Nordea

Annual Report 2000

Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through six business areas: Retail Banking, Corporate and Institutional Banking, Asset Management, Investment Banking, Life Insurance and Pensions and General Insurance. The Nordea Group has nearly 10 million customers, 1,260 bank branches and 125 insurance service centres in 22 countries.
The Nordea Group is a world leader in Internet banking, with more than 2.2 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

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.

The Nordea Group is also referred to as "the Group". The legal structure of the Nordea Group is presented on page 81.

Nordea 2000 in brief

- *MeritaNordbanken and Unidanmark merged.*
- *The Group acquired Christiania Bank og Kreditkasse.*
- *New organisation with pan-Nordic business areas.*
- *Operating profit up 17% to EUR 2,435m.*
- *Strong growth in net interest income and commission income.*
- *Upgraded ratings for the banks of the Nordea Group.*
- *Nordea passed the milestone of 2 million e-customers.*
- *Thorleif Krarup new CEO, effective 1 January 2001. Hans Dalborg vice chairman. Vesa Vainio continues as chairman of the Board.*

The Nordea Statement – in short

Vision
We shall be valued as the leading financial services group in the Nordic and Baltic financial markets with a substantial growth potential.

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

Mission
We help customers fulfil their aspirations. By creating value for our customers we create value for shareholders.

We offer opportunities that enable us to keep, develop and attract employees with the highest competence and talents.

The Nordic countries are our home market and the Baltic Sea region represents our emerging home market. We operate internationally to support our core customers and competencies.

Values and culture
We share and exchange Nordic Ideas to create value. We operate as an integrated Nordic group, in focused business areas. We understand our customers and anticipate their needs.

Financial and business objectives
We shall create value for shareholders in line with the best among European listed financial services companies.

Organisational and management principles
Decisions are made close to our customers and employees within Group guidelines and limits.

We lead with clear objectives for every manager and employee and with commitment to follow-up and feed-back.

We have focus on our customers and on continuous performance improvement.

Summary of important events

January
- Close to 96% of Merita shareholders accepted the exchange of shares facilitating simplification of the Group's holding structure – Nordic Baltic Holding (NBH).
- The Group purchased the Latvian and Lithuanian operations of the French bank Société Générale.
- WAP mobile phone banking services launched starting in Finland.

February
- Maizels, Westerberg & Co and Merita-Nordbanken Corporate and Structured Finance merged to form MNB Maizels.
- The Group divested EUR 1.3bn in property holdings when the Finnish pension insurance company Ilmarinen acquired the real estate company Aleksia.

March
- Unidanmark and MeritaNordbanken agreed to merge.

April
- The Annual General Meeting of NBH passed necessary resolutions to implement the merger with Unidanmark.
- More than 97% of Unidanmark shareholders approved the merger by accepting the NBH share exchange offer.

June
- Moody's upgraded the banks of the Group.

August
- The Group received The Banker's global award for the "best online business strategy".

October
- The Norwegian Government Bank Investment Fund decided to sell its holding in Christiania Bank og Kreditkasse (CBK) to the Group.
- The Group acquired control of more than 90% of shares in the Polish Bank Komunalny.
- The Board decided to establish General Insurance in Finland.

November
- The Group acquired control of close to 99% of CBK shares.
- Solo Market launched in Denmark.
- The Extraordinary General Meeting of NBH approved the new name of the Group, Nordea.

December
- Nordea passed the milestone of 2 million electronic banking customers.
- The Norwegian Government granted concession for Nordea to acquire all CBK shares.
- Nordea issued EUR 1.2bn in subordinated bonds in order to strengthen the capital base.
- Nordea purchased the Polish Life Insurance company Heros Life.
- Computer problems in Sweden underlined the importance of reliability and availability in IT-systems.

January 2001
- Thorleif Krarup new CEO. New management appointed effective from 1 January.

Key financial figures
– Nordea Group

Operational income statement [1]

EURm	Q4 2000	Q3 2000	Q2 2000	Pro forma Q1 2000	Pro forma Q4 1999	Jan–Dec 2000	Pro forma 1999
Net interest income	811	785	779	723	702	3,098	2,755
Net commission income	370	333	384	377	349	1,464	1,164
Operating income from insurance	122	167	118	203	261	610	613
Net result from financial operations	73	74	91	145	111	383	243
Other income	58	48	127	108	80	341	378
Total income	**1,434**	**1,407**	**1,499**	**1,556**	**1,503**	**5,896**	**5,153**
Personnel expenses	-482	-459	-460	-445	-422	-1,846	-1,650
Other expenses	-433	-335	-385	-352	-406	-1,505	-1,401
Total expenses	**-915**	**-794**	**-845**	**-797**	**-828**	**-3,351**	**-3,051**
Profit before loan losses	519	613	654	759	675	2,545	2,102
Loan losses, net	-22	-20	-20	-17	-23	-79	-91
Profit from companies accounted for under the equity method	-1	31	23	9	28	62	117
Operating profit before goodwill depreciation	**496**	**624**	**657**	**751**	**680**	**2,528**	**2,128**
Goodwill depreciation	-23	-21	-27	-22	-15	-93	-39
Operating profit before tax	**473**	**603**	**630**	**729**	**665**	**2,435**	**2,089**
Write-downs on real estate holdings	0	0	0	-40	-145	-40	-145
Refund of surplus in pension foundation	8	7	9	8	65	32	65
Taxes	-149	-182	-163	-197	-102	-691	-346
Minority interests	0	-1	0	-2	-2	-3	-2
Net profit	**332**	**427**	**476**	**498**	**481**	**1,733**	**1,661**

Ratios and key figures	2000	Pro forma [1] 1999	1999
Earnings per share, EUR	0.58	0.55	0.53
Share price [2], EUR	8.10	5.84	5.84
Shareholders' equity per share [2], EUR	3.74	3.43	2.68
Shares in issue [2], millions	2,982	2,987	2,091
Return on equity, %	16.1	18.0	20.9
Return on equity excl goodwill [3], %	19.4	19.5	21.7
Lending [2], EURbn	129	104	68
Deposits [2], EURbn	79	65	42
Shareholders' equity [2], EURbn	11	10	6
Total assets [2], EURbn	224	186	104
Assets under management [2], EURbn	105	89	
Cost/income ratio, banking [4], %	55	59	55
Combined ratio, general insurance [5], %	110 [5]	102	–
Tier 1 capital ratio [2], %	6.8	9.0	8.3
Total capital ratio [2], %	9.4	11.1	12.0
Risk-weighted amount (banking) [2], EURbn	132	105	68
Net interest income/average total assets, %	1.8	1.6	1.8
Operating profit/average total assets, %	1.2	1.2	1.4
Dividend	SEK 2.00 [6]		SEK 1.75
P/E-ratio	14.0	10.6	11.0

1) Some minor reclassifications have been made compared to previous reported figures.
2) End of period incl. Christiania Bank og Kreditkasse (CBK).
3) Excluding goodwill depreciation and excluding remaining goodwill which has reduced the shareholders' equity.
4) Before loan losses and goodwill depreciation.
5) Excluding provision for (run-off from) the hurricane combined ratio was 110 in fourth quarter, 104 in third quarter, 97 in second quarter and 107 in the first quarter of 2000, and 105 for Jan–Dec 2000.
6) Proposed for 2000.

A vision accomplished

In the year 2000, Nordic Baltic Holding Group captured the position as undisputed leader in the financial services industry of the Nordic and Baltic Sea region and was renamed Nordea, which stands for Nordic Ideas. Vigorous structural change and merger processes, continued business focus and growth in strategic areas created shareholder value and improvements of customer and employee satisfaction.

The merging partners forming Nordea shared the vision of the leading Financial Services Group in the Nordic and Baltic Sea region. In less than four years, this vision has been realised.

Nordic Ideas

The business rationale for a Nordic financial services group is the rapid integration of Nordic businesses concerning all walks of life. In the Nordic countries, people are similar enough to be able to co-operate, different enough to benefit from learning from each other and numerous enough to provide an interesting home market. Hence, in Nordea, we share and exchange Nordic Ideas.

