public amounted to EUR 83bn corresponding to 34% (35%) of the Group´s total funding.

Borrowings

The funding that is required in addition to deposits and shareholders´ equity is covered primarily through issues of money market instruments, bonds and subordinated debenture loans. The Group has a number of loan programmes in different markets. At the end of the year debt securities in issue totalled EUR 72bn including subordinated debentures of EUR 6bn and other borrowings from the public of EUR 5bn. Together these borrowings accounted for 30% (29%) of total funding.

Credit institutions constitute an important source of short-term funding. At year-end loans from credit institutions amounted to EUR 30bn corresponding to 13% (13%) of total funding.

Insurance liabilities

Liabilities and provisions in the insurance business amounted to EUR 22bn or 9% (9%) of the total.

Other liabilities

Other liabilities amounted to EUR 22bn. Negative valuation items relating to derivatives accounted for EUR 8bn of this amount, while accrued expenses accounted for EUR 2bn.

Shareholders´ equity

At the beginning of the year, shareholders´ equity amounted to EUR 10.4bn after deduction of dividend approved at the Annual General Meeting in 2001. Including the net profit for the year of EUR 1.6bn and negative adjustments for own shares and translation differences of a total of EUR 0.2bn, shareholders´ equity amounted to EUR 11.8bn at year-end. Non-restricted reserves accounted for EUR 5.8bn of this amount.

Operational income statement

Key financial figures

Operational income statement

EURm	2001	2000 [1,2]	Change %
Net interest income	3,465	2,838	22
Commission income	1,397	1,454	–4
Trading	543	415	31
Income from insurance	524	451	16
Other	161	134	20
Income	**6,090**	**5,292**	**15**
Personnel expenses	–2,188	–1,829	20
Other expenses	–1,701	–1,491	14
Expenses	**–3,889**	**–3,320**	**17**
Profit before loan losses	**2,201**	**1,972**	**12**
Loan losses	–373	–79	372
Profit from companies accounted for under the equity method	95	62	53
Profit excl investment earnings	**1,923**	**1,955**	**–2**
Group Treasury	124	267	
Life insurance	–7	61	
General insurance	–13	81	
Other	48	164	
Investment earnings	**152**	**573**	
Goodwill depreciation	–147	–93	58
Operating profit	**1,928**	**2,435**	**–21**
Loss on disposal of real estate holdings	–	–40	
Refund of surplus in pension fund	–	32	
Taxes	–360	–691	
Minority interests	0	–3	
Net profit	**1,568**	**1,733**	**–10**

Ratios and key figures (see definitions page 103)

	2001	2000
Earnings per share, EUR	0.53	0.58
Share price[3], EUR	5.97	8.10
Shareholders' equity per share[3], EUR	4.00	3.74
Shares outstanding[3 4], million	2,965	2,982
Return on equity, %	13.8	16.1
Return on equity excl goodwill[5], %	19.2	19.4
Lending[3], EURbn	138	129
Deposits[3], EURbn	83	79
Shareholders' equity[3], EURbn	12	11
Total assets[3], EURbn	242	224
Assets under management[3], EURbn	105	105
Cost/income ratio, banking[6], %	58	55
Combined ratio, general insurance, %	106	110
Tier 1 capital ratio[3], %	7.3	6.8
Total capital ratio[3], %	9.1	9.4
Risk-weighted assets[3], EURbn	136	132

[1] Incl Unidanmark Q1 pro forma.
[2] Profit 2000 excl Nordea Bank Norway (formerly Christiania Bank og Kreditkasse).
[3] End of period, incl Nordea Bank Norway from Q4 2000.
[4] Average number of shares Jan – Dec 2001 after full dilution was 2,990 million.
[5] Excl goodwill depreciation and excl remaining goodwill, which has been deducted from shareholders' equity.
[6] Before loan losses and goodwill depreciation.

Quarterly development

EURm	Note	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000[3]
Net interest income		852	856	885	872	757
Commission income	**1**	363	314	359	361	368
Trading		128	131	128	156	94
Income from insurance		72	142	185	125	129
Other		37	36	52	36	36
Income		**1,452**	**1,479**	**1,609**	**1,550**	**1,384**
Personnel expenses		–562	–529	–556	–541	–478
Other expenses		–476	–410	–410	–405	–429
Expenses	**2**	**–1,038**	**–939**	**–966**	**–946**	**–907**
Profit before loan losses		**414**	**540**	**643**	**604**	**477**
Loan losses		–56	–213	–59	–45	–22
Profit from companies accounted for under the equity method		35	29	20	11	–1
Profit excl investment earnings		**393**	**356**	**604**	**570**	**454**
Group Treasury		30	1	25	68	34
Life insurance		45	–54	19	–17	–2
General insurance		43	–35	11	–32	–10
Other		–4	–5	55	2	20
Investment earnings		**114**	**–93**	**110**	**21**	**42**
Goodwill depreciation		–39	–35	–37	–36	–23
Operating profit		**468**	**228**	**677**	**555**	**473**
Refund of surplus in pension fund		–	–	–	–	8
Taxes		55	–65	–193	–157	–149
Minority interests		0	2	–1	–1	0
Net profit		**523**	**165**	**483**	**397**	**332**

Note 1

Commission income, EURm

	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000
Brokerage	76	56	60	79	68
Asset Management/Investment funds	115	104	116	113	130
Issue of securities	9	7	20	10	16
Lending	84	84	91	75	81
Deposits and payments	139	130	127	129	117
Foreign exchange	8	9	8	12	16
Other	17	6	16	20	16
Commission expenses	–79	–77	–73	–73	–74
Net commission income	369	319	365	365	370
Of which investment activities	–6	–5	–6	–4	–2
Commission income	**363**	**314**	**359**	**361**	**368**

Note 2

Expenses, EURm

	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000
Personnel[1]	567	535	560	545	482
Information technology[2]	119	104	104	95	80
Marketing	39	25	25	29	41
Postage, telephone and office expenses	68	56	63	57	67
Rents, premises and real estate expenses	90	82	91	92	89
Other	166	149	132	137	156
Expenses	1,049	951	975	955	915
Of which investment activities	–11	–12	–9	–9	–8
Expenses	**1,038**	**939**	**966**	**946**	**907**

[1] Profit related personnel expenses incl profit-sharing system were EUR 115m, in 2001 (EUR 140m).

[2] Refers to computer operations, service expenses and consulting fees. Total IT-related costs, incl personnel etc were EUR 805m, in 2001 (EUR 670m).

[3] Profit 2000 excl Nordea Bank Norway.

Comments to operational income statement

Nordea was created through cross-border mergers gradually bringing operations of four major Nordic financial institutions into one group.

The figures for 2000 exclude the operations of Nordea Bank Norway (formerly Christiania Bank), which was acquired in December 2000. The income statement includes the operations of Postgirot Bank from 1 December 2001.

Full year 2001

Operating profit for the year 2001 amounted to EUR 1,928m (EUR 2,435m in 2000). The reduction of 21% was mainly due to considerably higher investment earnings in 2000 as a result of particularly strong capital markets in that year. Adjusted for Nordea Bank Norway, operating profit was reduced by 23% from 2000 to 2001.

Profit excluding investment earnings and goodwill depreciation was at the same level as last year and amounted to EUR 1,923m (EUR 1,955m). Total income and expenses increased by 15% and 17%, respectively, primarily as a result of the acquisition of Nordea Bank Norway. Adjusted for this and the acquisition of Postgirot Bank in 2001, total income increased by 3% and expenses were unchanged.

At the end of 2001, accumulated realised merger synergies amounted to EUR 168m.

Income

Net interest income showed a relatively stable development during the year and increased by 22% to EUR 3,465m (EUR 2,838m). Reduced short-term interest rates caused downward pressure on deposit margins. Average lending margins remained largely unchanged. On aggregate this influenced net interest income negatively. However, total lending and deposits rose by 7% and 5%, respectively, and contributed to net interest growth.

Both Nordic and international stock market indexes decreased in 2001. Commission income was reduced by 4% to EUR 1,397m (EUR 1,454m), primarily as a result of lower capital markets and asset management related commissions. Commissions from payments showed a positive development during the year following an increase in number of transactions, particularly within e-banking.

Trading income amounted to EUR 543m (EUR 415m), up 31% on 2000. Stable income at a high level was experienced, mainly comprising income from foreign exchange and derivatives trading with customers.

Insurance income totalled EUR 524m (EUR 451m), which represents an increase of 16% compared to 2000. Premium income in General Insurance increased, whereas the development was stable for traditional products within Life and negative for unit-linked products. General Insurance experienced high claims during the year.

Expenses

Expenses increased by 17% to EUR 3,889m (EUR 3,320), but were unchanged when adjusted for acquisitions. A moderate cost development was achieved despite higher business activity and substantial activity related to integrating the business of the Group. During the year EUR 159m of the restructuring reserve has been utilised. The remaining reserve at the end of 2001 amounted to EUR 103m including an additional reserve of EUR 43m related to the acquisition of Postgirot Bank.

Total IT-related costs represented 21% (20%) of total expenses.

The cost / income ratio (banking) was 58% (55%). The increase was a result of considerably lower banking investment income than previous year. The cost / income ratio (banking), excluding investment income, representing the efficiency of operations more correctly, was 59% (61%) adjusted for acquisitions.

Loan losses
The slowdown in the global and Nordic economies resulted in increased loan losses amounting to EUR 373m (EUR 79m). Although considerably higher than last year's unsustainably low level, loan losses were still at a moderate level and below Nordea's maximum target level for average losses, 0.40% over a business cycle. Net losses corresponded to 0.29% (0.08%) of the total loan portfolio.

The loan losses experienced during 2001 were related to a relatively limited number of commitments. Acquisition finance was the main troubled sector in 2001 and represented approximately one third of total losses.

Investment earnings
Investment earnings were reduced to EUR 152m (EUR 573m), following the downturn in equities and fixed-income markets in 2001.

Taxes
Taxes amounted to EUR 360m (EUR 691m). The relatively low tax rate of 18.7% was primarily attributable to a loss carry forward in the former Merita Real Estate Ltd and in the parent company Nordea AB (publ), which could be utilised after positive tax rulings in combination with the change of the legal structure of the Group. It is expected that the tax charge for the Group could be reduced also in 2002 by an amount of approximately EUR 100m.

Net profit
For the full year net profit amounted to EUR 1,568m (EUR 1,733m), corresponding to EUR 0.53 (EUR 0.58) per share. Return on equity was 13.8%, or 19.2% excluding goodwill.

Financial statements

Accounting principles

The Group's Annual Report has been prepared in accordance with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies and the regulations of the Swedish Financial Supervisory Authority. Regarding non-specific provisions for loan losses, see page 102.

Loss on disposal / write-down of real estate holdings is reported as a separate item after operating profit, which is in accordance with the practice established when the former MeritaNordbanken Group was formed. This more clearly illustrates the effects of the decision in December 1998 to divest the Group's Finnish property portfolio at a more rapid pace. This accounting principle can be interpreted as an exception to the RR4 recommendation of the Swedish Financial Accounting Standards Council.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with recommendations from the Swedish Financial Accounting Standards Council and include the parent company Nordea AB (publ) (Nordea), and those companies in which the parent company has more than 50% of the voting rights. Holdings in Finnish associated undertakings that constitute mutual property companies with separate property holdings and Nordea Life Assurance I Sweden AB, which operates according to mutual principles, are not included in the consolidated financial statements.

The consolidation of Nordea Bank Finland (NBF) Group (the former Nordea Companies Finland) with Nordea has been made in accordance with the pooling method. This means in principle that the companies' assets and liabilities have been combined without any other adjustment than coordination of accounting principles, and no goodwill arises. With this exception the consolidated financial statements have been prepared in accordance with the acquisition accounting method.

The equity method of accounting is used in the case of subsidiaries that are not credit institutions, securities companies or insurance companies, or whose operations are not linked to a company in one of these categories, and in the case of associated undertakings, where the share of voting rights is between 20% and 50%.

The earnings of acquired companies are included in the consolidated income statement only for the part of the year each respective company belonged to the Group. The earnings of divested companies are not included in the consolidated income statement.

With effect from April 2000 Nordea acquired the shares in Nordea Companies Denmark (NCD) A / S (the former Unidanmark A / S). The shares of Nordea Bank Norge ASA (NBN, the former Christiania Bank og Kredit-kasse ASA) were acquired at the end of 2000 by the wholly owned subsidiary of Nordea, NBF. The activities of the NCD Group have been consolidated into the net profit as from 1 April 2000, yet with a gross consolidation into the operating profit for the whole of 2000. The activities of NBN have been consolidated as from 31 December 2000 including only the assets and liabilities at year-end. The consolidation has been prepared line by line fully for the banking subgroup and more simplified for the insurance subgroup.

The consolidated financial statements have been prepared in euro (EUR). The current method is used when translating the financial statements of subsidiaries into euro. This means that the assets and liabilities of subsidiaries have been translated at the year-end exchange rate, while items in income statements have been translated at the average exchange rate for the year. Translation differences are charged or credited directly to the shareholders' equity of the Group.

Reporting of business transactions

Business transactions are reported at the time that risks and rewards are transferred between the parties. This means that trade date accounting is applied for transactions in the money and bond markets, and in the stock market and currency market. Deposit and lending transactions, including repurchase agreements, are reported on the settlement date.

Assets and liabilities are in most cases reported in gross amounts. The netting of assets and liabilities is used, however, if a statutory right to offset the commitments exists and settlement occurs simultaneously.

Receivables and payables arising from the sale and purchase of securities are also reported net in those cases where the transaction is settled through a clearing house.

Leasing

The Group's leasing operations mainly comprise financial leasing. In reporting financial leasing transactions, the leasing item is reported as lending to the lessee. Lease payments net of depreciation are reported as interest income.

Repos and other repurchase agreements

A genuine repurchase transaction is defined as an agreement covering both the sale of an asset, usually interest-bearing securities, and the subsequent repurchase of the asset at an agreed price. Such agreements are reported as loan transactions rather than influencing securities holdings. The assets are reported in the balance sheet of the transferring party and the purchase price received is posted as a liability (repo). The receiving party reports the payment as a receivable due from the transferring party (reverse repo). The difference between the purchase consideration in the spot market and the futures market is accrued over the term of the agreement. Assets transferred in repurchase transactions are reported under the item Assets pledged for own liabilities.

Financial fixed assets / current assets

Loan receivables and securities holdings for which there is an intent and ability to hold until maturity constitute financial fixed assets. All of Nordea's loan receivables are in this category. They are reported in the balance sheet at their acquisition value after deduction for incurred and possible loan losses and provision for country risks. See also the section on problem loans and loan losses.

Securities which are classified as financial fixed assets include shares held for strategic business purposes as well as certain interest-bearing securities which are specified from the date of acquisition and managed in a separate portfolio. These securities are carried at acquisition value / amortised cost after consideration of any permanent dimunitions in fair value. Reclassification of securities between financial fixed assets and financial current assets is allowed only in limited circumstances. If such reclassifications are made, the effect on earnings is disclosed in the notes to the financial statements.

Other securities are reported as financial current assets. All securities and derivatives which are actively managed are valued at fair value, with the exception of financial instruments which have been accounted for as a hedge. (See "Hedge accounting" below.) This category includes almost all interest-bearing securities as well as equity securities included in trading operations.

The acquisition value of interest rate instruments is calculated as the present value of future payment flows discounted on the basis of the effective acquisition rate, that is the interest rate at which the instrument was acquired. The accrued acquisition value changes successively so that it is equal to the instrument's nominal value on the maturity date. Thus any premium or discount is amortised or accreted into interest income over the remaining term of the instrument. The acquisition value of debt securities in issue is calculated in the same manner.

The calculation of the accrued acquisition value has, however, not been achieved with regard to the interest-bearing securities managed by NBD. To a limited extent this has affected the classification of income items such as interest and net result from financial operations. The distinction between realised and unrealised gains has also been affected.

Interest income and interest expenses related to interest rate swaps not accounted for as hedges are reported under the item Net result from financial operations.

Derivative instruments with positive fair value are reported in the balance sheet as Other assets, while derivatives with negative fair value are reported as Other liabilities. Accrued interest income and expenses pertaining to interest rate swaps which are accounted for as hedges are also reported as Other assets or Other liabilities.

Immediate profit/loss recognition in connection with early debt redemption

The Group applies immediate recognition of income gains and losses in connection with early redemption of debt, that is purchase of its own securities. These realised income items – the difference between replacement cost and the book value of the debt redeemed – reflect price changes that have already occurred in the market. The results are reported separately in the item Net result from financial operations.

A subsequent sale of acquired bonds is treated as though the bonds had been newly issued. Debt redemption is reported only in the consolidated financial statements, and is not applied to trading or hedging transactions. The immediate income recognition has the effect of eliminating future amortisation in net interest income of the difference between the nominal and acquisition value of the asset and liability items in question.

Hedge accounting

Deferral hedge accounting is applied to hedge holdings of financial instruments which are not valued at fair value. The hedging and hedged positions are reported without taking into account changes in values provided that changes in fair value for the hedging and the hedged positions essentially offset each other in terms of the amounts involved. If additional unrealised losses arise, they are reported immediately in the balance sheet and the income statement.

Translation of assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate, corresponding to the average of official buying and selling rates. The parent company's foreign currency liabilities that are related to the hedging of shares in subsidiaries are valued at the historical rate of exchange in the parent company. Forward positions in foreign currencies are valued at the current rate for forward contracts with the equivalent remaining maturity.

When currency-related derivative instruments are used for currency hedging, the currency hedging and the corresponding protected item are translated at the year-end rate.

Reporting of problem loans and property taken over for protection of claims

The notes to the balance sheet provide an overview of the extent of problem loans, that is, loans with interest deferments, defaulted loans and assets taken over for the protection of claims. The following paragraphs define these concepts and state what special accounting rules apply in each case.

Loans with interest deferments refer to the cases where interest rates have been lowered after renegotiation to enable borrowers in temporary payment difficulties to improve their situation. Concessions are normally granted on the condition that the borrower will repay the deferred amount at a later date. The reported volumes refer to loans on which the interest rate has been lowered to less than the market level, which in this context means equal to or lower than the prevailing cost of financing. Loans with negotiated interest deferments are not classified as non-performing.

A receivable is classified as defaulted if the interest, principal or utilised overdraft is more than 60 days overdue or if other circumstances give rise to uncertainty as to repayment of the receivable and if at the same time the value of the collateral does not cover, by an adequate margin, the amount of the principal and accrued interest.

When a receivable is classified as defaulted, it is transferred to cash-based interest accounting. Accrued interest income is thus no longer included in earnings, and amounts related to earlier accruals are reversed. Accrued interest carried over from the previous year is reported as a loan loss.

The Group may take over pledged property to protect claims or may receive property as payment for claims. This property must be divested as soon as possible, and not later than the date when this can take place without loss to the Group.

Property taken over is specified in a note to the balance sheet. These assets are valued at the lower of cost and fair value. In the case of real estate that has been taken over, the fair value consists of a conservatively appraised market value less selling costs.

Loan losses

Receivables are reported in the balance sheet after subtracting incurred and possible loan losses as well as provisions for country risks.

Incurred losses (charge-offs) are those losses the amount of which is regarded as finally established or highly probable because a bankruptcy administrator has provided an estimate of the percentage of assets to be distributed, creditors have accepted a composition proposal, or claims have otherwise been modified.

Provision for a possible loan loss is made if the value of the collateral does not cover the amount of a defaulted receivable and the repayment capacity of the borrower is not expected to improve sufficiently within two years. The receivable is written down to the amount that the Group is expected to recover, considering the value of the collateral. If the collateral is an asset with a market quotation, valuation is based on the quoted value, otherwise on the estimated market value. If the collateral consists of property mortgages, the underlying property value is appraised using the same methods as for property taken over for protection of claims.

Provisions for loan and losses are established by specific assessments with the following exceptions.

- For the different categories of consumer loans, the necessary loss provision is calculated by means of collective valuations based on historical loss trends for homogenous categories of loans (home mortgage loans, other secured loans, salary account loans and other unsecured loans).

- Through the acquisition of Nordea Bank Norge a general provision for loan losses was introduced. This provision, which refers to loans not yet identified as defaulted, has been maintained as it is in line with current development of accounting principles and with principles compulsory for financial year 2002. At the end of 2001 this general provision amounted to EUR 199m. In addition to that EUR 36m remains from a general provision made in the third quarter 2001.

- Provisions for loan losses related to country risks are made on the basis of country risk estimates presented by The Economist Intelligence Unit, London (EIU) and the Group's outstanding net claim against counterparties in each country.

Provisions for loss risks on loan guarantees outstanding are reported under Provisions in the balance sheet. In estimating the costs to redeem extended guarantees, the value of existing recourse rights is taken into account.

Intangible and tangible fixed assets
These assets are reported at their acquisition value less depreciation according to plan. The depreciation according to plan takes into account the estimated life of the asset. If it is deemed likely that the fair value will consistently be less than the book value, the value is written down as required.

Goodwill
Due to its fundamental and strategic background goodwill arising in 2000 on the acquisition of NCD and NBN is amortised over 20 years. Other goodwill is amortised over 5 or 10 years.

Equipment
Equipment is depreciated on a straight-line basis. Software acquired as an integrated part of the equipment is depreciated as a part of the equipment. Other software is expensed in the year of acquisition.

Buildings
Buildings (except buildings concerning the insurance activities) are depreciated on a straight-line basis over a maximum period of 75 years. Depreciation of excess values of buildings is calculated at varying percentage rates, based on the remaining depreciation period for the building in question.

Own shares
Own shares are not accounted for as an asset.

Pension costs
The operating profit includes pension costs, which comprise premiums and fees to insurance companies and pension funds which have assumed part of the Group's pension commitments, and actuarial pension costs in respect of that part of the commitments which is guaranteed by a pension foundation. In the item Pension adjustments the actuarial pension costs are reversed, and pension benefits paid are recognised together with any contributions made to or received from pension foundations.

Taxation
Tax on the year's taxable income and the movements in provisions for deferred tax (including tax assets) are charged to the income statement. The tax is calculated per country using the local rules and tax rates.

Insurance activities

Income and expenses
General insurance premiums are stated on an accrual basis according to the period of coverage of the policy. Life insurance premiums represent regular premiums and single premiums due for the year.

In general insurance operations technical interest transferred from the investment activities represents a calculated return on the technical provisions. The interest rate applied is the year's average yield on bonds with a term to maturity of less than three years.

In life insurance, investment return transferred from the investment activities represents the policyholders' share of the total investment return.

General insurance claims incurred represent claims paid during the year adjusted for changes in outstanding claims provisions plus run-off results relating to prior years.

Expenses relating to acquiring and renewing the insurance portfolio are charged to the income statement at the time of writing the business. Administration expenses, including salaries, taxes etc, are stated on an accrual basis to match the financial year.

Investments
In general, investments are marked to market. In traditional life insurance (involving investments in respect of which the policyholders do not bear the investment risk) in Denmark and Norway, bonds and other interest-bearing securities are stated at cost adjusted for value changes in line with reductions in time to maturity (mathematical value) and in traditional life insurance in Finland, all investments are stated at cost.

Technical provisions
Technical provisions in general insurance represent amounts to cover claims incurred but not settled at the end of the year. Outstanding claims provisions are calculated on the basis of information available at the balance sheet date concerning the extent of the losses plus an amount based on past experience to cover claims incurred but not reported.

Equalisation provisions in general insurance are calculated statistically and represent amounts provided to cover future claims in areas where experience has shown that claims vary from year to year.

Technical provisions in life insurance are calculated by the chief actuary. The provisions cover all liabilities in respect of the life insurance portfolio, including bonuses, which have been allocated to the policyholders.

Bonus equalisation provisions represent amounts provided in the life insurance companies to equalise future bonus payments.

Technical provisions for life insurance policies for which policyholders bear the investment risk represent life insurance provisions relating to unit-linked policies written without an investment guarantee.

Business definitions

These definitions apply to the descriptions in the Annual Report, including the pro forma information.

Capital base
The capital base includes the sum of tier 1 capital and supplementary capital consisting of subordinated loans, after deduction of eg the book value of shares in wholly owned insurance companies. Insurance companies have separate capital requirements.

Tier 1 capital
That portion of the capital base, which includes consolidated shareholders' equity excluding insurance companies, the percentage of equity in untaxed reserves, reduced by goodwill from non-insurance companies. Subsequent to the approval of the supervisory authorities, tier 1 capital also includes qualified forms of subordinated loans (tier 1 capital contributions and hybrid capital loans).

Risk-weighted amounts
Total assets and off-balance-sheet items excluding assets in insurance companies or shares deducted from the capital base valued on the basis of credit and market risks in accordance with regulations governing capital adequacy.

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

Total capital ratio
Capital base as a percentage of risk-weighted amounts.

Return on equity
Net profit before minority interests as a percentage of average shareholders' equity. Average shareholders' equity includes minority interests. Equity capital is adjusted for new share issues and dividends.

Abbreviation	Definition
AGM	Annual General Meeting
CPI	Consumer Price Index
CRU	Customer Responsible Units
ECB	European Central Bank
EGM	Extraordinary General Meeting
EIU	Economist Intelligence Unit
EMU	European Monetary Union
GDP	Gross Domestic Product
IPS	Individual Pension Savings
IRT	Investment and Risk Trading
M&A	Mergers & Acquisitions
OTC	Over-the-counter
PRU	Product Responsible Units
TSR	Total Shareholder Return

Earnings per share
Net profit divided by the number of shares after full dilution.

Shareholders' equity per share
Shareholders' equity as shown in the balance sheet including capital increase after full dilution divided by the number of shares after full dilution.

Cost/income ratio, banking
Operating expenses before loan losses goodwill as a percentage of operating income and share of profit/loss from companies accounted for under the equity method. Income and expenses in insurance activities are excluded.

Combined ratio, general insurance
Claims and expenses as a percentage of earned premiums, net of reinsurance. Change in equalisation provision is not included in claims.

Exchange rates applied

EUR 1 = SEK	2001	2000
Income statement (average)	9.2684	8.4631
Balance sheet (at end of period)	9.3012	8.8313

EUR 1 = DKK		
Income statement (average)	7.4515	7.4532
Balance sheet (at end of period)	7.4365	7.4631

EUR 1 = NOK		
Income statement (average)	8.0516	na
Balance sheet (at end of period)	7.9515	8.2335

EUR 1 = FIM		
Fixed rate	5.94573	5.94573

The Nordea Group
Income statement

	Note	EURm 2001	EURm 2000
Operating income			
Interest income	1	11,308	9,676
Interest expenses	1	–7,620	–6,578
Net interest income	1	3,688	3,098
Dividends received	2	49	128
Net commission income	3	1,453	1,464
Net result from financial operations	4	349	383
Other income	5	250	213
Total operating income		**5,789**	**5,286**
Operating expenses			
General administrative expenses			
Personnel expenses	6	–1,912	–1,582
Other administrative expenses	7	–1,341	–1,159
Depreciation and write-down of tangible and intangible fixed assets	8	–290	–210
Total operating expenses		**–3,543**	**–2,951**
Profit before loan losses		**2,246**	**2,335**
Loan losses, net	9	–362	–68
Change in value of property taken over for protection of claims	10	–11	–11
Profit from companies accounted for under the equity method	11	95	60
Operating profit, banking		**1,968**	**2,316**
Operating profit, insurance	**12**	**–67**	**94**
Operating profit		**1,901**	**2,410**
Loss on disposal / write-down of real estate holdings		–	–40
Pension adjustments	13	27	57
Taxes	14	–360	–691
Minority interests		0	–3
Net profit from Unidanmark for Q1 2000		–	–180
Net profit for the year		**1,568**	**1,553**
Earnings per share, EUR		0.53	0.58

Balance sheet

	Note	EURm 31 Dec 2001	EURm 31 Dec 2000
Assets			
Cash and balances at central banks	15	3,039	2,341
Treasury bills and other eligible bills	16	7,894	4,173
Loans and advances to credit institutions	17	21,370	21,344
Lending	18	137,570	128,617
Bonds and other interest-bearing securities	21	25,387	23,769
Shares and participations	23	824	932
Investments, customers bearing the risk	24	3,359	3,737
Shares in associated undertakings	25	458	420
Shares in group undertakings	26	20	35
Intangible assets	27	2,551	2,522
Tangible assets	28	1,986	2,153
Prepaid expenses and accrued income	29	2,002	2,571
Other assets, banking	30	11,449	9,869
Assets, insurance	31		
– Investments		19,283	18,099
– Investments, policyholders bearing the risk		2,856	2,769
– Other assets		1,501	1,113
Total assets		**241,549**	**224,464**
Assets pledged for own liabilities	32	10,839	7,574
Liabilities and shareholders' equity			
Loans from credit institutions	33	30,243	28,809
Deposits	34	83,158	78,879
Other borrowings from the public	35	4,686	1,932
Debt securities in issue	36	61,175	56,409
Other liabilities, banking	37	18,945	16,022
Liabilities, insurance	31		
– Subordinated liabilities		259	175
– Technical provisions		18,453	16,914
– Technical provisions, policyholders bearing the investment risk		2,856	2,769
– Other liabilities		737	936
Accrued expenses and prepaid income	38	2,035	2,747
Provisions	39	1,219	1,166
Subordinated liabilities	40	5,927	6,545
Minority interests		37	56
Total liabilities		**229,730**	**213,359**
Shareholders' equity	**41**		
Share capital		1,182	1,182
Share premium account		4,271	4,269
Other restricted reserves		598	700
Unrestricted reserves		4,200	3,401
Net profit for the year		1,568	1,553
Total shareholders' equity		**11,819**	**11,105**
Total liabilities and shareholders' equity		**241,549**	**224,464**
Contingent liabilities	42	14,695	10,162
Commitments	43	901,812	526,143

Other notes

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Total holdings of interest-bearing securities	22
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Cash flow statement

	EURm Jan–Dec 2001	EURm Jan–Dec 2000
Net cash inflow / outflow from operating activities before changes in ordinary business assets and liabilities	1,787	2,492
Changes in ordinary business assets and liabilities	–6,503	–33,089
Net cash inflow / outflow from operating activities	–4,716	–30,597
Net cash inflow / outflow from capital expenditure and financial investments	3,933	–1,892
Net cash inflow / outflow from financing	3,275	34,768
Increase / decrease in cash [1]	2,492	2,279
Cash and cash equivalents at beginning of period	5,831	3,552
Cash and cash equivalents at end of period	8,323	5,831

[1] Of which

Acquisition of Postgirot Bank AB	–449	–
Increase/decrease in cash	1	–
Acquisition of Nordea Bank Norge ASA	–	–3,326
Increase/decrease in cash	–	4,043
Acquisition of Nordea Bank Danmark A/S, paid in cash	–	–71

Notes to the financial statements

Note 1:

Interest income and interest expenses

	EURm 2001	EURm 2000
Interest income		
Loans and advances to credit institutions	1,004	1,687
Lending	8,674	6,681
Interest-bearing securities		
Current assets	1,359	857
Financial fixed assets	141	350
Other	130	101
Total interest income	**11,308**	**9,676**
Interest expenses		
Deposits by credit institutions	1,328	1,802
Deposits	2,851	1,677
Debt securities in issue	2,916	2,731
Subordinated liabilities	348	344
Other	177	24
Total interest expenses	**7,620**	**6,578**
Net interest income	**3,688**	**3,098**

Average interest rate on loans/deposits

	2001	2000
Lending		
Average volume	132,008	108,548
Average interest, %	6.6	6.2
Deposits and other borrowings from the public		
Average volume	81,867	68,436
Average interest, %	3.5	2.5

Average balance, Group

	2001		2000	
	EURm	Interest %	EURm	Interest %
Assets, banking				
Loans and advances to credit institutions	23,668	4.2	22,508	7.5
Lending	132,008	6.6	108,548	6.2
Interest-bearing securities	30,783	4.9	25,654	4.7
Other interest-bearing assets	9,552	1.4	4,374	2.3
Total interest-bearing assets	196,011	5.8	161,084	6.0
Non-interest-bearing assets	13,746	–	15,731	–
Total assets, banking	**209,757**	**5.4**	**176,815**	**5.5**
Liabilities, banking and shareholders' equity				
Deposits by credit institutions	32,469	4.1	27,609	6.5
Deposits and other borrowings from the public	81,867	3.5	68,436	2.5
Debt securities in issue	57,879	5.0	47,739	5.7
Subordinated liabilities	6,499	5.4	5,097	6.7
Other interest-bearing liabilities	8,699	2.0	3,829	0.6
Total interest-bearing liabilities	187,413	4.1	152,710	4.3
Non-interest-bearing liabilities	11,012	–	12,944	–
Total liabilities, banking	**198,425**	**3.8**	**165,654**	**3.9**
Shareholders' equity	11,332		11,161	
Total liabilities, banking and shareholders' equity	**209,757**	**3.6**	**176,815**	**3.7**
Overall interest margin, %		**1.8**		**1.8**

Note 2:

Dividends received

	EURm 2001	EURm 2000
Shares and participations	49	128[1]
Total	**49**	**128**

[1] Including dividends from Svensk Exportkredit EUR 38m and from CBK EUR 20m.