Nordea focuses on fulfilling customer aspirations. We share Nordic values such as freedom, modernism and care for the environment and follow the Nordic heritage of breaking new ground.

Building the Nordic structure

The unification of the Merita and Nordbanken Holding owner companies into Nordic Baltic Holding (NBH) in early 2000, was the first step in the series of structural changes last year. Merita and Nordbanken Holding shareholders endorsed a Nordic leadership role for a once Finnish and a once Swedish company. It gave NBH a simplified legal structure for further consolidation.

On the 6th of March, the merger was announced between MeritaNordbanken and Unidanmark, itself formed by a merger between Danish Unibank and Tryg-Baltica in 1999.

The parties had agreed on all essential structural, strategic and operational issues. The merger was the decisive step in the formation of the Nordic Group.

The NBH and Unidanmark share prices increased considerably after the NBH offer to the Unidanmark shareholders. Owners of 97% of the shares accepted the NBH offer in the first offer period.

A few weeks after the announcement, all major management positions in the new Group were filled. New line management ensuring speed and prompt action implemented the merger. Before summer new business plans for all business areas had been approved. General Insurance now complements the traditional banking product and service range and is part of the Group with the same ambitious financial and performance objectives and requirements as in other businesses.

Efforts continued through the year to include Christiania Bank og Kreditkasse into the Group. The Board of Directors and executive management of the bank recommended shareholders to accept the NBH Group's offer. Active support from employees and customers contributed significantly to the success.

The necessary decisions were based on thorough processes. A broad debate preceded the Stortinget decision on new financial industry policies of Norway including the divestment of the government ownership in Christiania Bank og Kreditkasse. Close to 99% of the shareholders accepted the offer at NOK 49 per share as agreed between the Government Bank Investment Fund and NBH Group. Before the end of the year, necessary approvals were obtained for the acquisition.

Further regional growth

While establishing the banking and insurance structure in the Nordic home market, Nordea continued to build its position in our emerging home market of Poland and the Baltic states. The Group's presence is continuously expanding in Lithuania, Latvia and Estonia. In Poland the number of Group employees exceeds 1,200 in two banks and two insurance companies. Products and distribution channels will be co-ordinated and integrated.

In addition, Nordea is now the leading Nordic provider of Private Banking services in Luxembourg.

Shareholder value creation

The Nordic and Baltic Sea region is a growth area of Europe that in the first part of year 2000 saw high economic activity with relatively stable interest rates and currencies. The end of the year was characterised by the IT sector implosion and projections of slowdowns in growth, both tendencies fuelled from the US.

Nordea registered growth and continued high profitability in its businesses. Group operating profit rose by 17% to EUR 2,435m representing a return on equity of 16.1% (19.4% excluding goodwill). There was stable growth in both interest income and commission income while costs increased by a mere 3% adjusted for acquired business. Credit losses remained at historically low levels. Ratings were improved and Treasury achieved more cost-effective funding.

The result represents earnings per share of EUR 0.58, an increase from the previous year by 5%. At year-end the market capitalisation of the Group was EUR 24bn and the NBH/Nordea share price increased by 43% during the year. The Board proposes a dividend of SEK 2.00, 40% of the net result after full tax and an increase over last year by 14.3%.

Strategic focus

Nordea is dedicated to deliver financial solutions in partnership with customers. The broader the product portfolio, the competence and the investment base are, the more products we can exchange and the better products and services we can develop.

Consistent efforts such as the implementation of our customer loyalty concepts and the investments in our world leading position in e-banking have helped increase customer satisfaction. Nordea today has more than 2 million e-customers performing more than 6 million transactions per month and was granted a global award for "Best Online Business Strategy" by the financial services industry magazine The Banker.

Retail Banking showed a remarkable increase in operating profit by close to 50% over the previous year. Assets under management increased significantly and Asset Management enjoyed several awards. Corporate and Institutional Banking as well as Investment Banking business areas show improvements in profitability. Life Insurance and Pensions saw major growth and captured opportunities to introduce new products. General Insurance shows improving performance.

Competence and dedication

With competence and dedication among managers and employees, Nordea has been able to conduct everyday business successfully while undergoing fundamental structural change.

Shareholder value and customer value are created only when there is employee value. I am therefore happy that employee satisfaction continues to be on the rise in the Group, that employees this year will benefit from the profit-sharing schemes and that there is now a competitive management incentive scheme in place.

Thank you

In business at its best, there is no full stop – at most a dash – and at the turn of the year I handed over the CEO torch.

To every one in the Group, thank you for endurance, support and encouragement. To my successor, Thorleif, the best of luck.

Hans Dalborg

Mission to deliver

The foundation is in place. Now it is our task to deliver the benefits of Nordea's regional leadership position to shareholders and customers. As a leader in the region, we shall have no ambition lower than becoming number one or number two or show superior and profitable growth in all we do. This will require us to follow a clear growth strategy, continue to lead, think Nordic and act local, embrace e-services and enhance partnerships with customers – all based on shared values and a common culture in an integrated group.

First of all, thank you Hans for leadership crucial to the formation of Nordea.

Strong base for growth and profit
In many aspects of financial services, size matters. Nordea has a customer base of 9 million private customers, 600,000 small and medium sized companies and a number of large corporate and institutional clients. We have an unparalleled range of products and 38,000 employees with broad and deep competence. The Group has a strong and committed management team driving the Nordea objectives, strategies and culture in our business areas.

Nordea is well equipped to serve the personal customer in local competition and the largest and the most demanding Nordic customers in international competition. We are the natural Nordic partner for global corporations and financial institutions.

The Nordea share is one of the major European financial shares. The share is present in global indexes. Nordea has a market capitalisation well above the second largest Nordic financial services group. These factors ensure liquidity of the share.

Commitment to deliver synergies and customer value
The benefits of Nordea becoming the Nordic leader should belong to the customers and the shareholders.

In 2001 focus is on delivering the identified synergies from the mergers forming Nordea.

In the merger between MeritaNordbanken and Unidanmark synergies of EUR 200m were identified and approximately half of this is expected to be delivered by the end of 2001. A further EUR 50m of annual pre-tax synergies were expected from retail banking. From now on, another EUR 110m of synergies shall be delivered from the inclusion of Christiania Bank og Kreditkasse into the Group. The Group is on track in delivery of synergies.

This being a group built by mergers for growth, increased revenues account for about a third of synergies. Based on this, we are monitoring business area integration and adoption of best practice and the exchange of best products.

Strategy for leadership and growth

Based on our regional leadership position and size, Nordea must strive to become number one or number two or show superior and profitable growth in all we do.

Strategic focus is the key. With six business areas operating in four Nordic home markets and our emerging Baltic Sea region home market, we must focus on areas where synergies and best practice will generate most value. This will mean hard choices, willingness to invest and preparedness for complementary structural initiatives.

Market leadership and growth go together and Nordea has a clear growth strategy. Our first priority is to grow with our existing customers. Examples of this are the Retail focus on harmonising customer concepts and Nordic investments in the Solo concept.

The second strategy for expansion is focus on long term growth areas like e-banking. Asset Management has the critical mass and the competence to be one of the growth engines of the Group. Corporate and Institutional Banking is strengthening its position as a major player in its market. Investment Banking is committed to make ArosMaizels an outstanding Nordic player in its market.

The third focus area for long term growth is the emerging home market of Poland and the Baltic states. Serving of Nordic customers is combined with increasing domestic market activities introducing new products and distribution channels.

Shared Nordic values

A prerequisite for success is an integrated group with overall common values and branding. All core business activities will be connected to these values and to the Nordea brand while retaining local brands as long as commercially right.

Every employee has the right to be part of the Group culture and the obligation to live up to the Nordea values. Customers should know that Nordea stands for Nordic Ideas fulfilling customer aspirations.

Nordea welcomes and drives change. Only through real change will we be able to help customers create value and thereby to create value for our shareholders. We want our customers to be better fitted to reach their objectives through partnerships with us and to be empowered by our competence and the convenience of our services. We act ethically and are careful to protect the necessary trust required of a financial institution.

Nordic and local – electronic and personal

Nordea is an integrated Nordic group, not a federation or an alliance of national banks and insurance companies. Reporting lines, accounting and control, group staffs, branding and an emerging common culture support this structure. Adaptation of the legal structure is on the agenda.