Note 3:

Net commission income

	EURm 2001	EURm 2000
Commission income		
Securities	765	883
Lending	334	288
Deposits and payments	525	432
Other commission income	131	125
Total commission income	**1,755**	**1,728**
Commission expenses		
Payment transmission	154	121
Securities	76	76
Other commission expenses	72	67
Total commission expenses	**302**	**264**
Net commission income	**1,453**	**1,464**

Note 4:

Net result from financial operations

	EURm 2001	EURm 2000
Realised gains/losses		
Shares / participations and other share-related instruments	17	167
Interest-bearing securities and other interest-related instruments	71	–66
Debt redemption	–	–
	88	101
Unrealised gains/losses		
Shares / participations and other share-related instruments	42	–18
Interest-bearing securities and other interest-related instruments	35	121
	77	103
Other	2	5
Foreign exchange gains / losses	182	174
Total	**349**[1]	**383**

[1] Including gain of reclassification of financial fixed assets EUR 68m in Q1 2001.

Note 5:

Other income

	EURm 2001	EURm 2000
Divestment of shares and participations	63	45
Divestment of property	25	17
Operating net income from property taken over for protection of claims	0	1
Income from property	74	87
Other	88	63
Total	**250**	**213**

Note 6:

Personnel expenses

	EURm 2001	EURm 2000
Salaries and remuneration (specification below)	1,408	1,165
Pension costs (specification below)	183	143
Social insurance contributions	223	176
Allocation to profit-sharing foundation	19	45
Other personnel expenses	79	53
Total	**1,912**	**1,582**
Salaries and remuneration:		
To Boards of Directors and senior executives	4	6
To other employees	1,404	1,159
Total	**1,408**	**1,165**
Pension costs:		
Actuarial pension costs	23	15
Pension premiums	160	128
Total	**183**	**143**

Actuarial pension costs include an increment for special wage tax. Actual tax paid is reported among appropriations, under the item ”Pension adjustments”.

The total pension costs for the year with regard to Board members and Group Executive Management amounted to EUR 4.3m. Total pension obligations regarding the above amount to EUR 11.9m.

Remuneration to Board of Directors

Vesa Vainio, Chairman of the Board of Directors, received a fee of EUR 175,504. For work within the Nordea Group Vesa Vainio received remuneration amounting to EUR 615,334. Moreover, he had a car benefit and for part of the year a housing benefit. In respect of his former function as CEO of Merita, there is a pension obligation. Vesa Vainio is entitled to a pension amounting to 60% of the pensionable salary for his lifetime.

Hans Dalborg, Vice Chairman, received a fee of EUR 65,427 for the period of June 1 to December 31, 2001. As employed by the Group until May 31, he received his monthly pensionable salary for the first five months until retirement, altogether EUR 307,496. In addition EUR 381,690 was paid out referring to performance-based salary for the year 2000 and final settlement of accumulated holiday pay. He also had a car and housing benefits for the first five months of 2001. In respect of his former function as CEO of Nordea he is entitled to a pension equal to 75% of his pensionable salary from the age of 60 to 65 and thereafter a maximum of 65% of 130 base amounts (in Sweden) and 32.5% of the remaining part of pensionable salary.

Other Board memebers not employed by Nordea each received EUR 35,000 as a fixed fee. The Board members also received fees for Board and Committee meetings. The total remuneration to Board members was EUR 585,567.

There are no commitments for severance pay, pension or similar compensation to the members of the Board who are not employed by Nordea.

Remuneration to Group Executive Management

The salary terms for the Group CEO are determined by the Human Resources Committee and approved by the Board of Directors. The salary terms for other members of Group Executive Management are determined by the Group CEO following consultation with the Human Resources Committee.

The Group CEO (President of Nordea) during 2001, Thorleif Krarup, was paid a salary of EUR 861,571 and in addition, a final settlement of accumulated holiday pay of EUR 51,471. He also had car and housing benefits. No performance based salary pertaining to 2000 were paid. Performance-based salary can be a maximum of 15% of the basic salary. Synthetic shares allocated to the CEO amounted to 650,000.

Salaries totalling EUR 3.2m, of which EUR 0.6m was performance-based salary pertaining to 2000, were paid to the other members of Group Executive Management. Performance-based salary can be a maximum of 35% of the basic salary. These executives had car and, in some cases, housing benefits. Each member of the Group Executive Management has been allocated 350,000 in synthetic shares.

In accordance with their employment contracts, Finnish, Norwegian and Swedish executives are entitled to 6 months' salary during the notice period before termination, and with regard to severance pay, this may not total more than 18 months' salary and must be reduced by the salary amount that the executive receives as a result of any other employment during the last 18 months. For the Danish executives the notice pay is 12 months and the severance pay is 12 months if they are not employed in competing firms.

In the case of early termination of the service agreement the present Group CEO, Thorleif Krarup, is entitled to 12 months' salary during the notice period and the severance period is 24 months. He has a pension obligation at the age of 62 and is entitled to a pension amounting to 60% of the pensionable salary for his lifetime. In accordance with his service agreement he can retire at the age of 55 with a remuneration of 65% of the salary from the age of 55 to the age of 62.

Finnish, Norwegian and Swedish executives are entitled to retire with a pension at the age of 60 and Danish executives at the age of 62. For Swedish members of Group Executive Management, a pension amounting to 70% of the pensionable income is paid up to age 65. Thereafter pension is paid in accordance with the occupational pension plan. The Finnish members of Group Executive Management receive 60% of their pensionable income for their lifetime. Other Danish Group Executive Management members receive 50% of the salary for their lifetime and Norwegian members of Group Executive Management receive 70% of the salary for their lifetime.

Loans to Board and Group Executive Management members

Loans to Group Management and Board members amounted to EUR 1.7m (EUR 2.2m) at the end of the year.

Synthetic share programme

In 2000 the Board decided to introduce an incentive programme for around 300 members of the Group's top management. The programme does not dilute existing shares.

The programme is a two-year synthetic share programme tied to Total Shareholder Return (TSR) starting 1 January 2001. The annual TSR growth has to be more than 7.2% to give any return for managers included. During 2001 TSR amounted to –19.8%. A maximum bonus of two annual salaries can be achieved at a total TSR growth of 30% per annum. The maximum total cost amounts to approximately EUR 80m plus social costs. In order to hedge this programme Nordea has repurchased 17,000,000 own shares (see page 15).

Average number of employees in the Group

Full-time equivalents	2001	2000
Denmark	12,305	12,733 [1]
Finland	11,029	11,764
Norway	6,428	. .
Sweden	6,930	7,196
Poland and Baltic countries	863	525
Total average	**37,555**	**32,218**
Of whom,		
women	23,772	20,507
men	13,783	11,711
Of whom: outside Sweden	30,625	24,784
Total, end of period, (2000 including Nordea Bank Norge)	42,017	39,068

The information on distribution of personnel and salaries by country stipulated in the Annual Accounts Act for Financial Institutions and Securities Companies is not included in this printed Annual Report. It may be obtained upon request from Group Staff Accounting and Control.

[1] Denmark includes all employees in former Unidanmark Group.

Note 7:

Other administrative expenses

	EURm 2001	EURm 2000
Information technology [1]	378	239
Marketing	101	93
Postage and telephone	120	114
Other administrative expenses [2]	323	303
Compensation to Sweden Post	39	86
Rents	167	153
Real estate expenses	118	81
Sundry expenses	95	90
Total	**1,341**	**1,159**

[1] Refers to computer operations, service and maintenance expenses and consultant fees. Total IT cost amounted to EUR 805m (EUR 670m).

[2] Including fees and remuneration to auditors with distribution as follows.

	EURm 2001	EURm 2000
KPMG		
Auditing assignments	2	2
Other assignments	2	2
PriceWaterhouseCoopers		
Auditing assignments	1	0
Other assignments	1	0
Deloitte & Touche		
Auditing assignments	0	0
Other assignments	1	1
Total	**7**	**5**

Note 8:

Depreciation and write-down of tangible and intangible fixed assets

	EURm 2001	EURm 2000
Tangible fixed assets		
Furniture, fixtures and equipment	140	125
Buildings	29	19
Intangible fixed assets		
Group goodwill		
Nordea Bank Danmark A/S	27	27
Nordea Bank Norge ASA	62	–
Postgirot Bank AB (publ)	2	–
Kansallisbank	13	13
Insurance companies	32	31
Other group goodwill	11	22
Goodwill depreciation, total	147	93
Other intangible assets	7	7
Total depreciation	323	244
- of which goodwill in insurance activities	–32	–31
- of which goodwill in profit from companies accounted for under the equity method	–1	–3
Total	**290**	**210**

Note 9:

Loan losses, net

	EURm 2001	EURm 2000
Lending		
Write-downs	1,015	652
Recoveries	–653	–584
Total	**362**	**68**
Specifications		
Individually appraised receivables		
Losses incurred during the year	532	751
Amount of previous provisions used during the year	–448	–701
The year's provisions for possible loan losses	845	567
Recovery of previously incurred losses	–108	–82
Reversal of previous provisions	–489	–437
The year's costs for individually appraised receivables, net	332	98
Receivables appraised by category		
Write-downs on losses incurred	17	19
Recovery of previously incurred losses	–15	–14
Reversal / provision for possible loan losses	14	–18
The year's costs for receivables appraised by category, net	16	–13
Country risks		
Provision / reversal, country risk	12	–18
Contingent liabilities		
The year's net cost for redemption of guarantees and other contingent liabilities	2	1
Total	**362**	**68**

Note 10:

Change in value of property taken over for protection of claims

	EURm 2001	EURm 2000
Realised change in value		
Property taken over	6	0
Other property taken over	5	–
	11	0
Unrealised change in value		
Property taken over	0	0
Other property taken over	0	11
	0	11
Total	**11**	**11**

Note 11:

Profit from companies accounted for under the equity method

	EURm 2001	EURm 2000
Group undertakings	6	10
Associated undertakings	89	50
Total	**95**	**60**

Note 12:

Operating profit, insurance

	EURm 2001	EURm 2000
General Insurance		
Earned premiums, net of reinsurance	1,520	1,364
Technical interest	111	117
Claims incurred, net of reinsurance	–1,241	–1,140
Insurance operating expenses, net of reinsurance	–395	–370
Technical result	–5	–29
Investment activities		
Interest etc	134	143
Realised and unrealised investment gains	–18	68
Investment expenses	–9	–6
Technical interest transferred to insurance activities	–120	–123
Total profit on investment activities	–13	82
Profit before tax, General Insurance	**–18**	**53**
Life Insurance and Pensions		
Premiums written, net of reinsurance	2,511	2,755
Investment return	–190	779
Claims incurred and benefits paid and change in provisions	–3,238	–3,079
Change in bonus equalisation provisions	1,053	–341
Insurance operating expenses, net of reinsurance	–146	–102
Technical result	–10	12
Investment activities		
Interest etc	849	692
Realised and unrealised investments gains	–1,134	244
Investment expenses	–19	–11
Pension return tax etc	105	–83
Investment return transferred to insurance activities	192	–781
Total profit on investment activities	–7	61
Profit before tax, Life Insurance and Pensions	**–17**	**73**
Operating profit before group adjustments	**–35**	**126**
Group adjustments (goodwill depreciation)	–32	–32
Operating profit, insurance	**–67**	**94**

Note 13:

Pension adjustments

	EURm 2001	EURm 2000
Actuarial pension costs	23	15
Pension benefits paid	–30	–32
Allocations / compensation	34	74
Special wage tax	–	–
Miscellaneous	–	–
Total	**27**	**57**

Note 14:

Tax on profit for the year

	EURm 2001	EURm 2000
Income tax [1]	445	470
Deferred tax [3]	–85	221
Total [2]	**360**	**691**

[1] Of which income tax expense pertaining to prior years	–135	–1
Associated undertakings.	31	9

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

Profit before tax	1,928	2,427
Tax calculated at a tax rate of 28% (28%)	540	680
Effect of different rates in other countries	38	25
Income not subject to tax rate	–7	–46
Expenses not deductible for tax purposes	41	28
Tax expenses due to previous years	–135	7
Income tax due to previously not accounted tax assets	–117	–3
Tax charge	360	691

Deferred taxes

Change in deferred taxes		
Deferred tax expense due to temporary differences	32	224
Deferred income tax due to change of tax rate	–	–
Deferred income tax due to previously not accounted tax assets	–117	–3
Tax on profit for the year, net	–85	221
Deferred tax assets		
Deferred tax assets due to loss carry-forward	83	26
Deferred tax assets due to intragroup profits	1	1
Other deferred tax assets due to temporary differences	249	107
Total (note 30, other assets)	333	134
Deferred tax liabilities		
Deferred tax liabilities on untaxed reserves	610	567
Other deferred tax liabilities due to temporary differences	85	61
Deferred tax liabilities due to unrealised gains	11	5
Total (note 39, provisions)	706	633
Deferred tax liabilities , net	373	499
Change during the year	–126	255
of which		
Translation differences	–21	–13
Acquisitions and others	–20	47
Tax on profit for the year	–85	221

Deferred tax concerning shares in subsidiaries has not been recorded while those are not going to be sold / disposed.

Note 15:

Cash and balances at central banks

Current assets

This item includes cash and balances at the central banks of Denmark, Finland, Norway and Sweden available on demand.

Note 16:

Treasury bills and other eligible bills

		EURm 2001	EURm 2000
Current assets			
Eligible government securities		5,796	1,599
Other eligible securities		1,825	1,142
Financial fixed assets			
Eligible government securities		273	1,432
Total		**7,894**	**4,173**
Maturity information			
Remaining maturity (book value)			
Maximum	1 year	6,879	3,167
	1-5 years	799	729
	5-10 years	197	252
More than	10 years	19	25
Total		7,894	4,173
Average remaining maturity, years		0.5	1.2

Information on issuer category is provided in note 22.

Note 17:

Loans and advances to credit institutions

		EURm 2001	EURm 2000
Financial fixed assets			
Central bank		385	326
Other Swedish banks		2,337	891
Foreign banks		18,397	19,899
Other credit institutions		251	228
Total		**21,370**	**21,344**
Maturity information			
Remaining maturity (book value)			
Maximum	3 months	10,296	16,580
	3 months–1 year	7,276	1,528
	1–5 years	3,640	1,431
More than	5 years	158	1,805
Total		21,370	21,344
Average remaining maturity, years		0.2	0.9

Note 18:

Lending

		EURm 2001	EURm 2000
Financial fixed assets		137,570	128,617
Total		**137,570**	**128,617**
Financial leasing agreements, gross investments		4,661	2,860
Financial income not accrued		651	460
Maturity information			
Remaining maturity (book value)			
Maximum	3 months	49,064	32,468
	3 months–1 year	11,569	14,877
	1 –5 years	40,025	40,444
More than	5 years	36,912	40,828
Total		137,570	128,617
Average remaining maturity, years		4.4	3.3

Note 19:

Problem loans

	EURm 2001	EURm 2000
Non-performing loans with interest reported on an accrual basis [1]	28	78
Defaulted loans, gross, with interest reported on a cash basis	3,086	3,053
Provisions for defaulted loans	–2,259 [2]	–2,256
Defaulted loans, net	827	797
Loans with interest deferments	28	29
Problem loans, total	**855**	**826**
Provision for country risks	155	143
Receivables covered by the country risk provision	2,140	1,723
Less provision for country risks	–113	–113
Net	2,027	1,610
Country risk provision related to guarantees reported as provisions (note 39)	42	30

[1] Refers to non-performing loans on which the value of collateral covers the outstanding principal and accrued interest by an adequate margin.

[2] Of wich general provisions EUR 235m.

Note 20:

Property taken over for protection of claims

	EURm 2001	EURm 2000
Current assets		
Book value / market value		
Shares and participations	35	11
Land and buildings (specified below)	13	18
Other	1	1
Total	**49**	**30**
Net return		
Land and buildings		
Rental income	2	2
Operating expenses	–1	–1
Operating net income	1	1
Percentage of average book value		
Land and buildings	3	1
Shares and participations	0	0
Other	0	0
Total	1	1

Note 21:

Bonds and other interest-bearing securities

		EURm 2001	EURm 2000
Current assets			
Issued by public entities		5,536	4,492
Issued by other lenders		18,163	14,643
Financial fixed assets			
Issued by public entities		72	540
Issued by other lenders		1,616	4,094
Total		**25,387**	**23,769**
Maturity information			
Remaining maturity (book value)			
Maximum	1 year	8,823	12,738
	1–5 years	10,642	6,520
	5–10 years	2,844	1,303
More than	10 years	3,078	3,208
Total including Portfolio Schemes		25,387	23,769
Average remaining maturity, years		3.9	2.6

Note 22

Total holdings of interest-bearing securities, notes 16 and 21

	EURm 2001	EURm 2000
Current assets		
Eligible government securities etc	11,332	6,091
Bonds and other securities	19,988	15,785
Total	31,320	21,876
Financial fixed assets		
Eligible government securities etc	345	1,972
Bonds and other securities	1,616	4,094
Total	1,961	6,066
Total book value	**33,281**	**27,942**
Total face value	33,371	28,036
Face value is the settlement amount on the maturity date.		
Difference between book and face value:		
Book value higher than face value	118	160
Book value lower than face value	–28	–66
Net	90	94
Maturity information		
Remaining fixed-interest period (book value)		
Maximum 1 year	15,702	15,905
1–5 years	11,441	7,249
5–10 years	3,041	1,555
More than 10 years	3,097	3,233
Total	33,281	27,942
Average remaining fixed-interest period, years	3.1	2.4
Issuer categories		
Current assets		
Book value		
Swedish government	1,374	940
Swedish municipalities	17	21
Swedish mortgage institutions	2,877	1,680
Other Swedish issuers		
Non-financial companies	423	503
Financial companies	185	121
Foreign governments	9,958	5,151
Other foreign issuers	16,486	13,460
Total	31,320	21,876
Fair value		
Swedish government	1,374	940
Swedish municipalities	17	21
Swedish mortgage institutions	2,877	1,680
Other Swedish issuers		
Non-financial companies	423	488
Financial companies	185	139
Foreign governments	9,958	5,151
Other foreign issuers	16,486	13,457
Total	31,320	21,876

Total holdings of interest-bearing securities, notes 16 and 21 (continued)

	EURm 2001	EURm 2000
Amortised cost		
Swedish government	1,374	922
Swedish municipalities	17	21
Swedish mortgage institutions	2,868	1,674
Other Swedish issuers		
Non-financial companies	456	501
Financial companies	151	119
Foreign governments	9,958	5,169
Other foreign issuers	16,496	13,431
Total	31,320	21,837
Financial fixed assets		
Book value / amortised cost		
Swedish government	230	599
Swedish municipalities	35	6
Swedish mortgage institutions	253	2,165
Other Swedish issuers		
Non-financial companies	276	0
Financial companies	175	0
Foreign governments	992	3,296
Total	1,961	6,066
Fair value		
Swedish government	243	631
Swedish municipalities	36	6
Swedish mortgage institutions	255	2,187
Other Swedish issuers		
Non-financial companies	277	0
Financial companies	176	0
Foreign government	1,040	3,324
Total	2,027	6,148

Note 23:

Shares and participations

	EURm 2001	EURm 2000
Current assets		
Trading portfolio	394	353
Shares taken over for protection of claims	35	11
Other shares [1]	342	489
Fixed assets		
Other shares and participations [1]	53	79
Total	**824**	**932**
Listed shares	603	699
Unlisted shares	221	233
Total	824	932

[1] For a specification, see page 122.

Note 24:

Investments, customers bearing the risk

	EURm 2001	EURm 2000

Nordea Bank Danmark's liabilities include customers' Portfolio Schemes, return of which correlates directly with the assets financed by these portfolio schemes. Since the assets legally belong to the bank, these assets and liabilities are included in the Group's balance sheet. A breakdown is shown below:

	EURm 2001	EURm 2000
Assets		
Loans and advance to credit institutions	50	267
Bonds and other interest-bearing securities	1,619	1,576
Shares and participations	1,660	1,839
Prepaid expenses and accrued income	3	3
Other assets, banking	27	52
Total assets	**3,359**	**3,737**
Liabilities		
Deposits	3,226	3,557
Other liabilities, banking	121	27
Accrued expenses and prepaid income	12	153
Total liabilities	**3,359**	**3,737**
Return to participants in portfolio schemes	–220	121

Note 25:

Shares in associated undertakings

	EURm 2001	EURm 2000
Fixed assets		
Financial institutions	141	126
Other [1]	317	294
Total	**458**	**420**
Of which, listed shares	–	–

[1] Shareholding in Optiomi Oy increased from 19% to 23%. Therefore book value increased by EUR 11m in 2001.

For a specification, see page 122.

Note 26:

Shares in group undertakings

	EURm 2001	EURm 2000
Fixed assets		
Shares, financial institutions	–	–
Other	20	35
Total	**20**	**35**
Of which, listed shares	–	–

For a specification, see page 123.

Note 27:

Intangible assets

	EURm 2001	EURm 2000
Intangible assets		
Group goodwill[1]		
Nordea Bank Danmark A/S	495	514
Nordea Bank Norge ASA	1,157	1,326
Postgirot Bank AB (publ)	226	–
Kansallisbank	50	63
Insurance companies	467	488
Other group goodwill	122	94
Group goodwill, total	2,517	2,485
Other	34	37
Total	**2,551**	**2,522**
Group goodwill[1]		
Acquisition value at 1 January	2,624	164
Purchases during the year	235	2,460
Adjustment of goodwill purchased prior years	–115	–
Accumulated depreciation for goodwill fully depreciated	–10	–
Depreciation according to plan for the year [2]	–146	–90
Accumulated depreciation according to plan in prior years	–140	–60
Translations difference	69	11
Planned residual value/book value	2,517	2,485
Other intangible assets, book value	34	37
Total	**2,551**	**2,522**

[1] Excluding goodwill in associated undertakings.	20	15
[2] Excluding depreciation from companies accounted for under the equity method.	1	3

[3] Goodwill related to Nordea Bank Norge ASA has been adjusted by EUR –115m, of witch EUR –95m after Norwegian Supreme Court in June 2001 pronounced judgement in the tax treatment of preference capital the Bank received in 1991.

Note 28:

Tangible assets

	EURm 2001	EURm 2000
Current assets	14	19
Fixed assets	1,972	2,134
Total	**1,986**	**2,153**

Current assets		
Taken over for protection of claims[1]		
Land and buildings	13	18
Other	1	1
Total	14	19

[1] See note 20 for Property taken over for protection of claims.

Fixed assets		
Equipment		
Acquisition value at 1 January	892	786
Purchases during the year	168	244
Divestments / disposals	–27	–115
Transfer between asset items	–	–23
Depreciation according to plan for the year	–140	–125
Accumulated depreciation of divested / disposed equipment during the year	27	33
Accumulated depreciation according to plan in prior years	–558	–466
Planned residual value / book value	362	334
Land and buildings		
Acquisition value at 1 January	3,202	4,194
Purchases during the year	63	991
Divestments during the year	–327	–2,479
Transfer between asset items	–	496
Depreciation according to plan for the year	–29	–19
Write-downs and reversal of write-downs during the year	–	2
Accumulated depreciation of buildings sold during the year	103	70
Accumulated depreciation according to plan in prior years	–571	–622
Accumulated write-downs in prior years	–842	–844
Accumulated revaluations in prior years	11	11
Planned residual value / book value	1,610	1,800

Note 29:

Prepaid expenses and accrued income

	EURm 2001	EURm 2000
Accrued interest income	1,737	2,241
Other accrued income	219	296
Prepaid expenses	46	34
Total	**2,002**	**2,571**

Note 30:

Other assets

	EURm 2001	EURm 2000
Derivatives		
Interest rate	5,089	4,073
Foreign exchange	3,313	4,361
Other	116	124
Claims on securities settlement proceeds	466	198
Deferred tax (see note 14)	333	134
Tax	34	16
Other	2,098	963
Total	**11,449**	**9,869**

Note 31:

Balance sheet, insurance activities[1]

	EURm 2001	EURm 2000
Assets		
Intangible assets	0	5
Investments		
Real estate holdings	2,253	1,853
Shares in group and associated undertakings	0	0
Shares	5,140	6,235
Interest-bearing financial instruments	11,872	9,987
Other	18	24
Investments, policyholders bearing the risk		
Real estate holdings	–	–
Shares in group and associated undertakings	9	6
Shares	2,583	2,565
Interest-bearing financial instruments	257	186
Other	7	12
Receivables and bank balances	946	855
Other assets	555	253
Total assets	**23,640**	**21,981**
Shareholders' equity, provisions and liabilities		
Shareholders' equity	1,325	1,170
Minority interests	10	17
Subordinated loans	259	175
Technical provisions	18,453	16,914
Technical provisions, policyholders bearing the investment risk	2,856	2,769
Other liabilities	737	936
Total shareholders' equity, provisions and liabilities	**23,640**	**21,981**

[1] Exluding Norde Life Assurance I Sweden AB (publ), see note 49.

Note 32:

Assets pledged

	EURm 2001	EURm 2000
Assets pledged for own liabilities		
Property mortgages	–	1
Leasing agreements	236	256
Securities etc	10,572	6,748
Other pledged assets	31	569
Total	**10,839**	**7,574**
The above pledges pertain to the following liability items		
Deposits by credit institutions	3,848	5,847
Deposits	1,376	807
Debt securities in issue	627	82
Other liabilities and commitments	609	18
Total	6,460	6,754

Note 33:

Loans from credit institutions

		EURm 2001	EURm 2000
Central bank of Sweden		1,552	1,358
Other Swedish banks		771	1,003
Foreign banks		27,253	25,785
Other credit institutions		667	663
Total		**30,243**	**28,809**
Of which, group undertakings		–	–
Maturity information			
Remaining maturity (book value)			
Payable on demand		4,966	2,655
Maximum	3 months	20,155	21,036
	3 months–1 year	4,604	4,420
	1–5 years	242	570
More than	5 years	276	128
Total		30,243	28,809
Average remaining maturity, years		0.3	0.3

Note 34:

Deposits

	EURm 2001	EURm 2000
Total	**83,158**	**78,879**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. The funds are payable on demand. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A / S of EUR 3,226m (EUR 3,557m) are also included in Deposits (note 24).

Note 35:

Other borrowings from the public

		EURm 2001	EURm 2000
Total		**4,686**	**1,932**
Maturity information			
Remaining maturity (book value)			
Payable on demand		65	4
Maximum	3 months	2,966	889
	3 months-1 year	1,368	461
	1–5 years	233	95
More than	5 years	54	483
Total		4,686	1,932
Average remaining maturity, years		0.2	2.2

Note 36:

Debt securities in issue

		EURm 2001	EURm 2000
Debt securities in issue			
Certificates of deposit		25,170	22,817
Commercial papers		1,565	1,037
Bonds		34,440	32,304
Other			
Cashier's cheques etc		–	251
Total		**61,175**	**56,409**
Maturity information			
Remaining maturity (book value)			
Payable on demand		–	251
Maximum	1 year	34,088	29,194
	1–5 years	16,807	13,402
	5–10 years	575	1,297
More than	10 years	9,705	12,265
Total		61,175	56,409
Average remaining maturity, years		4.6	3.3

Note 37:

Other liabilities

	EURm 2001	EURm 2000
Derivatives		
Interest rate	5,315	3,964
Foreign exchange	2,717	4,487
Other	106	100
Liabilities on securities settlement proceeds	327	224
Sold, not held, securities	204	201
Customer withholding taxes	54	40
Postal and bank giro	160	109
Accounts payable	137	108
Tax liabilities	77	94
Other	9,848	6,695
Total	**18,945**	**16,022**

Note 38:
Accrued expenses and prepaid income

	EURm 2001	EURm 2000
Accrued interest expenses	1,376	1,848
Other accrued expenses	436	706
Prepaid income	223	193
Total	**2,035**	**2,747**

Note 39:
Provisions

	EURm 2001	EURm 2000
Deferred tax liabilities (see note 14)	706	633
Reserve for restructuring costs	103	219
Country risks, guarantees (see note 19)	42	30
Pensions	297	165
Other	71	119
Total	**1,219**	**1,166**

Pension liabilities are mainly covered by insurance policies. In Sweden the liabilities are mainly covered by allocation to pension fund. Some pension commitments (mainly Nordea Bank Norge ASA) are recorded as liabilities in the balance sheet.

EURm	Fund assets fair value 2001	2000
Pension funds	1,281	1,494
Of which, related to the parent company	4	–

EURm	Pension liabilities 2001	2000
Pension funds	1,151	1,129
Of which, related to the parent company	4	–

Note 40:
Subordinated liabilities

	EURm 2001	EURm 2000
Dated subordinated debenture loans	4,271	4,703
Undated subordinated debenture loans	876	1,101
Hybrid capital loans	780	741
Total	**5,927**	**6,545**

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

Note 41:
Shareholders' equity

	EURm 2001	EURm 2000
Restricted		
Share capital	1,182	1,182
Share premium account	4,271	4,269
Reserve for unrealised gains [1]	29	12
Restricted reserves	569	688
Unrestricted		
Unrestricted reserves	1,361	1,480
Retained profits	2,839	1,921
Net profit for the year	1,568	1,553
Total	**11,819**	**11,105**

[1] Of which, pertaining to		
Interest-bearing securities	42	23
Equity-related instruments	12	4
Currency-related instruments	–14	–10
Allocations (deferred tax)	–11	–5
Reserve for unrealised gains	29	12

Movements in shareholders' equity, 2001

	Restricted		
	Share capital	Share premium account	Other
Balance at beginning of year	1,182	4,269	700
Conversion of convertible loans	0	2	
Change in reserve for unrealised gains for the year			17
Transfers between restricted and retained profits			–15
Currency translation adjustment for the year			–104
Balance at year-end	**1,182**	**4,271**	**598**

Movements in shareholders' equity, 2001 (continued)

	Unrestricted		
	Retained profits and other reserves	Net profit for the year	Share-holders' equity
Balance at beginning of year	4,954	–	11,105
Dividend	–675		–675
Conversion of convertible loans			2
Own shares[1]	–41		–41
Change in reserve for unrealised gains for the year	–17		–
Transfers between restricted and retained profits	15		–
Currency translation adjustment for the year	–36		–140
Net profit for the year		1,568	1,568
Balance at year-end	**4,200**	**1,568**	**11,819**

1 Including Nordea's repurchase of own shares (see page 15) and change in shares owned by (formerly) Unidanmark at the time of the merger. Total number of own shares was 17,943,207 at year-end .