Size and integration should ensure operational efficiency and competitive products and services. With local delivery we will continue to strengthen personal partnerships to build business together with customers. We are Nordic in operations but local in the marketplace when needed.

The e-revolution will fundamentally change the financial services industry forever. This will become increasingly evident in productivity, new products and services, everyday e-services empowering the customer, lower barriers for new competitors to enter into the business and increased opportunities for customers to change bank or insurance company.

But, for personal and corporate and institutional customers, in traditional banking and investment banking as well as in insurance, the e-factor is also driving an increasing demand for qualified and trusted advice and personal relationships.

Our job is to strike the optimal balance, to stay as the regional leader by continuously adapting to local market conditions, to be both a world e-leader and a trusted partner.

Committed – but never contented

These are our commitments and in order to deliver on them, the Group must stay an attractive employer able to compete to retain and recruit the most competent and ambitious professionals and managers.

The journey ahead of Nordea is challenging. Step by step we will further integrate the Group, realise synergies, grow in strategic areas and form a truly Nordic group.

We will never claim to be perfect. But we will prove to be committed to deliver.

Thorleif Krarup

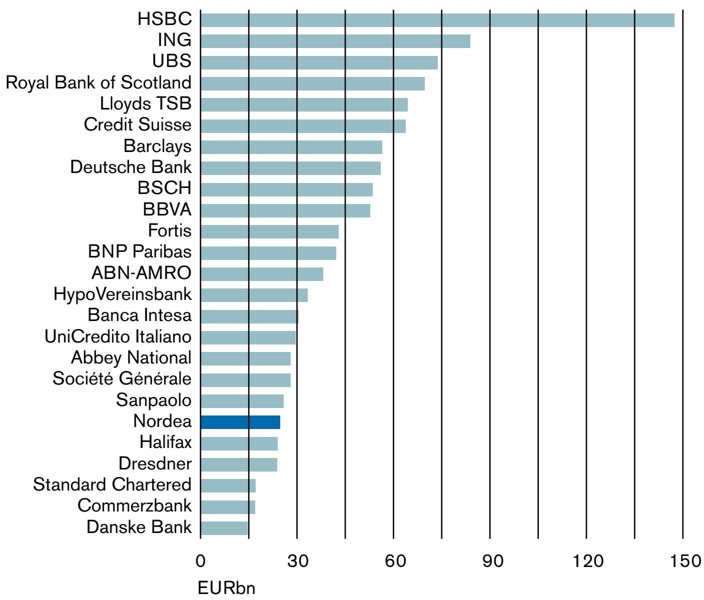
The Nordea share

The overall objective of Nordea is to generate value for shareholders in line with the best comparable financial services companies in Europe. The value for shareholders includes market value and dividend. Shareholder value will be enhanced through focusing on core business, operational excellence, optimal financial structure, balanced risk taking and reliable earnings growth.

Share development
The Nordea share is the most liquid financial share and overall one of the most liquid shares traded in the Nordic region. In terms of market value Nordea is now among the largest quoted companies in the region with a market capitalisation of EUR 24bn in mid-February 2001.

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

Market capitalisation European banks, 10 January 2001



Source: ArosMaizels European Banks Scorecard.

Trading in derivatives
Nordea's shares can also be traded in the form of put and call options, futures contracts, and share loans in the Stockholm options market (OM Stockholm Exchange). Various brokers also issue long-term warrants in Nordea that are traded on the OM Stockholm Exchange.

Share price in 2000
During the year under review the share price of Nordea appreciated by 43% on the Stockholm Stock Exchange from SEK 50.00 on 30 December 1999 to SEK 71.50 on 29 December 2000. The Bank and Insurance Index rose during the year by 33.2% and the Dow Jones Stoxx Europe banks index with 10.2%.

In 2000 the highest price of Nordea shares, SEK 76.00, was quoted on 31 October and the lowest, SEK 41.80, on 15 March.

Total shareholder return

Total shareholder return (TSR) during year 2000 amounted to 46.5%. TSR is calculated as the share price development during the year with the dividend of SEK 1.75 per share paid on 25 April 2000 reinvested in Nordea shares.

Liquidity

The liquidity of Nordea shares is a result of the unification of the dual holding structure of the MeritaNordbanken in early 2000 and the merger with Unidanmark during the spring, effectively combining three shares into one.

Turnover during the year on the Stockholm Stock Exchange totalled SEK 88,372m, which corresponds to 1,485 million shares. In Stockholm, Nordea ranked as the 7th most traded share during the same period. Of the turnover during the second half of the year approximately 66% was traded on the Stockholm Stock Exchange, 18% in Helsinki and 16% in Copenhagen.

Index presence

In 2000 Nordea's presence and weight increases in a number of national, European and global indexes. The recent trend among index producers to introduce a so called free float element in the index calculations, where for instance a shareholding of a government would be deducted when, computing index weights, may slightly decrease the weight of Nordea in some indexes.

A simplified holding structure, the unification process

In January 2000 Merita shares were exchanged for shares in Nordbanken Holding. By the end of the offer period shareholders representing close to 96% of Merita shares had accepted the offer. Thereby a simpler holding structure, a necessary prerequisite for further structural arrangements, was achieved. A common share, listed in both Stockholm and Helsinki, was substituted for the initial dual holding structure of MeritaNordbanken.

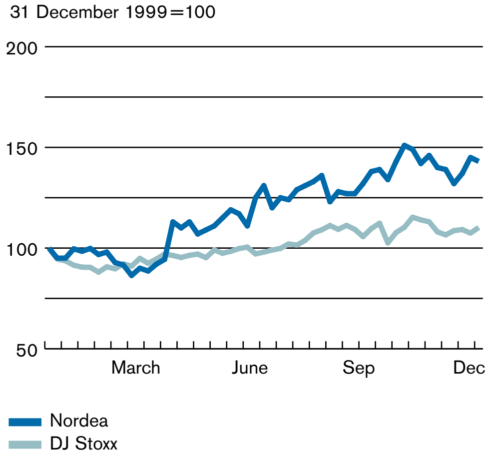
Nordbanken Holding changed its name to the temporary name Nordic Baltic Holding in January 2000 and subsequently to Nordea in November 2000.

In the mandatory supplementary offer shareholders representing a further 3.6% of the shares submitted their shares, raising the rate of acceptance to a total of 99.6%. After the final redemption proceedings, Nordic Baltic Holding issued approximately 816 million new shares and the total number of shares rose to 2,091 million.

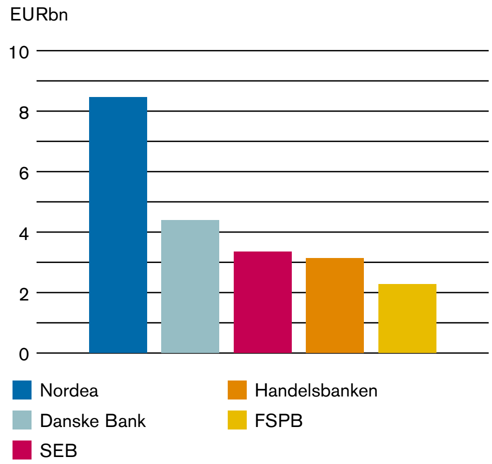
The merger with Unidanmark

The merger between MeritaNordbanken and Unidanmark was announced on 6 March 2000.