Note 42:

Contingent liabilities

	EURm 2001	EURm 2000
Guarantees		
Loan guarantees	4,207	3,052
Other guarantees	9,071	6,166
Documentary credits		
Unutilised irrevocable import documentary credits and confirmed export documentary credits	1,286	691
Other contingent liabilities	131	253
Total	**14,695**	**10,162**

Legal proceedings

Nordea is not the subject of any legal proceedings. Within the framework of the normal business operations of the companies in the Group, however, such companies face a number of claims in lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position.

In the legal proceedings between Yggdrasil AB and Nordea Bank Sweden AB (publ), described in detail in previous Annual Reports, the Stockholm District Court dismissed Yggdrasil's claim in a ruling given on 1 September 1998. Yggdrasil has appealed against the District Court judgement to the Court of Appeal, and the case hearings are being held during the spring of 2002.

Note 43:

Commitments

	EURm 2001	EURm 2000
Future payment obligations	0	0
Other interest rate, equity and foreign exchange derivatives	871,086	499,117
Credit commitments	14,749	10,596
Unutilised portion of approved overdraft facilities	14,279	14,600
Other commitments	1,698	1,830
Total	**901,812**	**526,143**

Note 44:

Capital adequacy

	EURm 2001	EURm 2000
Capital base, after proposed distribution of profits		
Tier 1 capital	9,900	8,969
Supplementary capital	4,753	5,075
Less unconsolidated shareholdings and subordinated debenture holdings in other financial institutions	–2,300	–1,622
Total capital base [1]	**12,353**	**12,422**
Risk-weighted amount for credit and market risks		
Credit risks as specified below	129,498	124,770
Market risks as specified below	6,523	7,405
Total risk-weighted amount	**136,021**	**132,175**
Tier 1 capital ratio, %	**7.3**	**6.8**
Total capital ratio, %	**9.1**	**9.4**

1 See note 40; Hybrid capital loans are included to Tier 1 capital and supplementary capital includes the undated subordinated loans and the dated subordinated loans after deduction for short remaining maturities.

Specification of risk-weighted amounts, credit risks

EURm, end of 2001

	Items in the balance sheet	
	Reported	Risk weighted
A 0%	84,438	–
B 20%	22,070	4,414
C 50%	43,819	21,909
D 100%	88,056	88,056
Total	**238,383**	**114,379**

EURm, end of 2001

	Off-balance-sheet items			
	Nominal	Adjusted	Risk-weighted	Total risk-weighted
A 0%	28,705	–	–	–
B 20%	27,403	2,537	507	4,921
C 50%	3,630	462	231	22,140
D 100%	57,580	14,349	14,349	102,437
Total	**117,318**	**17,348**	**15,087**	**129,498**

Risk categories include:

A Claim on, or guarantee by a government / central bank within the OECD or a Swedish local government.

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

C Claim backed by mortgages on residential property.

D Other assets.

Specification of risk-weighted amounts, market risks

	EURm 2001	EURm 2000
Interest rate risks		
Specific risks	3,030	2,411
General risks	–	1,886
Share price risks	1,113	949
Settlement risks	36	46
Counterparty risks	2,293	2,113
Exchange rate risks	51	–
Total	**6,523**	**7,405**

Note 45:

Derivatives

	Reported in the balance sheet		
	Total nom amount	Book value Positive	Negative
Interest rate derivatives			
Interest rate swaps	306,365	4,358	4,619
FRAs	205,538	169	182
Interest rate futures	21,507	66	53
Options written	31,014	7	453
Options bought	34,939	489	8
Total	599,363	5,089	5,315
Equity derivatives	1,065	2	11
Options written	677	64	31
Options bought	1,915	50	64
Total	3,657	116	106
Currency and interest rate swaps	24,444	830	653
Currency forwards	223,202	2,342	1,957
Options written	11,219	4	103
Options bought	10,125	137	4
Total	268,990	3,313	2,717
Total derivatives, EURm	**872,010**	**8,518**	**8,138**

Derivatives (note 45 continued)

	Not reported in the balance sheet	
	Fair value Positive	Negative
Interest rate derivatives		
Interest rate swaps	242	242
FRAs	2	2
Interest rate futures	0	0
Options written	0	0
Options bought	1	0
Total	245	244
Equity derivatives	24	31
Options written	30	71
Options bought	79	30
Total	133	132
Currency and interest rate swaps	212	193
Currency forwards	38	6
Options written	0	0
Options bought	0	0
Total	250	199
Total derivatives, EURm	**628**	**575**

The majority of the Group's derivative holdings are reported in the balance sheet and adjusted to fair value with positive fair value adjustments being reported as other assets and negative fair value adjustments as other liabilities. Gains and losses are deferred for derivatives which are used for hedging. Deferred gains and losses for derivatives not reported in the balance sheet have offsetting differences between the fair value and the book value for the respective items which are recorded in the balance sheet.

Note 46:

Assets and liabilities at fair value

31 December 2001	EURm Book value	For adjustment to fair value
Loans and advances to credit institutions	21,370	299
Lending	137,570	423
Interest-bearing instruments	25,387	66
Shares and participations	824	–
Investments, customers bearing the risk	3,359	–
Group and associated undertakings	478	–
Intangible assets	2,551	–
Tangible assets	1,986	266
Other assets, banking	24,384	–
Assets, insurance	23,640	185
Total assets	**241,549**	**1,239**
Deposits by credit institutions	30,243	315
Deposits and other borrowings from the public	87,844	97
Debt securities in issues	67,102	221
Other liabilities, banking	22,236	–
Liabilities, insurance	22,305	185
Total liabilities	**229,730**	**818**
Derivatives, net		53
Net adjustment to fair value		**474**

In the balance sheet, financial positions are valued at fair value, with three exceptions: securities classified as financial fixed assets, instruments included in hedge accounting and capital investment shares. The summary above shows the book value and adjustment to fair value at 31 December 2001. In revaluation of lending, deposits and borrowing, adjustment is made for the value of the fixed interest term, that is the change in value as a result of changes in the market interest rate. The discount rates used are based on the market rate for each term. Securities are revalued at the market price or estimated market price. Properties are valued at estimated market price. By applying the above valuation method, the gross effects of applying hedge accounting and revaluation of financial fixed assets are shown. The reported net adjustment does not include the surplus value in pension funds.

It should be noted that the calculation is not a market valuation of Nordea.

Note 48:

Geographical distribution of operating income

Nordea's operations focus on the Nordic and Baltic markets and the operating income in its entirety is attributed to it. Operations outside this area, which are entirely focused on providing service to domestic customers, are conducted through representative offices, agents and a network of correspondent banks.

Note 47:

Assets and liabilities in foreign currencies

31 December 2001, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and advances to credit institutions	5.7	6.7	4.5	0.7	0.8	1.6	20.0
Lending	33.6	39.0	29.2	18.5	13.0	4.6	137.9
Interest-bearing securities	10.0	10.1	11.7	4.1	1.9	0.4	38.2
Other assets	8.1	6.3	21.7	4.4	2.2	2.8	45.4
Total assets	**57.3**	**62.1**	**67.1**	**27.7**	**17.9**	**9.4**	**241.5**
Liabilities							
Deposits by credit institutions	5.4	6.8	5.2	1.1	8.7	2.9	30.1
Deposits / Borrowings from the public	25.7	25.0	16.0	11.9	5.0	2.7	86.3
Interest-bearing securities	10.6	9.4	15.3	2.6	26.0	2.8	66.7
Other liabilities and shareholders' equity	14.7	9.0	20.4	4.5	6.7	3.1	58.4
Total liabilities and shareholders' equity	**56.4**	**50.2**	**56.9**	**20.1**	**46.4**	**11.5**	**241.5**
Position not reported in the balance sheet	–0.8	–11.9	–9.9	–7.2	28.5	1.3	0.0
Net position, currencies	**0.1**	**0.0**	**0.3**	**0.4**	**0.0**	**–0.8**	**0.0**

Note 49:

Nordea Life Assurance I Sweden AB (publ), unconsolidated group undertaking

	EURm 2001	EURm 2000
Income statement		
Earned premiums, net of reinsurance	154	155
Investment return	–82	48
Claims incurred and benefits paid and change in provisions	–191	–232
Change in bonus equalisation provisions	132	40
Insurance operating expenses, net of reinsurance	–13	–11
Technical result	0	0
Investment activities		
Interest etc	78	61
Realised and unrealised investment gains	–146	0
Investment expenses	–1	–2
Pension return tax etc	–13	–11
Investment return transferred to insurance activities	82	–48
Total profit on investment activities	0	0
Profit before tax	**0**	**0**
Tax	–	–
Net profit for the year	**0**	**0**

	EURm 2001	EURm 2000
Balance sheet		
Assets		
Intangible assets		
Investments		
Real estate holdings	108	65
Shares	538	602
Interest-bearing financial instruments	920	930
Investments, policyholders bearing the risk	–	–
Receivables and bank balances	49	68
Other assets	31	35
Total assets	**1,646**	**1,700**
Shareholders' equity, provisions and liabilities		
Shareholders' equity	9	9
Technical provisions	1,608	1,678
Other liabilities	29	13
Total policyholders' equity, provisions and liabilities	**1,646**	**1,700**
Average number of employees	41	51

Notes:

Nordea Life Assurance I Sweden AB (publ) is an unconsolidated undertaking because it operates as a mutual insurance company. In accordance with the Insurance Operations Act, profits may not be distributed to the shareholders in a life insurance company. The earnings that arise must be distributed in their entirety to policyholders in the form of bonus funds.

Specifications to the Notes

Specification to Note 23:

Shares and participations

31 December 2001	EURm Book value	Market value	Voting power of holding %
Current assets			
Other shares			
Orkla AS [1]	49	49	0
Kiinteistösijoitus Oyj Citycon	46	46	43
Sponda Oyj	46	46	12
OM AB (publ) [1]	42	42	3
Other, listed	20	20	–
Other, unlisted	139	139	–
Total	**342**	**342**	
Fixed assets			
Other shares and participations			
Köbenhavns Fondbörs A/S	1	1	11
HEX Oy	5	5	11
Other, unlisted	47	47	–
Total	**53**	**53**	

[1] Reclassified during Q3 2001 with unrealised loss of EUR 1m.

Specification to Note 25:

Shares in associated undertakings

31 December 2001	Domicile	EURm Book value	Voting power of holding %
Credit institutes			
Eksportfinans	Norway	73	23
International Moscow Bank	Russia	39	22
Luottokunta	Finland	27	27
Eurocard	Finland	2	31
Visa Norge	Norway	0	20
Total		141	
Other			
Nordisk Renting AB	Sweden	76	40
Oy Realinvest	Finland	72	49
Dividum	Finland	65	47
VPC AB	Sweden	24	25
PBS Holding	Denmark	14	28
Axcel IKU Invest	Denmark	12	33
Optiomi Oy	Finland	11	23
Automatia Pankkiautomaatit	Finland	7	33
Bankgirocentralen BGC AB	Sweden	4	27
Suomen Asiakastieto	Finland	4	32
Other		28	–
Total		317	–
Total		**458**	

The statutory information is available on request from Nordea Group Accounting.

Specification to Note 26:

Shares in group undertakings

This specification includes major group undertakings. The full specification and statutory information is available on request from Group Accounting.

31 December 2001	Domicile	Book value EURm	Equity [1] EURm	Voting power of holding%
Nordea Bank Finland Plc	Helsinki	6,123	10,140	100.0
Nordea Bank Danmark A/S	Copenhagen	3,000	2,345	100.0
Nordea Finans Danmark A/S	Copenhagen			100.0
Nordea Kredit Realkreditaktieselskab	Copenhagen			100.0
Nordea Bank Norge ASA	Oslo	3,434	2,133	100.0
Norgeskreditt AS	Oslo			100.0
Nordea Finans Norge AS	Oslo			100.0
Christiania Forsikring AS	Oslo			100.0
Nordea Bank Sweden AB (publ)	Stockholm	1,413	2,521	100.0
Nordea Hypotek AB (publ)	Stockholm			100.0
Nordea Finans Sverige AB (publ)	Stockholm			100.0
Postgirot Bank AB (publ)	Stockholm			100.0
Nordea Life Assurance I Sweden AB (publ)	Stockholm			100.0
Nordea Life Assurance II Sweden AB (publ)	Stockholm			100.0
Nordea Bank Polska SA	Gdynia			93.87
Nordea Life Assurance Finland Ltd	Helsinki			100.0
Nordea Securities Oyj	Helsinki			100.0
Nordea Finance Finland Ltd	Helsinki			100.0
Nordea Investment Funds Company Ltd	Helsinki			100.0
Nordea Investment Management Finland Ltd	Helsinki			100.0
Nordea Asset Management AB	Stockholm	1,365	231	100.0
Nordea Investment Management Sweden AB	Stockholm			100.0
Nordea Asset Management Bank Danmark A/S	Copenhagen			100.0
Nordea Bank S.A.	Luxembourg			100.0
Nordea Pension Services AS	Oslo			100.0
K-Fondene AS	Oslo			100.0
Nordea Investment Management Norge Holding AS	Oslo			100.0
Nordea Securities AB	Stockholm	106	88	100.0
Nordea Securities Bank Danmark A/S	Copenhagen			
Nordea INS Holding A/S	Copenhagen	1,713	1,312	100.0
Tryg A/S	Copenhagen			
Tryg Forsikring A/S	Copenhagen			
Vesta Forsikring AS	Oslo			
Vesta Liv AS	Oslo			
Vesta Link AS	Oslo			
Nordea Life Assurance I Sweden AB (publ) [2]	Stockholm	9		100.0
Huoneistokeskus Oy [3]	Helsinki	7		100.0
Others [2]		4		
Total		20		

[1] Shareholders' equity after dividend (group).
[2] Unconsolidated group undertaking, see note 49.
[3] Consolidated according to equity method.

Nordea AB (publ) 2001
Board of Directors' report 2001

Nordea AB (publ) is the parent company of the Nordea Group.

Company registration number: 556547-0977.

The registered office of the company is in Stockholm with branches in Copenhagen, Helsinki and Oslo.

Legal restructuring

After the completion in January 2001 of a compulsory redemption, Nordea AB (publ) (the parent company) became the sole owner of Nordea Companies Denmark (NCD) A/S. On 25 April 2001 the Board of Directors decided that the legal structure of the Nordea Group was to be developed further to support the management structure and the reporting transparancy of the Group. The development of the new legal structure is described on page 140 ff. The parent company had the following wholly owned subsidiaries by year-end 2001:

Nordea Bank Finland Plc
Nordea Asset Management AB
Nordea Securities AB
Nordea INS Holding A/S
and
Nordic Baltic Holding (NBH) AB (an inactive company for name protection).

During 2001 branches to the parent company were established in Copenhagen, Helsinki and Oslo.

Earnings and financial position

The net profit of the parent company for the year amounted to EUR 1,644 m compared with EUR 1,683 m in 2000. The company's equity capital amounted to EUR 9,727 m at the year-end.

Personnel

The average number of employees in the financial year 2001 was 32 of which 14 in Sweden, 14 in Finland and 4 in Denmark.

Number of employees at year-end 2001:

	Men	Women	Total
Denmark	18	4	22
Finland	21	10	31
Norway	–	–	–
Sweden	23	19	42

Share capital and number of shares

The share capital of Nordea at year-end 2001 amounted to approximatly EUR 1,182 m represented by 2,982,666,090 shares, each of a nominal value of EUR 0.39632 in rounded figures.

All shares carry equal rights to the company's assets and profits. Each shareholder eligible to vote at a General Meeting of Shareholders may vote the full number of shares held without restrictions. There are no known shareholder agreements.

At the Annual General Meeting of the parent company in April 2000 it was decided that, with effect from the financial year beginning on 1 January 2001, the company's reporting currency was going to be euro, and that the company's share capital and the nominal value of each share should be expressed in euro. After the conversion, the parent company's share capital was EUR 1,181,921,794.07.

Repurchase of own shares

Within the framework of authorisation given by the Annual General Meeting in April 2001, the Board of Directors decided on 25 April 2001 that the parent company should repurchase a maximum of 30 million of its own shares. The purpose of the acquisition of own shares was to achieve a hedge regarding the company's incentive programme.

Thus, on 25 and 26 April 2001, 17 million shares were acquired, the average price being SEK 63.48.

For further details, see page 15.

Shareholders and share data

Information about the Nordea share is found on page 14 .

Convertible bonds

Each convertible bond in the convertible bond loan issued by the parent company entitles the holder to request conversion of the claim to new shares in Nordea at a conversion price of EUR 5.60.

Conversion may take place until 17 August 2042, which is the due date for the loan. However, the parent company has the right as of 17 August 2002 and at any time thereafter to repay the loan in full or in part at 30 days' notice.

As of 31 December 2001, the number of shares may increase by a maximum of 19,758,786 through conversion.

Nordea AB (publ)
Income statement

	Note	EURm 2001	EURm 2000
Operating income	3	2	–
Operating expenses			
Personnel expenses	2	–14	–2
Other operating expenses	3, 4	–36	–17
Operating loss		**–48**	**–19**
Net result from financial operations			
Dividend income, received	3	400	301
Dividend income, anticipated	3	1,000	1,412
Group contributions		412	–
Interest income	3	22	11
Interest expenses	3	–24	–21
Commission expenses	3	–3	–1
Other financial items		14	–
Profit after financial operations		**1,773**	**1,683**
Allocation to profit equalisation reserve		–67	–
Pension adjustments		0	–
Profit before tax		**1,706**	**1,683**
Tax for the year	5	–62	0
Net profit for the year		**1,644**	**1,683**

Balance sheet

	Note	EURm 31 Dec 2001	EURm 31 Dec 2000
Assets			
Fixed assets			
Financial fixed assets			
Shares in subsidiaries	6	9,307	7,794
Long-term receivables	7	183	132
Total fixed assets		9,490	7,926
Current assets	7		
Short-term receivables		1,420	1,419
Bank deposits		430	29
Total current assets		1,850	1,448
Total assets		**11,340**	**9,374**
Shareholders' equity and liabilities			
Shareholders' equity	8		
Restricted shareholders' equity			
Share capital		1,182	1,182
Share premium account		4,271	4,269
Unrestricted shareholders' equity			
Unrestricted reserves		1,361	1,480
Retained profits		1,269	278
Net profit for the year		1,644	1,683
Total shareholders' equity		**9,727**	**8,892**
Untaxed reserves			
Profit equalisation reserve		67	
Provisions			
Pensions		8	
Liabilities			
Subordinated liabilities	9	111	113
Other liabilities	10	1,427	369
Total other liabilities		**1,538**	**482**
Total shareholders' equity and liabilities		**11,340**	**9,374**
Memorandum items			
Pledged bank deposit in restricted account.		1	–

Cash flow statement

	EURm 2001	EURm 2000
Ordinary business		
Profit after financial operations	1,773	1,683
Adjustment for items not included in cash flow	–1,396	–1,648
Adjustment included in cash flow for investment operations [1]	–400	–301
Income taxes paid	2	–1
Cash flow from ordinary business before changes in ordinary business assets and liabilities	–21	–267
Change in ordinary business assets and liabilities (net)	1,431	143
Cash flow from ordinary business	1,410	–124
Cash flow from investment operations	–1,282	230
Cash flow from financial operations	273	–99
Cash flow for the year	**401**	**7**
Liquid assets at the beginning of the year	29	22
Liquid assets at the end of the year	430	29

[1] Received dividends have been considered as linked to the investment operations.

Additional information

Liquid assets include bank deposits (excluding funds in restricted accounts)	31 Dec 2001	31 Dec 2000	31 Dec 1999
	430	29	22

Pledged bank deposits in restricted accounts	31 Dec 2001	31 Dec 2000	31 Dec 1999
	1	–	24

Interest and dividend payments	2001	2000
Interest received	21	10
Interest paid	–13	21
Dividends received	400	301
Dividends paid	675	414

Significant transactions that did not entail payments
In 2001 antecepated dividends totalling EUR 1,000m have been recorded.

Received group contributions accounted for in 2001 were EUR 412m, whereas group contributions to be payed amounted to EUR 24m.

The legal restructuring of the Group in 2001 resulted in new issues in kind to the parent company. The net effect of these transactions on the book value of the shares was zero, however. For further information about the legal restructuring see page 140 ff.

None of these transactions had any impact on the company's cash flow in 2001.

For transactions in 2000 entailing no payments, see last year's annual report.

Significant capital contributions and acquisitions
Capital contributions in cash made by the parent company in connection with the legal restructuring of the Group in 2001 totalled EUR 352m.

Two major group internal acquisitions of subsidiaries took place in 2001 in the course of the restructuring process. For further information, see page 140 ff.

Notes to the financial statements

Note 1:

Accounting principles

The financial statements for the year have been prepared in accordance with Swedish Annual Accounts Act. Accounting recommendation RR9 (Income taxes) issued by the Swedish Financial Accounting Standards Council has been applied. For further information regarding accounting principles see page 100 ff.

Note 2:

Personnel expenses

	EURm 2001	EURm 2000
Salaries and remuneration (specification below)	6	1
Pension costs (specification below)	7	1
Social insurance contributions	1	0
Allocations to profit-sharing foundations	0	–
Other personnel expenses	0	–
Total	14	2
Salaries and remuneration:		
To Board of Directors and CEO	1	1
To other employees	5	0
Total	6	1
Pension costs:		
Actuarial pension costs	0	–
Pension premiums	7	1
Total	**7**	**1**

For complete information about remuneration and commitments pertaining to severance payments, pensions or similar compensation to the Group CEO and members of the Board of Directors, see Note 6 in the consolidated financial statements.

There are no loans outstanding to the Group CEO or members of the Board of Directors.

Note 3:

Intragroup transactions

In 2001 interest income, interest expenses, and received Group contributions and dividends pertained to transactions with Group companies with the exception of interest expenses amounting to EUR 7m (EUR 7m) essentially pertaining to the convertible debenture loan and interest income on the tax account EUR 0,1m (–). Commission expenses to the same extent, EUR 3m (EUR 1m) pertained to Group company transactions. Operating income was totally intragroup (–). When it comes to other operating expenses EUR 1m (EUR 0m) consisted of intragroup transactions.

Note 4:

Auditing expenses

During the financial year 2001, remuneration, considering provisions, to the company's auditors amounted to EUR 0.3m (EUR 0.1m) and for other assignments EUR 0.4m. This amount also includes expenses for the auditor appointed by the Swedish Financial Supervisory Authority. For additional information see Note 7 in the consolidated financial statements.

Note 5:

Tax on profit for the year and deferred tax[1]

	EURm 2001
Tax on profit for the year	
Income tax	–63
Deferred tax[2]	1
Total	**–62**
Effective tax	
Profit before tax	1,706
Tax calculated at a tax rate of 28%	477
Tax effect of:	
Income not subject to tax	–392
Expenses not deductable for tax purposes	2
Loss carry-forward according to tax return	–24
Group contributions accounted for in shareholders' equity	–6
Net tax charge[3]	**57**

[1] Comparative figures for 2000 have not been presented since tax on profit for the year was zero.

[2] Deferred tax asset due to temporary differences.

[3] Tax according to income statement excluding deferred tax. –63
Tax accounted for in shareholders' equity. 6

Note 6:

Shares

31 December 2001	Number of shares	Book value	Voting rights, %
Nordea Bank Finland Plc	235,466,000,000	EUR 6,123m	100
Nordea Asset Management AB	20,000	EUR 1,365m	100
Nordea Securities AB	200,000	EUR 106m	100
Nordea INS Holding A/S	2,600,000	EUR 1,713m	100
Nordic Baltic Holding (NBH) AB	1,000	EUR 0m	100
		EUR 9,307m	

Company	Registered	Registration number
Nordea Bank Finland Plc	Helsinki	14450440
Nordea Asset Management AB	Stockholm	556216-3435
Nordea Securities AB	Stockholm	556216-6214
Nordea INS Holding A/S	Copenhagen	25762274
Nordic Baltic Holding (NBH) AB	Stockholm	556592-7950

	EURm
Opening balance 2001	**7,794**
Acquisitions	1,159
Capital contributions	352
Capitalised costs	2
Closing balance 2001	**9,307**

Note 7:

Receivables

	EURm 2001	EURm 2000
Financial fixed assets		
Debenture loan		
Nordea Bank Finland Plc	132	132
Nordea Bank SA Luxembourg	51	–
Current assets		
Short-term receivables with group undertakings	1,844	1,441
Tax receivable	1	2
Other current receivables	1	2
Prepaid expenses and accrued interest	4	3
Total	**2,033**	**1,580**

Note 8:

Movements in shareholders' equity

EURm	Share capital [1]	Share premium account	Unrestricted equity	Total
At beginning of year	1,182	4,269	3,441	8,892
Repurchase of own shares			–119	–119
New issues, conversion of convertible bonds	0	2		2
Group contribution [2]			–17	–17
Dividend			–675	–675
Net profit for the year			1,644	1,644
At the end of the year	**1,182**	**4,271**	**4,274**	**9,727**

1 The company's share capital on 31 December 2001 was EUR 1,182,083,195.38 (2,982,666,090 shares with a nominal value of EUR 0.39632).

2 Including adjustment for tax.

Note 9:

Subordinated liabilities

31 December	EURm 2001	EURm 2000
Convertible bond loan	111	113
Total nominal value: EUR 110,649,203.32		

Nominal value of each bond: EUR 1,681.88 or multiples. The loan is due on 17 August 2042 unless conversion to shares has taken place before that date. The company has the right as of 17 August 2002 and at any time after that date, following a 30-day notice, to repay the loan in part or in full plus accrued interest. The conversion rate is EUR 5.60.

Note 10:

Other liabilities

31 December	EURm 2001	EURm 2000
Long-term liabilities	0	1
Current liabilities to group undertakings	1,345	329
Other current liabilities	64	32
Accrued expenses	18	7
Total	**1,427**	**369**

Proposed distribution of earnings

According to the company's balance sheet, the following amount is available for distribution by the Annual General Meeting of Shareholders:

	EURm
Unrestricted reserves	1,361
Retained profit	1,269
Net profit for the year	1,644
Total	**4,274**

The Board of Directors and the CEO propose that these earnings be distributed as follows:

	EURm
Dividends paid to shareholders,	
EUR 0.23 per share	686
To be carried forward	3,588
Total	**4,274**

The Group's distributable earnings amount to EUR 5,768m. After the proposed distribution of earnings, the Group's unrestricted shareholders' equity will amount to EUR 5,082m.

28 February 2002

Vesa Vainio,
Chairman

Hans Dalborg,
Vice Chairman

Kjell Aamot

Dan Andersson

Edward Andersson

Harald Arnkværn

Bertel Finskas

Liv Haug

Lene Haulrik

Claus Høeg Madsen

Bernt Magnusson

Jørgen Høeg Pedersen

Timo Peltola

Thorleif Krarup
Group CEO

Audit Report

To the general meeting of the shareholders of Nordea AB (publ)
Corporate identity number 556547-0977

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Nordea AB (publ) for the year 2001. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, Banking Business Act, the Annual Accounts Act, the Annual Accounts Act of Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis of our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and the Annual Accounts Act of Credit Institutions and Securities Companies and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 28 February 2002

KPMG

Caj Nackstad	Olle Gunnarsson
Authorized	Authorized
Public Accountant	Public Accountant
	(Appointed by the Swedish Financial Supervisory Authority)

3-year overview

Key financial figures

Operational income statement			EURm
	2001	2000 [1,2]	Pro forma 1999
Net interest income	3,465	2,838	2,755
Commission income	1,397	1,454	1,164
Trading	543	415	243
Income from insurance	524	451	613
Other	161	134	378
Income	**6,090**	**5,292**	**5,153**
Personnel expenses	–2,188	–1,829	–1,650
Other expenses	–1,701	–1,491	–1,401
Expenses	**–3,889**	**–3,320**	**–3,051**
Profit before loan losses	**2,201**	**1,972**	**2,102**
Loan losses	–373	–79	–91
Profit from companies accounted for under the equity method	95	62	117
Profit excl investment earnings	**1,923**	**1,955**	**2,128**
Group Treasury	124	267	
Life insurance	–7	61	
General insurance	–13	81	
Other	48	164	
Investment earnings	152	**573**	
Goodwill depreciation	–147	–93	–39
Operating profit	**1,928**	**2,435**	**2,089**
Loss on disposal of real estate holdings	–	–40	–145
Refund of surplus in pension fund	–	32	65
Taxes	–360	–691	–346
Minority interests	0	–3	–2
Net profit	**1,568**	**1,733**	**1,661**

* Incl general provision EUR 100m.

Ratios and key figures			
Earnings per share, EUR	0.53	0.58	0.55
Share price[3], EUR	5.97	8.10	5.84
Shareholders' equity per share[3], EUR	4.00	3.74	3.43
Shares outstanding[4], million	2,965	2,982	2,987
Return on equity, %	13.8	16.1	18.0
Return on equity excl goodwill[5], %	19.2	19.4	19.5
Lending[3], EURbn	138	129	104
Deposits[3], EURbn	83	79	65
Shareholders' equity[3], EURbn	12	11	10
Total assets[3], EURbn	242	224	186
Assets under management[3], EURbn	105	105	89
Cost/income ratio, banking[6], %	58	55	59
Combined ratio, general insurance, %	106	110	102
Tier 1 capital ratio[3], %	7.3	6.8	9.0
Total capital ratio[3], %	9.1	9.4	11.1
Risk-weighted assets[3], EURbn	136	132	105

[1] Incl Unidanmark Q1 pro forma.

[2] Profit 2000 excl Nordea Bank Norway (formerly Christiania Bank og Kreditkasse).

[3] End of period, incl Nordea Bank Norway from Q4 2000.

[4] Average number of shares Jan–Dec 2001 after full dilution was 2,990 million.

[5] Excl goodwill depreciation and excl remaining goodwill, which has been deducted from shareholders' equity.

[6] Before loan losses and goodwill depreciation.