Share price performance 2000
Nordea vs DJ Stoxx Europe Banks



Turnover Nordic banking shares, July–December 2000



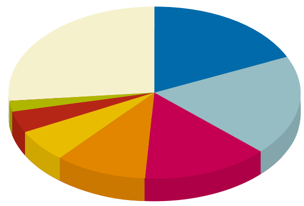
Largest shareholders (known) in Nordea Plc

31 January 2001	No. of shares	Share capital and votes, %
Swedish state	542,015,102	18.2
Tryg-Baltica smba	185,609,801	6.2
Unidanmark Trust	102,529,423	3.4
Alecta [1]	66,891,143	2.2
Robur fonder	58,443,350	2.0
Nordea fonder	39,248,701	1.3
SHB fonder	31,831,437	1.1
SEB fonder	31,021,260	1.0
AMF Pension	24,000,000	0.8
ATP	23,067,513	0.8
AFA Försäkring AB	21,801,900	0.7
Första AP-fonden	20,931,590	0.7
Andra AP-fonden	20,931,590	0.7
Tredje AP-fonden	20,931,590	0.7
Fjärde AP-Fonden	20,931,590	0.7
Nordbanken vinstandelsstiftelse	19,186,300	0.6
Skandia	18,203,075	0.6
SPP Livförsäkring AB [1]	16,693,460	0.6
PFA	15,404,823	0.5
Solidium Oy (Finnish state)	13,474,666	0.5

[1] Alecta pensionsförsäkring, ömsesidigt (formerly Försäkringsbolaget SPP, ömsesidigt) and SPP Livförsäkring AB as of 31 January 2001.

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

Ownership structure end of 2000



The merger was effected through a share exchange offer. Shareholders of Unidanmark were offered to exchange their shares for new shares to be issued by Nordea. The offer was made on the basis of 12.704 Nordea shares for one Unidanmark share.

Full acceptance of the offer meant that Unidanmark's shareholders would hold 30% of the votes and the issued share capital of Nordea and the existing shareholders of Nordea would hold 70%. The Annual General Meetings of Nordea and Unidanmark approved the merger proposals on 11 April and 21 March respectively and all other necessary approvals were obtained in March and April.

The share exchange offer was well received by the Unidanmark shareholders. Owners to 99.2% of the shares accepted the offer. Nordea issued close to 888 million new shares in exchange for nearly 70 million Unidanmark shares. The compulsory redemption of the remaining shares was completed in January 2001.

Repurchase of own shares

The Annual General Meeting in April 2000 authorised the Board to decide upon repurchase of the Company's own shares up to a holding of 10% of the total number of shares. As of today the Company has not repurchased any such shares.

The Board has now decided to propose to the Annual General Meeting in April 2001 to renew the authorisation to purchase own shares and also to sell such shares.

The purpose with the proposed authorisation to purchase own shares is to be able to redistribute funds to the Company's shareholders and thereby contribute to a more efficient utilisation of the Company's resources or to be able to hedge the Company's obligations under its management incentive programme.

Share data

	2000	Pro forma 1999
Earnings per share, EUR	0.58	0.55
Share price [1], EUR	8.10	5.84
Shareholders' equity per share [1]	3.74	3.43
Dividend, SEK	2.00 [2]	1.75
P/E-ratio	14.0	10.6

[1] End of period.
[2] Proposed for 2000.

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
10 Jan 01	Conversion[4]	0.40 EUR[3]			2,982,258,840	EURm 1,182
20 Feb 01	New issue[2]	0.40	8,408	EUR 3,332.26	2,982,267,248	EURm 1,182[5]

1) Anticipated in Balance Sheet 31 Dec 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.

Distribution of shares

Number of shares	Number of shareholders	Share-holders, %	Number of shares	Number of shares, %
1–1,000	437,703	83.70	135,015,358	4.53
1,001–10,000	80,660	15.42	188,898,399	6.33
10,001–100,000	3,810	0.73	89,477,256	3.00
100,001–1,000,000	536	0.10	177,332,336	5.95
1,000,001–	236	0.05	2,391,535,491	80.19
Total	**522,945**	**100.00**	**2,982,258,840**	**100.00**

Danish shareholder data as of 31 January 2001.

Earnings and shareholders' equity per share

Profit for the year amounted to EUR 2,435m (SEK 20,611m) corresponding to EUR 0.58 per share.

Shareholders' equity per share after full conversion amounted to EUR 3.74 (SEK 33.71) at the end of 2000.

Dividend

The Board of Directors of Nordea proposes a dividend of SEK 2.00 per share. The total dividend payment at the closing date 2000 translation rate would then be EUR 675m corresponding to 40% of the net profit after full tax. The proposed record date for the dividend is 17 April 2001 and dividend payments are scheduled to be made on 20 April 2001.

Shareholders

With approximately 525,000 shareholders at 1 January 2001, Nordea has the fourth largest shareholder base of all Nordic companies. The number of Nordea shareholders in Denmark is approximately 230,000, in Finland[1] 218,000 and in Sweden 77,000.

The largest shareholder is the Swedish state with a holding of 18.2%. The 20 largest known shareholders at the end of 2000 are listed in the table.

1) In accordance with the agreement with the Stock Exchange in Helsinki (HEX), Nordea states that Nordea AB (publ) follows the recommendation of the Helsinki Exchanges regarding insider rules; however, the insider register is kept by the Swedish Financial Supervisory Authority.

Economic development in the Nordic region

The economic development in the Nordic countries was broadly favourable in 2000, a year when the global economy reached its cyclical peak due to general recovery in emerging economies after the Asian crisis, ongoing strong growth in the US and an upturn in Europe during the first half of the year.

The strong upturn in oil prices favourably affected the Russian economy, thereby improving economic conditions in the Baltic countries. Due to the tightening of monetary policy in Europe and the US, higher energy prices and weakening equity markets, there were clear signs of dampening global economic activity during the second half of 2000 and the beginning of 2001.

In the international financial markets this was reflected as decreasing bond yields and falling stock prices. The euro depreciated versus the US dollar throughout most of 2000 but strengthened at the beginning of 2001.

Economic growth in *Denmark* rebounded in 2000 after the sharp decline in 1999. GDP growth mainly accelerated on the back of extraordinarily high investment activity – particularly construction investment – in the wake of the damage caused by the hurricane that swept through Denmark in December 1999.

Private consumption made a very modest contribution to GDP growth in 2000, chiefly due to a steep drop in car sales following preceding years' replacement of the car fleet. Given the solid demand in Europe throughout 2000, exports increased nicely despite competitive problems. The higher investment level also lifted imports, but net exports still made a positive contribution to growth.

Foreign trade developments led to a current account improvement in 2000. The relatively high inflation rate in Denmark of just over 3% is mainly due to external factors – not least high oil prices. Unemployment, on a downtrend since 1993, declined further in 2000 and is currently estimated to be lower than the structural level. The Danish labour market was thus very tight in 2000.

On 28 September 2000, the Danish electorate rejected participation in the third phase of EMU. This outcome was widely anticipated to push interest rates higher and subject the Danish krone to pressure. However, the negative effects of the No vote have so far largely been avoided. Long bond yields remained virtually unchanged both before and after the referendum, the yield spread to Germany on 10-year government bonds narrowed to 30–35 bps after the referendum and short rates have stabilised at 35–40 bps vis-à-vis the Euro area.

The krone has traded on the strong side of the central parity versus the euro since 28 September. The performance of the Danish currency since the referendum is testimony of the continued confidence in the Danish economy and the fixed exchange rate regime.

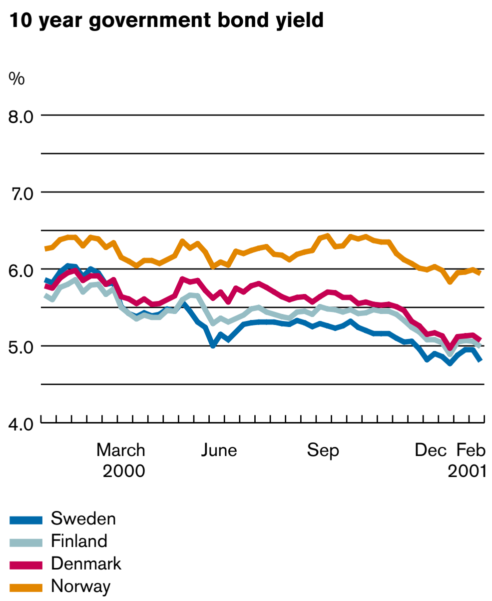
The outlook for the *Finnish economy* was quite bright going into the new millennium. Last year's GDP growth exceeded 5%. A major boost to economic activity again came from surprisingly strong growth in the information and communication technology sector, which by now has become Finland's most important industrial sector. More traditional manufacturing sectors also started to pick up during the course of 2000. The aftermath of the Asian and Russian crises started to fade and the weakening of the euro supported Finnish producers' international competitiveness. Exports of goods thus reached a growth of nearly 20% in volume terms.