Quarterly overview

Quarterly development EURm

	Note	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000[3]	Q3 2000[3]	Q2 2000[3]	Q1 2000[3]
Net interest income		852	856	885	872	757	733	707	641
Commission income	**1**	363	314	359	361	368	320	386	380
Trading		128	131	128	156	94	108	72	141
Income from insurance		72	142	185	125	129	102	138	82
Other		37	36	52	36	36	35	29	34
Income		**1,452**	**1,479**	**1,609**	**1,550**	**1,384**	**1,298**	**1,332**	**1,278**
Personnel expenses		–562	–529	–556	–541	–478	–454	–458	–439
Other expenses		–476	–410	–410	–405	–429	–331	–382	–349
Expenses	**2**	**–1,038**	**-939**	**-966**	**–946**	**–907**	**–785**	**–840**	**–788**
Profit before loan losses		**414**	**540**	**643**	**604**	**477**	**513**	**492**	**490**
Loan losses		–56	–213	–59	–45	–22	–20	–20	–17
Profit from companies accounted for under the equity method		35	29	20	11	–1	31	23	9
Profit excl investment earnings		**393**	**356**	**604**	**570**	**454**	**524**	**495**	**482**
Group Treasury		30	1	25	68	34	30	105	98
Life insurance		45	–54	19	–17	–2	15	3	45
General insurance		43	–35	11	–32	–10	38	–17	70
Other		–4	–5	55	2	20	17	71	56
Investment earnings		**114**	**–93**	**110**	**21**	**42**	**100**	**162**	**269**
Goodwill depreciation		–39	–35	–37	–36	–23	–21	–27	–22
Operating profit		**468**	**228**	**677**	**555**	**473**	**603**	**630**	**729**
Loss on disposal of real estate holdings		–	–	–	–	–	–	–	–40
Refund of surplus in pension fund		–	–	–	–	8	7	9	8
Taxes		55	–65	–193	–157	–149	–182	–163	–197
Minority interests		0	2	–1	–1	0	–1	0	–2
Net profit		**523**	**165**	**483**	**397**	**332**	**427**	**476**	**498**

Note 1 Commission income, EURm

Brokerage	76	56	60	79	68	55	87	93
Asset Management/Investment funds	115	104	116	113	130	122	128	125
Issue of securities	9	7	20	10	16	15	24	20
Lending	84	84	91	75	81	73	68	66
Deposits and payments	139	130	127	129	117	103	111	101
Foreign exchange	8	9	8	12	16	16	17	19
Other	17	6	16	20	16	13	15	13
Commission expenses	–79	–77	–73	–73	–74	–64	–66	–60
Net commission income	369	319	365	365	370	333	384	377
Of which investment activities	–6	–5	–6	–4	–2	–13	2	3
Commission income	**363**	**314**	**359**	**361**	**368**	**320**	**386**	**380**

Note 2 Expenses, EURm

Personnel[1]	567	535	560	545	482	459	460	445
Information technology[2]	119	104	104	95	80	49	68	73
Marketing	39	25	25	29	41	21	29	21
Postage, telephone and office expenses	68	56	63	57	67	49	56	51
Rents, premises and real estate expenses	90	82	91	92	89	75	73	73
Other	166	149	132	137	156	141	159	134
Expenses	1,049	951	975	955	915	794	845	797
Of which investment activities	–11	–12	–9	–9	–8	–9	–5	–9
Expenses	**1,038**	**939**	**966**	**946**	**907**	**785**	**840**	**788**

[1] Profit-related personnel expenses incl profit-sharing system were EUR 115m, in 2001 (full year 2000 EUR 140m).

[2] Refers to computer operations, service expenses and consulting fees. Total IT-related costs, incl personnel etc were EUR 805m, in 2001 (full year 2000 EUR 670m).

[3] Profit 2000 excl Nordea Bank Norway, Q1 2000 including pro forma Unidanmark.

Board of Directors

Vesa Vainio
Chairman

Board member since 1998. Born 1942. Board chairman of UPM-Kymmene Corporation and of the Finnish Central Chamber of Commerce. Board vice chairman of Wärtsilä Corporation and Board member of Nokia Group.
Shareholding: 4,162 Nordea

Hans Dalborg
Vice Chairman

Board member since 1998. Born 1941. Board chairman of the Royal Opera in Stockholm. Board member of the Stockholm Concert Hall Foundation, Axel Johnson AB, AB Svenska Spel, Medivir AB, Swedish Touring Club, SITE Stockholm Institute of Transition Economics. Member of European Round Table of Financial Services (ERF) and the Swedish Academy of Engineering Sciences (IVA).
Shareholding: 40,760 Nordea

Thorleif Krarup
Group Chief Executive Officer

Board member since 2001. Born 1952. Member of the Denmark-America Foundation.
Shareholding: 0

Kjell Aamot
Board member since 2001. Born 1950. Chief Executive Officer of Schibsted ASA. Board chairman of Aftenposten AS, Verdens Gang AS, Schibsted TV & Film AS, Schibsted Print Media AS, Schibsted Multimedia AS.
Shareholding: 0

Dan Andersson
Board member since 1998. Born 1948. Chief economist at the Swedish Trade Union Federation.
Shareholding: 0

Edward Andersson
Board member since 1999. Born 1933. Professor Emeritus. Board member of Helvar Merca Corporation and Suomi Life Insurance Company. Chairman of Grankulla City Council, Sigrid Juselius Foundation, Ella and Georg Ehrnrooth's Foundation and Föreningen Konstsamfundet.
Shareholding: 28,560 Nordea

Harald Arnkværn
Board member since 2001. Born 1939. Partner at Advokatfirmaet Haavind Vislie DA. Board chairman of Garanti-instituttet for Eksportkreditt (and GIEK Kredittforsikring AS), AS Vinmonopolet, Schøyen Gruppen AS, Fjellinjen AS and Tilsynsrådet for advokatvirksemhet. Board member of Concordia BV.
Shareholding: 0

Bertel Finskas
Board member since 2000. Born 1948. Employee representative.
Shareholding: 1,400 Nordea

Liv Haug
Board member since 2001.
Born 1954.
Employee representative.
Shareholding: 0

Lene Haulrik
Board member since 2000.
Born 1959.
Employee representative.
Shareholding: 2,367 Nordea

Claus Høeg Madsen
Board member since 2000.
Born 1945. Partner at Jonas Bruun Advokatfirma. Board member of Genpack A/S, ISS Danmark A/S and Singer Danmark A/S.
Shareholding: 1,803 Nordea

Bernt Magnusson
Board member since 1998.
Born 1941. Board chairman of Swedish Match AB and Dyno Nobel ASA. Board vice chairman of Net Insight AB. Board member of Volvo Car Corporation, AvestaPolarit, Höganäs AB, Emtunga International AB. Advisor to the European Bank for Reconstruction and Development.
Shareholding: 7,400 Nordea

Jørgen Høeg Pedersen
Board member since 2000.
Born 1938. Managing Director of Copenhagen Wholesale Market for Fruit, Vegetables and Flowers. Board member of Ejendomsselskabet Axelborg I/S, RVT Fonden and Ergo Team A/S.
Shareholding: 7,519 Nordea

Timo Peltola
Board member since 1998.
Born 1946. Chief Executive Officer of Huhtamäki Oyj. Chairman of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company. Member of the Supervisory Boards of the Finnish Cultural Foundation and the Finnish Fair Corporation. Board member of AvestaPolarit Oyj and Instrumentarium Abp.
Shareholding: 5,187 Nordea

Kaija Roukala-Hyvärinen
Board member since 2000.
Born 1953.
Employee representative.
Shareholding: 135 Nordea

Auditors

Elected at the 1999 Annual General Meeting for a period of four years:

KPMG

Chief auditor
Caj Nackstad
Stockholm, born 1945.
Authorized Public Accountant

Appointed by the Financial Supervisory Authority:

Olle Gunnarsson
Kungsbacka, born 1940.
Authorized Public Accountant

According to the articles of association of Nordea AB (publ) the Board of Directors of the company shall consist of at least six and not more than fifteen members, elected by shareholders at the Annual General Meeting (AGM). The mandate for the board members extends over a period of two years, with half the board members being elected each year. The board consists of the following members:

Vesa Vainio, chairman
Hans Dalborg, vice chairman
Thorleif Krarup, Group CEO
Kjell Aamot
Dan Andersson
Edward Andersson
Harald Arnkværn
Claus Høeg Madsen
Bernt Magnusson
Jørgen Høeg Pedersen
Timo Peltola

In addition thereto the board comprises the following members, appointed by the employee organisations:

Bertel Finskas (deputy 1 May 2001-31 October 2001)
Liv Haug
Lene Haulrik
Kaija Roukala-Hyvärinen (deputy from 1 November 2001)

At the AGM of shareholders on 10 April 2001 one board member was elected for one year and the other board members, who were to be elected, for two years in accordance with the articles of association. The board member elected until the annual general meeting 2002 was Kjell Aamot and the board members elected until the annual general meeting 2003 were Dan Andersson, Edward Andersson, Harald Arnkværn, Thorleif Krarup, Claus Høeg Madsen and Timo Peltola. At the annual general meeting 2000 Hans Dalborg, Bernt Magnusson, Jørgen Høeg Pedersen and Vesa Vainio were elected for a period of two years, until the annual general meeting 2002.

Elections of board members shall focus on persons with required skills, experience in board work and knowledge of social, commercial and cultural conditions in the regions and market areas where the Group conducts its core business. The Group CEO shall also be a member of the board. In addition two board members with or without any such particular links may be elected.

The board of directors of Nordea AB (publ) held 14 meetings during 2001. The Presidium consisting of the chairman, the vice chairman and the Group CEO plans and prepares board meetings, and prepares matters of particular importance for resolution by the board. The Presidium normally meets every second week.

The Board of Directors of Nordea AB (publ) comprises three working committees:

Credit Committee: The committee supervises the credit process within the Nordea Group in respect of functionality and quality. During 2001 the committee comprised board members Vesa Vainio (chairman), Edward Andersson, Harald Arnkværn (from 13 June 2001), Rune Brandinger (until annual general meeting 2001), Hans Dalborg, Thorleif Krarup, Claus Høeg Madsen (until annual general meeting 2001) and Jørgen Høeg Pedersen (from annual general meeting 2001).

Audit Committee: The committee supervises the Group's internal audit function and prepares audit related matters for consideration by the Board of Directors. During 2001, the committee comprised board members Harald Arnkværn (chairman from annual general meeting 2001), Rune Brandinger (chairman until annual general meeting 2001), Hans Dalborg, Thorleif Krarup, Claus Høeg Madsen and Timo Peltola.

Human Resources Committee: The committee presents proposals to the Board of Directors regarding the Group CEO's terms of employment. The Group CEO also consults with the committee regarding the terms of employment of the Group Executive Management and other senior executives. During 2001 the committee comprised board members Vesa Vainio (chairman), Kjell Aamot (from annual general meeting 2001), Hans Dalborg, Lene Haulrik (from annual general meeting 2001), Thorleif Krarup (from annual general meeting 2001) and Jørgen Høeg Pedersen (until annual general meeting 2001). The Group CEO does not participate in deliberations on his own terms of employment. The committee meets when necessary in conjunction with meetings of the Presidium.

Group Executive Management

Thorleif Krarup
Group CEO
Born 1952.
Shareholding: 0

Christian Clausen
Head of Asset Management & Life
Born 1955.
Shareholding: 8,267 Nordea

Carl-Johan Granvik
Head of Group Credit and Risk Control
Born 1949.
Shareholding: 4,175 Nordea

Arne Liljedahl
Group CFO
Head of Group Corporate Centre
Born 1950.
Shareholding: 11,100 Nordea

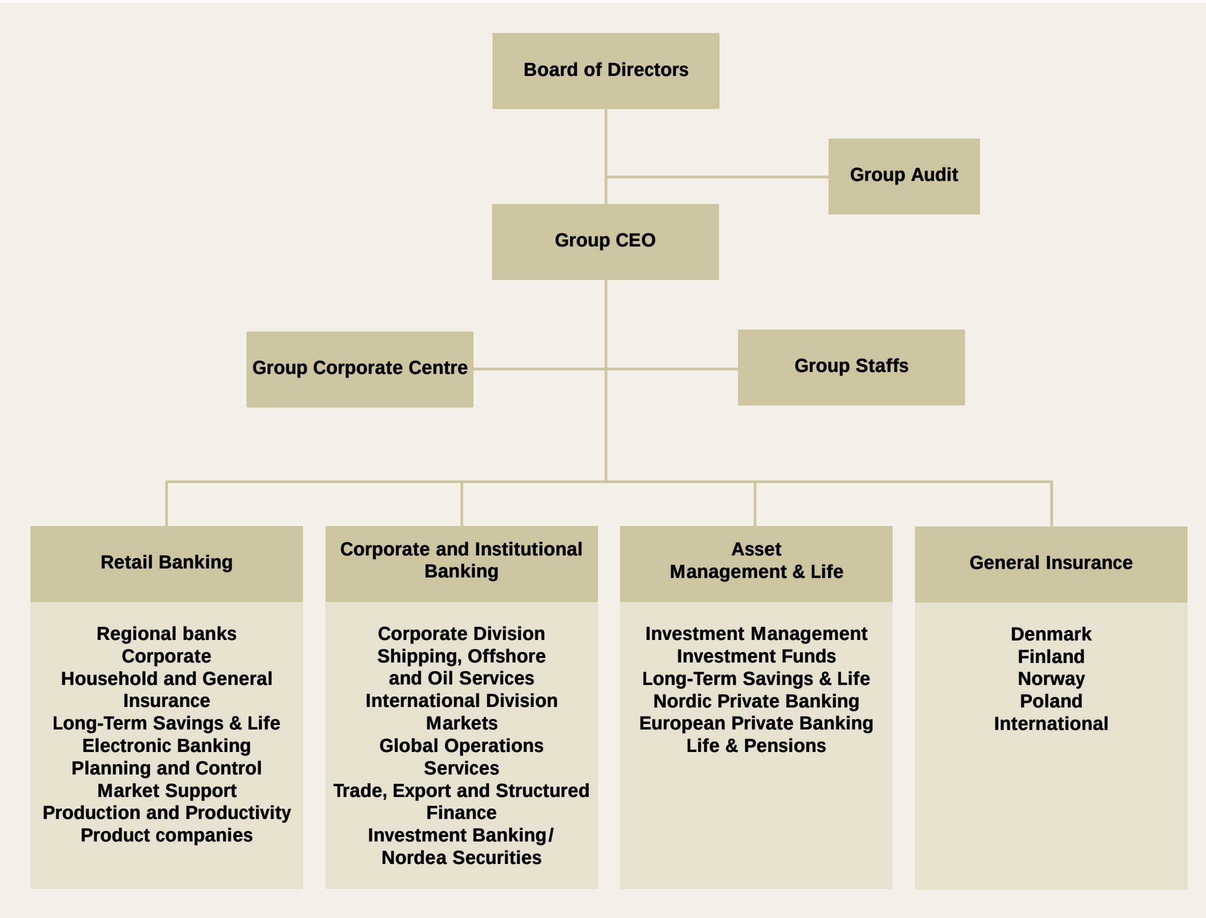
Lars G Nordström
Head of Retail Banking
Born 1943.
Shareholding: 9,000 Nordea

Markku Pohjola
Head of Corporate and Institutional Banking
Born 1948.
Shareholding: 7,080 Nordea

Tom Ruud
Head of Group Staffs
Born 1950.
Shareholding: 0

The members of the Group Executive Management were appointed in 2000 except for Tom Ruud and Christian Clausen who were appointed in January and november 2001 respectively. Shareholding also includes shares held by family members.