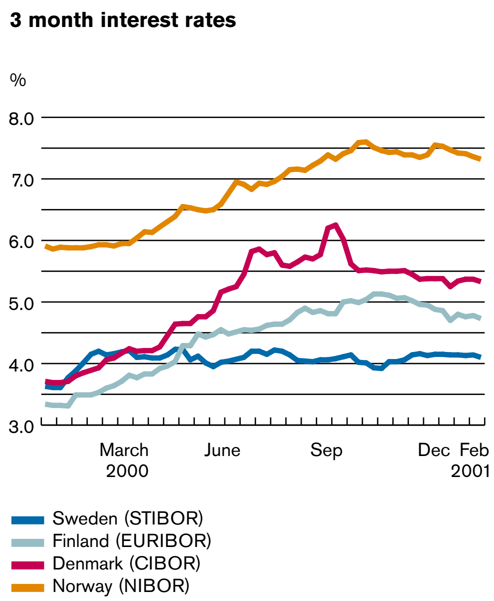
Domestic markets fared well too, but without any significant highlights. Private consumption growth continued its solid path since the mid-1990s at around 4%, but consumer sentiment deteriorated somewhat during the autumn. This was probably due to higher interest rates, higher inflation especially in energy products and uncertainty surrounding domestic wage negotiations.

Entering 2001, calm has been restored in respect of these disturbing factors and the outlook for consumption as well as household activity in the residential markets appears quite robust again. Investments in fixed capital started to gather pace and breadth towards the latter part of the year. New capacity is being built both in manufacturing and service sectors after a lengthy period when companies mainly focused on M&A activities instead of new investments.

At times, concern about the possible overheating of the Finnish economy surfaced. However, serious overheating problems on a national scale appear unlikely to emerge in the near future and the policy stance of the ECB as well as the domestic fiscal policy seem to have been well suited for the Finnish economy.

Norway's impressive record of strong growth and declining unemployment through most of the 1990s ended as the last millennium came to a close and a new one dawned. Yet, despite modest growth in the mainland economy in 1999 and 2000, the labour market remains tight. The most striking feature of the Norwegian economy in the past three years has been the improvement in external balances and the government's fiscal position. Both have benefited from the steady increase in the prices of oil and natural gas since early 1999. From a small deficit in 1998, the current account has turned around to record a surplus of roughly 12% of GDP in 2000.





High government oil revenues and a tight fiscal policy have at the same time enabled the government to accumulate large savings in the Government Petroleum Fund. The fund had foreign assets of around NOK 400bn at the end of 2000. The Norwegian government is therefore in the position of having a significant positive net wealth.

Since early 1999, the focus of monetary policy has shifted towards more emphasis on the basis for currency stability and less on targeting the exchange rate per se. Interest rates were lowered in order not to cause deflation, and the economy started to expand again towards the end of the year.

This rebound was aided by a marked increase in exports going into 2000. However, inflation became a problem last year. The annual rate of increase climbed to 3.5%, thus overshooting the central bank's target by 1.5% points. In response, the central bank raised interest rates again by a total of 1.5% points between April and September. Fiscal policy is also focused on not stimulating the economy at this time.

The Swedish economy continued to grow at 4% in 2000 for the second consecutive year. There are several similarities between economic development in Finland and Sweden; strong growth momentum heavily based on the information and communication technology sector, rising employment, healthy foreign trade surpluses and very robust public finances. The inflow of export orders was solid up to the end of the year and exports of goods grew by 11% in volume terms in 2000. Although exports of services increased at a slower pace, last year's growth in exports totalled 9.5%.

At the same time, domestic demand continued to increase steadily, primarily driven by strong growth in private consumption. Investment growth contracted somewhat to 5–6% in 2000 compared to 1999. Household disposable incomes were positively affected in 2000 by expanding employment, low interest rates, high real wage increases and tax cuts. House prices grew at a rate of 7–8%, further stimulating consumer sentiment while stock prices fell towards the end of the year. Despite the weak stock markets, household savings in mutual funds and the like were upheld throughout the year and including the new premium reserve savings scheme in the national pension system, total mutual fund savings amounted to around SEK 100bn in 2000.

Despite the soaring oil prices the Swedish inflation picture has been favourable. Although this is partly due to temporarily reducing factors, the continuously good inflation outlook has allowed the Riksbank to keep the repo rate at a low level; the rate was unchanged at 3.75% from February to December when the repo rate was raised to 4%.

Bond yields decreased substantially last year and were mostly slightly below German bond yields in the second half of the year. The Swedish krona fluctuated widely, weakening towards the year-end under the influence of the US dollar trend, flow effects from pension savings and other capital balance factors.

Business environment

Consolidation in the Nordic financial markets continued and penetration of e-services increased.

Consolidation continued
The mergers and acquisitions trend of recent years continued in the Nordic financial services industry during 2000. The degree of industry concentration, although higher in the Nordic countries than in most other countries, continued to grow. In addition international financial institutions increased their business positions in the Nordic financial services industry, mainly in investment banking, mutual funds and asset management and electronic financial services.

The increased competition from local, cross-Nordic as well as from international financial services companies is one of the main forces driving consolidation. Synergy opportunities, economically and competence wise, are another strong driving force. Both size and capital base matter.

Companies seek larger customer bases, aim for more cost efficient production and distribution, see opportunities to introduce best practice and to increase cross-selling of financial products and services. Special attention is paid to top growth business areas such as asset management, investment banking and life insurance.

Cross-border consolidation in the financial services industry has become the order of the day, despite legal and logistic obstacles and cultural differences. Cross-product consolidation also has grown, mainly mergers between banks and insurers or asset managers.

Nordea is paving the way and taking the lead.

...so did the Baltic expansion
Several major Nordic financial services companies for some years have established branches or joint ventures in the Baltic countries and in Poland. Investments in banking as well as insurance and Internet distribution continued in 2000. With a growing number of Nordic commercial companies doing business in one of the fastest growing European regions, several financial services companies decided to follow their customers. From Nordic target customers, the expansion now is also directed towards personal customer and corporate customer segments in the Baltic countries.

Nordea holds majority positions in two Polish commercial banks, a life and a general insurance company. In 2000, Nordea's presence in the Baltic countries further increased through the opening of additional branches.

E-services expansion – a central part of relationship banking
The Nordic countries have top ranking in terms of the extension of personal computers and use of the Internet. Preconditions for electronic financial services therefore are better than elsewhere. Most Nordic financial services companies provide a range of e-services, including net-banking. Net-banking is developing from being information on the web site and provision of simple transactions products to become personalised and integrated Internet portals covering most or all financial products and services. E-services and net-banking will therefore become a central part of relationship banking in the future.

The leading financial services group in the Nordic and Baltic Sea region

Vision to be valued as regional leader

We shall be valued as the leading financial services group in the Nordic and Baltic financial markets with a substantial growth potential. We shall enhance our position as a major European financial institution.

Ambition to reach top market positions

We shall 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 shall have the leading multi-channel distribution with a top world ranking in e-based financial solutions.

Mission to fulfil customer aspirations

We help customers fulfil their aspirations. We are and operate pan-Nordic, easy accessible. By creating value for our customers we create value for shareholders. We enhance value through concentration on core business, operational excellence, optimal financial structure, balanced risk-taking and reliable profit growth.

We have the necessary customer and capital base to obtain economies of scale and to make investments needed to compete in the present and future environment. We meet the changes in customer demands, technology and regulations. We offer opportunities that enable us to keep, develop and attract employees with the highest competence and talents.

The Nordic countries are our home market. We offer a broad range of financial products and services to personal, corporate and institutional customers and the public sector in these countries. The Baltic Sea region, including Poland and the Baltic countries, represents our emerging home market. We are the preferred partner of Nordic and international medium-sized and large corporate and institutional customers operating in this region. We provide an increasing range of financial products and services to domestic personal, corporate and institutional customers.

Outside the Nordic and Baltic Sea region we serve our corporate customers through our own units or partners. We are a leading international shipping bank. Corporate and institutional customers, including banks outside the Nordic countries are selected as counterparts to support our core business activities.

Nordic and selected European asset management products and services are offered to international institutional customers. Private banking products and services are offered to high net worth individuals in selected European countries.

Common values and culture of sharing and exchanging Nordic Ideas

We share and exchange Nordic Ideas to create value. We operate as an integrated Nordic group in focused business areas.

We understand our customers and anticipate their needs and develop financial solutions and customer relationships accordingly.

We are visionary and break new ground to constantly create new and better opportunities for our customers by exploiting our competencies.

We operate in an atmosphere of open dialogue and respect the Nordic heritage of freedom, equal opportunities and care for the environment. Our information is open, honest and relevant. We can be trusted as ethical, competent and secure.

Financial and business objectives to create shareholder value

Nordea shall create value for shareholders in line with the best among European listed financial services companies. Value for shareholders includes market value and dividend.

Earnings per share and return on equity

Nordea shall be one of the leading European listed financial services companies in terms of growth in earnings per share and return on equity. Net profit for the year as a percentage of average equity shall exceed the euro risk-free rate of interest plus 8 percentage points.

Capital

Capital is allocated to business areas of Nordea reflecting the risks as well as economic and strategic goals of the business. Total capital shall not exceed capital required for a sound development of activities, an attractive rating and cost efficient funding. A tier 1 capital ratio of 6.5% in banking is deemed sufficient. Solvency capital in insurance shall exceed 45% of premiums for general insurance and 5% of reserves for life insurance and pensions.

Dividend

Nordea shall pursue a policy of high dividends. The annual level depends on market return requirements and the amount of tier 1 capital needed for development of activities. Dividend payment shall normally exceed 40% of the net profit for the year.

Income

Nordea shall generate stable and broadly based growth in income in line with that of the best European listed financial services companies with an increasing contribution from commission income.

Costs

Nordea shall have a cost efficiency ranking among the best European listed financial services companies. The objective for cost/income ratio in banking, before loan losses and goodwill depreciation, has been sharpened and shall not exceed 50%. The combined ratio in general insurance shall not exceed 100%.

Risk exposure

Nordea shall aim 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 shall not exceed 0.4% of the loan and guarantee portfolio. Market risks, including interest rate, currency and equity risk, shall not exceed one quarter's expected earnings. Administrative, legal and technical risks shall be kept within manageable limits at reasonable costs.

Customers

Nordea shall meet expectations of its customers in terms of service level, product mix, pricing and availability. In measurements of customer satisfaction and brand loyalty in customer surveys for priority

Financial and business objectives

	2000	Pro forma 1999	Objectives
Total Shareholder Return	46.5%	na	In line with the best among European listed financial services companies
Return on equity	16.1%	18.0%	≥ Euro risk free rate + 8%
Tier 1 capital ratio	6.8%	9.0%	≥ 6.5%
Dividend payment	40%	na	≥ 40% of net profit
Cost/income ratio, banking	55%	59%	≤ 50%
Average loan losses and provisions	0.08%	0.10%	≤ 0.4% of loans and guarantees
Combined ratio, general insurance	110% [1)]	102%	≤ 100%

[1)] Excluding provision (run-off from) the hurricane in Denmark 1999 the combined ratio was 105%.

customer groups, Nordea shall rank among the best financial services companies.

Employees

Competent, committed and skilled staff are crucial to the success of Nordea. Incentive schemes and profit sharing systems related to value creation and profit objectives shall improve performance of management and other employees.

Measurements of Nordea staff expertise and motivation, individually and in image surveys, shall show high levels of employee satisfaction.

Information

Nordea shall be one of the leading European companies in terms of open, clear and relevant information to shareholders, customers, employees and the community.

Leadership in network financial services

The Internet continues to change the world of financial services. Nordea is at the forefront of these developments and intends to maintain a leadership in developing wired and wireless services to its customers via the Internet.

The Internet will increase its role as an integrated part of Nordea's multi-channel approach. Customers have access to Nordea's services when and how it suits them.

More than 2.1 million Nordea customers were using the network banking services at the end of 2000. The growth in the number of customers using the services has been very strong during the year, particularly in Sweden, but also in other Nordic countries. Strong growth is also expected over the coming years and the target has now been set at 2.7 million e-customers by the end of 2001.

In December 2000 alone, there were 5.6 million log-ins to the Group's Internet service and a total of 6.1 million payment transactions were initiated through this channel.

In addition to the Internet customers, 170,000 customers were using Solo direct banking services via telephone.

In order to further strengthen its market leadership, the Group will make its electronic service concept "Solo" available throughout its home market. This service has already been successfully established in Finland for many years and was further extended to the Swedish market in 1999. The Solo concepts will be introduced in the first quarter of 2001 in Denmark and later during the year in Norway. Almost 1,500 online merchants currently accept payments for e-commerce through the Group's Internet payment facility.

Investments in network banking have enabled a higher degree of automation across the service range, which in turn has resulted in cost savings over the years and helped to sustain a consistent higher efficiency. Simultaneously, growth in earnings from new user contracts and

Netbank customers (Nordea)

	Dec 2000	Dec 1999	Change
Denmark	250,594	163,000	87,594
Finland	975,877	763,213	212,664
Norway	145,517	76,200	69,317
Sweden	732,456	345,581	386,875
Baltic and Poland	3,595	383	3,212
Total	**2,108,039**	**1,348,377**	**759,662**

Netbank log-ons (Nordea)

	Dec 2000	Dec 1999	Change
Denmark	1,314,608	701,783	612,825
Finland	2,820,983	2,480,669	340,314
Norway (est)	400,000	150,000	250,000
Sweden	1,031,000	516,000	515,000
Total	**5,566,591**	**3,848,452**	**1,718,139**

services has accelerated, and this business segment is believed to hold great potential.

Internet use creates value for customers in the form of new services and easier accessibility. It also creates new business opportunities between the Group's corporate and personal customers.

The Group is taking on new staff in order to further strengthen the development of electronic banking services with a focus on customised solutions and services which create value for both personal and corporate customers.

Nordea's position as a leading banking group in the field of Internet banking services will play an increasingly greater role for expansion, profitability and shareholder value.

Nordea's objective for the cost/income ratio, banking, has been sharpened. A driver behind this is the e-business development in the Group with possibilities to lower costs and increase income.

Internet in the insurance business

The distribution of insurance products and services via the Internet will contribute to both higher customer satisfaction and lower costs in both personal and corporate markets.

During 2000 there has been an increase of 50% in the number of claims reported via the Internet. In the same period the number of new policies written via the Internet was doubled.

The ultimate functionality via the Internet ranges from distribution to claims handling, including all services and advising features.

In other areas of the complete insurance handling new web-based working processes will be introduced. One example is the handling of claims assessments by sending photographs via the Internet.

The introduction of general insurance services to the customers in Finland will be based strictly on an Internet solution. The same webbased technology will also support distribution via the bank branch offices. All services will be webbased with "call me back" functions to support both the customer and the employee of the bank. The use of new technology will result in lower costs and higher accessibility and thereby greater customer satisfaction.