Business organisation



Thorleif Krarup
Group CEO

Retail Banking
Lars G Nordström

Retail Banking Denmark
Peter Schütze
Western Denmark
Jørn Kr. Jensen
Eastern Denmark
Peter Lybecker
Southern Denmark
Michael Rasmussen
Retail Banking Finland
Kari Jordan
Helsinki & Uusimaa
Harri Sailas
Central & Western Finland
Pekka Ojala
Eastern & Northern Finland
Jukka Perttula
Retail Banking Norway
Baard Syrrist
Oslo
Alex Madsen
Norway East
Sigvart Hovland
Norway South West
Inge Støve
Norway North
Egil Valderhaug
Retail Banking Sweden
Magnus Falk
Central Sweden
Hans Jacobson
Stockholm
Johan Sylvén
Western Sweden
Sten Lindblad
Southern Sweden
Arne Bernroth
Baltic and Poland
Thomas Neckmar
Corporate
Juha-Matti Mikkola
Household & General Insurance
Roland Olsson
Long Term Savings & Life
Thomas Ericsson,
Eira Palin-Lehtinen[1]
Electronic Banking
Bo Harald
Planning & Control
Claus K. Møller
Market Support
Maj Stjernfeldt
Production & Productivity
Per E. Berg

Corporate and Institutional Banking
Markku Pohjola

Corporate Division
Henrik Mogensen
Shipping, Offshore and Oil Services
Carl E. Steen
International Division
Claes Östberg
Markets
Peter Nyegaard
Global Operations Services
Siv Svensson
Trade, Export and Structured Finance
Kari Kangas
Investment Banking
Jan Davidsen, Corporate Finance
Finn B. Pedersen, Equities
Gert Aage Nielsen, Business Support
Strategy and Planning
Claes Thimrén
Business Area Controller
Ari Kaperi

Asset Management & Life
Christian Clausen

Investment Management
Ole Jacobsen
Life & Pensions
Seppo Ilvessalo
Investment Funds
Jan Petter Borvik
Long-Term Savings & Life
Thomas Ericsson[1]
Nordic Private Banking
Eira Palin-Lehtinen[1]
European Private Banking
Jhon Mortensen
Business Support
Henrik Priergaard
Business Area Controller
Jon Gunnar Solli

General Insurance
Hugo Andersen

Denmark
Stine Bosse, Peter Falkenham,
Stig Ellkier-Pedersen
Finland
Kimmo Kilpinen
Norway
Trygve Bruvik
Poland
Otto Groegler
International
Ivar Sperling
Management Secretariat
Lars Ole Würtz Nielsen
Finance and Control
Carsten Ibsen

Group Corporate Centre
Arne Liljedahl, Group CFO

Group Credit & Risk Control
Carl-Johan Granvik
Group Treasury
Jakob Grinbaum
Group Planning and Control
Erik Öhman
Group Finance
Jarmo Laiho
Investor Relations
Sigurd Carlsen
Group Corporate Development
Jakob Grinbaum

Group Staffs
Tom Ruud

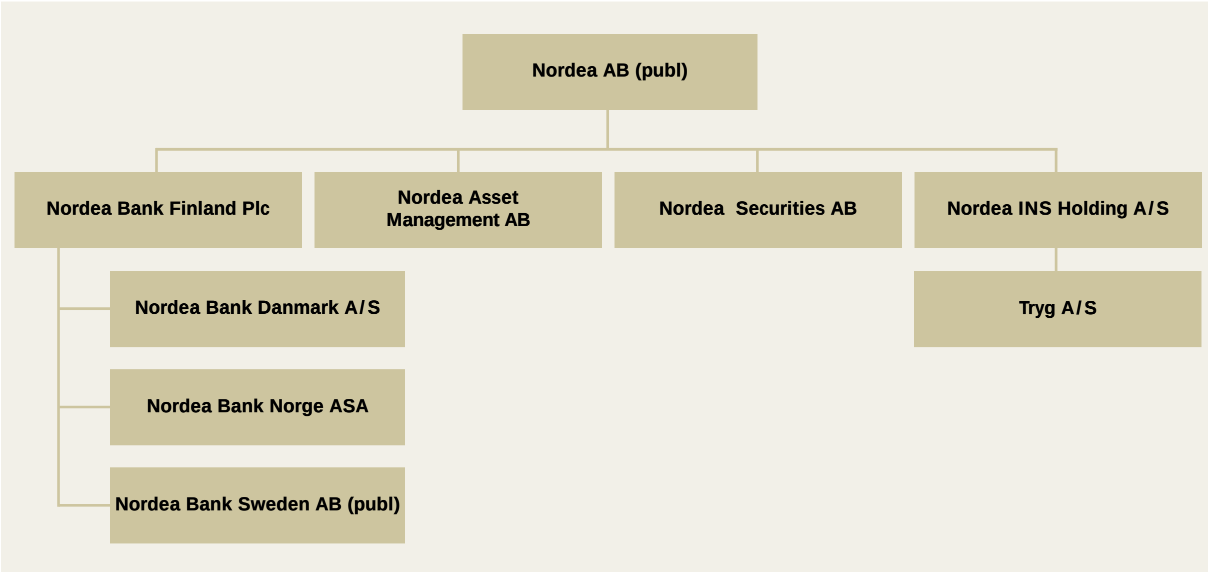
Group IT
Jarle Haug
Group Human Resources
Peter Forsblad
Group Identity & Communications
Torben Laustsen
Group Legal
Tord Arnerup

Group Management Secretariat
Flemming Dalby Jensen

Group Audit
Dag Andresen

[1] Joint unit between Retail Banking and Asset Management & Life

Legal structure



Background

On 25 April 2001 Nordea AB (publ) announced that the board of directors had decided that the legal structure of the Nordea Group was to be developed further to support the management structure and the reporting transparency of the Group.

Banking

The banking companies of the Group have thereafter been brought together into a subgroup under Nordea AB (publ) with Nordea Bank Finland Plc as the parent company. In this process Nordea Companies Finland (NCF) Plc received its banking license on 19 June 2001 under the temporary name NCF Bank Abp. NCF Bank Abp and its subsidiary Merita Bank Plc thereafter agreed on a merger plan, which was approved by the Finnish authorities. Merita Bank Plc merged into NCF Bank Abp on 30 September 2001, with NCF Bank Abp as the surviving legal entity, adopting Merita Bank's name. The new Merita Bank Plc was thereafter the parent company of Nordbanken AB (publ) and Christiania Bank og Kreditkasse ASA.

EGMs of Unibank A/S and its parent company Nordea Companies Denmark (NCD) A/S on 1 November 2001 decided to demerge the respective companies. The demergers took legal effect from 9 November and accounting effect from 1 January 2001. The Unibank A/S demerger resulted in the creation of two new companies, Nordea Asset Management Bank Danmark A/S for the Asset Management operations and Nordea Securities Bank Danmark A/S for the Investment Banking operations. Unibank A/S remained as a legal entity after the demerger. Through the demerger and dissolution of Nordea Companies Denmark (NCD) A/S the following companies, directly and wholly owned by Nordea AB (publ), became owners of the following companies: Nordea Uni Holding Danmark A/S, owner of the shares in Unibank A/S, Nordea AM Holding Danmark A/S, owner of the shares in Nordea Asset Management Bank Danmark A/S, Nordea IB Holding Danmark A/S, owner of the shares in Nordea Securities Bank Danmark A/S, and Nordea INS Holding A/S, owner of the shares in Tryg-Baltica A/S. Immediately after the demerger Unibank A/S merged with its new parent company Nordea Uni Holding Danmark A/S with Unibank A/S as the surviving legal entity.

On 30 November 2001 Unibank A/S changed its legal name to Nordea Bank Danmark A/S and was transferred to the new Merita Bank Plc. The transfer was made by issuing new shares in Merita Bank Plc to Nordea AB (publ) in exchange for shares in Nordea Bank Danmark A/S. This transfer completed the banking subgroup according to plan.

On 3 December 2001 the three other Nordic banks changed their legal names; Christiania Bank og Kreditkasse ASA to Nordea Bank Norge ASA, Merita Bank Plc to Nordea Bank Finland Plc and Nordbanken AB (publ) to Nordea Bank Sweden AB (publ).

Nordea Bank Finland Plc was demerged on 2 January 2002 in order to separate Retail Banking, Corporate and Institutional Banking, Investment Banking, Asset Management and Life Insurance and Pensions operations. The demerger resulted in the creation of five new companies directly owned by Nordea AB (publ). At the same time the demerged Nordea Bank Finland Plc ceased to exist and a new banking entity assumed more than 99% of the former bank's assets and liabilities through universal succession and adopted its name, Nordea Bank Finland Plc. The new companies are: Nordea Bank Finland Plc, owner of all assets and liabilities related to the banking business in the demerged Nordea Bank Finland Plc, Nordea Securities Holding Oy, owner of the shares in Nordea Securities Oyj and Nordea Securities Corporate Finance Oy, Nordea IM Holding Ltd, owner of the shares in Nordea Investment Management Finland Ltd, Nordea FM Holding Ltd, owner of the shares in Nordea Investment Funds Company Ltd, and Nordea Life Holding Finland Ltd, owner of the shares in Nordea Life Assurance Finland Ltd.

Asset Management

The Asset Management units of the Group have been brought together into a separate subgroup under a parent company, Nordea Asset Management AB, domiciled in Sweden and directly and wholly owned by Nordea AB (publ). Nordea Asset Management AB was transferred from Nordbanken AB (publ) to Nordea AB (publ) on 1 October 2001 through a sale of shares.

On 1 November 2001 Nordea Pension Services AS was transferred from Christiania Forsikring AS to Nordea Asset Management AB through a sale of shares.

On 14 December 2001 Nordea AM Holding Danmark A/S was transferred from Nordea AB (publ) to Nordea Asset Management AB through a share issue in Nordea Asset Management AB.

On 29 December 2001 Nordea Asset Management AB's two new Norwegian holding companies were registered, Nordea Fondene Norge Holding AS and Nordea Investment Management Norge Holding AS. On 31 December the shares in Nordea Fondene AS were transferred from Nordea Bank Norge ASA to Nordea Fondene Norge Holding AS and the shares in Nordea Investment Management ASA were transferred from Nordea Bank Norge ASA to Nordea Investment Management Norge Holding AS. On 15 January 2002 Nordea IM Holding Ltd and Nordea FM Holding Ltd were transferred from Nordea AB (publ) to Nordea Asset Management AB through share issues in Nordea Asset Management AB.

Investment Banking

The Investment Banking units of the Group will be brought together into one company, Nordea Securities AB, domiciled in Sweden and directly and wholly owned by Nordea AB (publ). Nordea Securities AB was sold from Nordea Securities Bank Danmark A/S to Nordea AB (publ) on 3 December 2001.

Nordea Securities AB will have branches in Denmark, Finland, Norway and the UK. The branches in Denmark, Finland and Norway are under establishment, while the branch in the UK is in place.

Nordea Bank Sweden AB's (publ) subsidiaries ArosMaizels Corporate Finance AB and Nordea Securities Ltd are under liquidation. The Swedish Investment Banking operations are carried on in Nordea Securities AB. The UK Investment Banking operations were transferred to the UK branch on 7 November 2001 with effect from 1 November 2001.

On 14 December 2001 Nordea IB Holding Danmark A/S was transferred from Nordea AB (publ) to Nordea Securities AB through a share issue in Nordea Securities AB.

On 16 January 2002 Nordea Securities Holding Oy was transferred from Nordea AB (publ) to Nordea Securities AB through a share issue in Nordea Securities AB.

Insurance

Through the demerger of Nordea Companies Denmark (NCD) A/S on 9 November 2001 the new company Nordea INS Holding A/S, domiciled in Denmark and directly and wholly owned by Nordea AB (publ), became the new parent company of Tryg-Baltica A/S and consequently of the Danish and Norwegian General Insurance and Life Insurance and Pensions units of the Group.

On 28 November 2001 all Tryg-Baltica companies changed their legal names to Tryg names, thereby dropping Baltica.

Forsikringsselskapet Norske Liv AS and K-Fondsforsikring AS were transferred from Christiania Forsikring AS to Vesta Liv Holding AS on 26 October 2001. On the same day Vesta Forsikring AS transferred Fondsforsikringsselskapet Vesta Link AS to Vesta Liv Holding AS. On 1 January 2002 Vesta Liv AS merged with Forsikringsselskapet Norske Liv AS with Vesta Liv AS as the surviving legal entity, and Fondsforsikringsselskapet Vesta Link AS merged with K-Fondsforsikring AS with Fondsforsikringsselskapet Vesta Link AS as the surviving legal entity.

Nordea Life Assurance I Sweden AB (publ) (formerly Livförsäkringsaktiebolaget LIVIA (publ)) and Nordea Life Assurance II Sweden AB (publ) (formerly Livförsäkringsaktiebolaget LIVIA II (publ)) were transferred from Nordea Bank Sweden AB (publ) to Tryg A/S on 1 January 2002.

Notice of the Annual General Meeting

The annual general meeting (AGM) of Nordea AB (publ) will be held on Wednesday 24 April 2002 at 3.00 pm Swedish time in Aula Magna, Stockholm University, Frescativägen 10, Stockholm, with the possibility to participate, through telecommunication, at 4.00 pm Finnish time in Finlandia Hall, Congress Wing, Mannerheimintie 13 e, Helsinki, and at 3.00 pm Danish time at the Scandic Hotel Copenhagen, Vester Søgade 6, Copenhagen.

Common instructions to all shareholders

Shareholders who wish to participate in the AGM shall be entered in the share register maintained by the Swedish Securities Register Center (VPC AB) not later than 12 April 2002 and notify Nordea AB (publ) of their participation.

Shareholders, whose shares are held in trust in Sweden, who are holders of Finnish Depositary Receipts in Finland or who are holders of shares registered in Værdipapircentralen in Denmark, therefore have to re-register temporarily their shares in their own names to be entitled to participate in the AGM.

Such re-registration shall be completed at VPC AB in Sweden by 12 April 2002. This means that the shareholder shall, in good time prior to this date, inform the trustee about this.

At notification all shareholders are requested to state in which place participation would take place. Shareholders, who have their shares registered in more than one country, should state this at the time of notification.

Shares registered in VPC AB in Sweden

Notification of participation shall be made at the latest on 19 April 2002 at 1.00 pm to Nordea AB (publ), Group Corporate Law H 50, SE-105 71 Stockholm, or by telephone +46 8 614 97 10, or by fax +46 8 614 87 70, or on the Internet at www.nordea.com.

Finnish Depositary Receipts in Finland

Request for re-registration of Finnish Depositary Receipts and notification of participation shall be made at the latest on 11 April 2002 at 4.00 pm Finnish time to Nordea Bank Finland Plc, 2590 Issue Services, 00020 Nordea, or by telephone +358 9 165 51397 or +358 9 165 51398 or by fax +358 9 637 256, or on the Internet at www.nordea.com.

Shareholders, whose shares are registered in their own names in VPC AB in Sweden, may also notify their participation in the AGM later, however not later than 19 April 2002 at 2.00 pm Finnish time in the above-mentioned manner.

Shares registered in Værdipapircentralen in Denmark

Request for re-registration of shares registered in Værdipapircentralen in Denmark and notification of participation shall be made at the latest on 11 April 2002 at 12.00 Danish time to one of Nordea Bank Danmark's branch offices, or to Nordea Bank Danmark A/S, Direktionssekretariatet, Postboks 850, 0900 Copenhagen C, or on the Internet at www.nordea.com.

Shareholders, whose shares are registered in their own name in VPC AB in Sweden, may also notify their participation in the AGM later, however not later than 19 April 2002 at 1.00 pm Danish time in the above-mentioned manner.

Dividend and record date

The Board of Directors proposes to the AGM that a dividend of EUR 0.23 per share should be paid and that the record date for dividend should be 29 April 2002. With this record date, the dividend is expected to be distributed by VPC AB on 7 May 2002.

Financial reports 2002

Nordea will publish the following financial reports during 2002:

January – March	24 April
January – June	22 August
January – September	22 October

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Website

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

The annual reports and other financial reports published by the Nordea Group may be ordered via Investor Relations.

The annual reports of Nordea Bank Danmark A/S, Nordea Bank Norge ASA, Nordea Bank Finland Plc, Nordea Bank Sweden AB (publ) and Tryg A/S can be downloaded online.

The Annual Report 2001

This Annual Report covers Nordea AB (publ) and pertains to the operations of the Nordea Group, whose main legal structure is presented on page 140. The original annual report is written in Swedish. This is an English version thereof. A Swedish version may be obtained upon request.

In this Annual Report, the Nordea Group presents income statements and other financial data quoted in euro (EUR).