Netbank bill payments (Nordea)

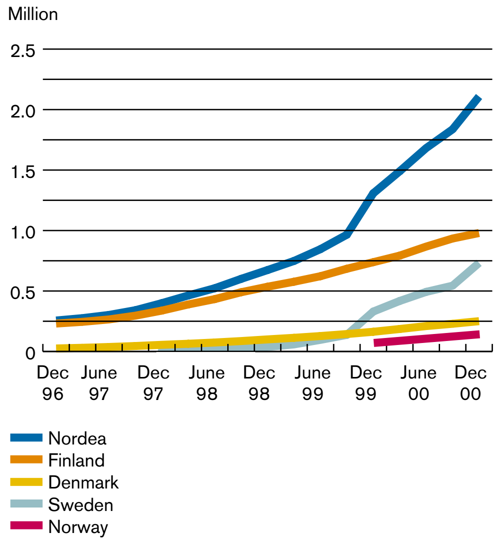
	Dec 2000	Dec 1999	Change
Denmark	597,135	357,432	239,703
Finland	3,545,784	2,856,000	689,784
Norway	508,227	330,132	178,095
Sweden	1,531,400	741,000	790,400
Total	**6,182,546**	**4,284,564**	**1,897,982**

Equity trading customers (Nordea)

	Dec 2000	Dec 1999	Change
Denmark	69,555	30,000	39,555
Finland	67,059	36,206	30,853
Norway	13,233	7,567	5,666
Sweden [1]	56,575	25,000	31,575
Total	**206,422**	**98,773**	**107,649**

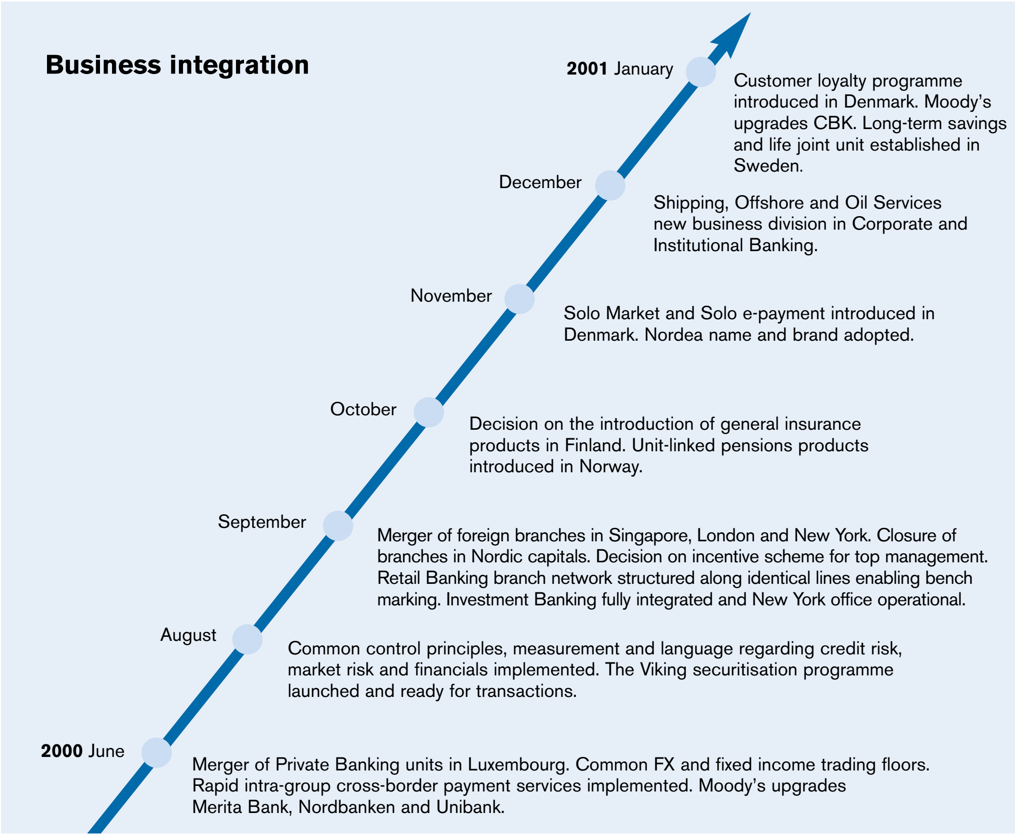
[1] Incl. 18,000 telephone customers.

Netbank customers
December 1996 – December 2000



Integration process

Decisive steps were taken in 2000 to create the leading Nordic and Baltic financial services group.



On 6 March the merger between Merita-Nordbanken and Unidanmark was announced and on 16 October the Norwegian Government Investment Fund accepted the offer from the Group to acquire all shares in Christiania Bank og Kreditkasse.

The Danish and Norwegian authorities approved the mergers and all other conditions for the respective offers were fulfilled. Business integration was initiated after completion of the two offers in April and in late December respectively.

The first nine months of merger integration has established a new business organisation with six business areas, supported by a corporate centre and group staffs. The realisation of the combined annual merger synergies of EUR 310m has started.

Business integration milestones

Group Management took office mid-April and merger integration projects were formed. By mid-year business organisation and the next layers of management were in place, business strategies formulated and the MeritaNordbanken/ Unidanmark business case, including EUR 200m of annual synergies, had been agreed upon. The implementation of the merger integration plans started.

Following the granting of the Norwegian banking concession in December a fast track integration of CBK started. Adjustment of Nordea's business structure and appointment of management were announced before Christmas. Shipping, Offshore and Oil Services will be established as a separate business unit within Corporate and Institutional Banking. International branches will be merged during 2001.

Merger synergies

When the merger between MeritaNordbanken and Unidanmark was announced synergies were calculated to be EUR 200m annually before tax, with full effect within a three year period. A further EUR 50m of annual pre-tax synergies were expected from retail banking.

Cost synergies resulting from business and group staff integration and IT development accounted for EUR 140m of first wave synergies and revenue synergies amounted to EUR 60m, including lower funding costs due to higher rating.

Business areas have been integrated and product and service concept integration work is going on in all business areas with a view to implementing best practice. Approximately half of the synergies are estimated to be realised during 2001, resulting mainly from business integration within Corporate and Institutional Banking. The mergers of Nordic and international branches respectively and the unification of the trading floors during 2000 will have full cost saving with effect from 2001.

The integration of Nordea and CBK is expected to result in merger synergies of EUR 110m annually before tax, with full effect within a three year period. Cost synergies account for EUR 50m mainly affecting Corporate and Institutional Banking activities and IT integration.

EURm

Annual synergies from integration to be realised within a 3 year period

	Costs	Revenues	Total
MeritaNordbanken and Unidanmark	140	60	200
Christiania Bank og Kreditkasse and Nordea	50	60	110
Total	**190**	**120**	**310**

A further EUR 50m has been estimated.

Nordic Ideas permeate Nordea

The new name – Nordea – is a constant reminder of the essence of the Group: sharing and exchanging Nordic Ideas of how to best improve operational efficiency, customer relationships and product development.

Brand-building

The Nordea name and logo will progressively grow into a brand that will capture the values, culture and goals of the Group. This brand-building process began with an international advertising campaign in January 2001.

The Group as a whole and the business areas Corporate and Institutional Banking and Asset Management will apply the Nordea name and logo. The current Retail Banking, Insurance and Investment Banking brands will be kept as long as this is deemed commercially justified. These brands will be endorsed by the Nordea brand to show that they are part of the same group, sharing the same vision and the same common values.

The process of visualising the belonging to the Nordea Group throughout the entire organisation will be completed before year-end. By then, branch offices and insurance service centres will also have additions of Nordea clearly showing that they are part of the Group, while retaining their current signage.

The Nordea culture

The cultural proximity of the merged parties of the Group facilitates a fruitful exchange of ideas on how the different solutions might benefit customers elsewhere in the Group. Nordea is committed to the development of convenient and transparent solutions by empowering the employees to unleash their Nordic Ideas across the Group.

Operational income statement

EURm	Q4	Q3	Q2	Q1	2000	Pro forma 1999	Change %
Banking							
Net interest income	811	785	779	723	3,098	2,755	12
Net commission income (note 1)	370	333	384	377	1,464	1,164	26
Net result from financial operations	73	74	91	145	383	243	58
Other income	58	48	127	108	341	378	-10
Insurance	122	167	118	203	610	613	-1
Total income	**1,434**	**1,407**	**1,499**	**1,556**	**5,896**	**5,153**	**14**
Total expenses (note 2)	**-915**	**-794**	**-845**	**-797**	**-3,351**	**-3,051**	**10**
Profit before loan losses	**519**	**613**	**654**	**759**	**2,545**	**2,102**	**21**
Loan losses, net	-22	-20	-20	-17	-79	-91	-13
Profit from companies accounted for under the equity method	-1	31	23	9	62	117	-47
Operating profit before goodwill depreciation	**496**	**624**	**657**	**751**	**2,528**	**2,128**	**19**
Goodwill depreciation	-23	-21	-27	-22	-93	-39	138
Operating profit	**473**	**603**	**630**	**729**	**2,435**	**2,089**	**17**
Write-downs on real estate holdings	0	0	0	-40	-40	-145	
Refund of surplus in pension foundation	8	7	9	8	32	65	
Taxes	-149	-182	-163	-197	-691	-346	
Minority interests	0	-1	0	-2	-3	-2	
Net profit	**332**	**427**	**476**	**498**	**1,733**	**1,661**	**4**

Note 1: Net commission income

EURm	Q4	Q3	Q2	Q1	2000	Pro forma 1999	Change %
Brokerage	68	55	87	93	303	239	27
Asset Management/Mutual funds	130	122	128	125	505	302	67
Issue of securities	16	15	24	20	75	44	70
Lending	81	73	68	66	288	289	0
Deposits and payments	117	103	111	101	432	365	18
Currency exchange	16	16	17	19	68	50	36
Other commission income	16	13	15	13	57	51	12
Expenses	-74	-64	-66	-60	-264	-176	50
Net commission income	**370**	**333**	**384**	**377**	**1,464**	**1,164**	**26**

Note 2: Total expenses

EURm	Q4	Q3	Q2	Q1	2000	Pro forma 1999	Change %
Personnel [1]	482	459	460	445	1,846	1,650	12
Information technology [2]	80	49	68	73	270	255	6
Marketing	41	21	29	21	112	89	26
Postage, telephone and office expenses	67	49	56	51	223	188	19
Rents, premises and real estate expenses	89	75	73	73	310	294	5
Other	156	141	159	139	590	575	-3
Total expenses [2]	**915**	**794**	**845**	**797**	**3,351**	**3,051**	**10**
[1] Of which profit related personnel expenses, including profit sharing system					140	120	17
[2] Total IT costs					670	630	6

Profit excluding investment earnings

In the income statement below the volatile investment earnings are separated from total earnings. Net interest income is further reported exclusive of trading-related interest income and expenses. Investment earnings consist of total outcome of non-trading investment operations including net interest items and operating expenses.

EURm	Q4	Q3	Q2	Q1	2000
Net interest income	757	733	707	641	2,838
Net commission income	368	320	386	380	1,454
Trading	94	108	72	141	415
Other banking income	36	35	29	34	134
Net income from insurance	129	102	138	82	451
Expenses	-907	-785	-840	-788	-3,320
Profit excluding investment earnings	**477**	**513**	**492**	**490**	**1,972**
Treasury, investment portfolio	34	30	105	98	267
Other banking	20	17	71	56	164
Insurance	-12	53	-14	115	142
Investment earnings	**42**	**100**	**162**	**269**	**573**
Profit before loan losses	**519**	**613**	**654**	**759**	**2,545**

The Nordea Group was formed during 2000 as a result of the merger between MeritaNordbanken and Unidanmark and the acquisition of Christiania Bank og Kreditkasse (CBK). The results presented here exclude the operations of CBK while the balance sheet of 31 December 2000 includes CBK. The 1999 figures are pro forma including Unidanmark.

The net profit increased by 4% to EUR 1,733m. Return on equity was 16.1% (18.0%), and excluding goodwill 19.4% (19.5%). Earnings per share increased by 5% to EUR 0.58.

Income

Total income rose by 14% to EUR 5,896m.

Net interest income showed a stable performance, rising 12% to EUR 3,098m. Short-term interest rates rose from last year's low level, providing scope for higher deposit margins. Rising lending volumes, 3% excluding CBK, also contributed to net interest income growth.

Net commission income rose 26% to EUR 1,464m mainly boosted by increased commissions from portfolio management and securities trading in the first half of the year.

Insurance income totalled EUR 610m (EUR 613m). Claims related to the hurricane in Denmark in December 1999 had a negative impact of EUR 73m on the results for 2000.

Net result from financial operations totalled EUR 383m (EUR 243m). Equity-related transactions totalled EUR 149m (EUR 341m), including a capital gain of EUR 46m on the sale of shares in Radiolinja in April.

Interest rate related transactions contributed by EUR 55m (EUR -234m), whereas the profit from foreign exchange operations amounted to EUR 174m (EUR 135m).

Expenses

Expenses totalled EUR 3,351m. Adjusted for acquisitions in the end of 1999, mainly Vesta, expenses were up 3% which largely reflects performance-related personnel expenses.

Investments within Asset Management and increased activities in the Baltic countries and Poland have also affected the cost level.

Total IT costs, EUR 670m accounted for 20% of total expenses. Compared to 1999, IT costs rose 6% mainly due to investments in Internet-related business, merger related projects and euroconversion in Finland.

Low loan losses

Loan losses totalled EUR 79m (EUR 91m) equivalent to a loan loss level of 0.08%.

Other items

Profit from associated companies decreased from previous year with EUR 55m, due to the disposals of Danbyg Holding and of investments in Merita Invest.

Losses on the sale of property holdings totalled EUR 40m and refers to the sale of the property company Aleksia in the first quarter.

Refund of surplus from the Group's Swedish pension foundation totalling EUR 32m was made in 2000.

Taxes

Tax expenses for the year amounted to EUR 691m, representing a tax rate of 28.5%. Last year's relatively low tax rate of 17.2% was primarily attributable to loss carry-forwards arising in connection with value adjustment and restructuring of real estate.

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 positions.

In June 2000 the European Commission sent Merita Bank a Statement of Objection in respect of charges for converting national currency units in the Euro-zone. In the Statement of Objection the Commission alleges that Finnish banks and the Bankers' Association colluded when planning charges for exchanging Euro-zone notes for the transitional period between 1 January 1999 and 31 December 2001. In its reply to the Commission, Merita Bank contested the allegations. The case is pending in the Commission. If the allegations are confirmed, the Commission may impose fines on the banks concerned.

In the suit between Yggdrasil AB and Nordbanken, described in detail in previous Annual Reports, the Stockholm District Court dismissed Yggdrasil's claim in a ruling given on 1 September 1998. Yggdrasil appealed the District Court decision to the Court of Appeal.

Results by business area

Nordea's operations are organised into six business areas: Retail Banking, Corporate and Institutional Banking, Asset Management, Investment Banking, Life Insurance and Pensions 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. Equity is allocated to the customer-responsible units, and each unit's performance is evaluated in relation to its individual target for return on allocated capital. When calculating return on allocated equity 28% standard tax is applied.

In addition to customer responsibility, Asset Management, Investment Banking and Life Insurance and Pensions 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.

The capital allocated to the business areas is calculated according to existing BIS rules, corresponding to a Tier 1 ratio of 6.5%. For Life Insurance and Pensions, capital is allocated corresponding to 5% of reserves and for General Insurance the capital allocated corresponds to 45% of gross premium income.

A model for allocating capital based on each business unit's actual risk exposure will be implemented during 2001. The model takes into consideration credit and insurance risks, market risks and operational risks. It optimises utilisation and distribution of capital between the different business areas.

Operating profit by business area and relating to customer responsibility is shown in the accompanying table. For business areas carrying product responsibility and where a substantial part of product earnings is allocated to other customer-responsible business areas, product results are also reported.

Asset Management has customer responsibility within its private banking units and within portfolio management services. In addition, the business area commands product reponsibility for mutual funds 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 products, including sales and distribution costs within the retail branch network.

Investment Banking commands customer responsibility for all corporate finance

Result by business area 2000

EURm

Profit by business area[1]	Business areas								
	Retail Banking	Corporate and Institutional Banking	Asset Management	Investment Banking[2]	Life Insurance and Pensions[3]	General Insurance[3]	Treasury	Other	Total
Customer-responsible units:									
Income	3,616	859	256	197	152	429	304	83	5,896
Expenses	-2,047	-425	-136	-136	-80	-376	-35	-116	-3,351
Loan losses	-97	-16						34	-79
Equity method		1						61	62
Goodwill								-93	-93
Operating profit	1,472	419	120	61	72	53	269	-31	2,435
of which:									
– Q4	345	74	27	12	-3	-23	34	7	473
– Q3	423	119	25	2	22	45	34	-67	603
– Q2	351	114	29	22	9	5	99	1	630
– Q1	353	112	39	25	44	26	102	28	729
Return on equity	24%	14%			9%	8%			16.1%
Cost/income ratio	57%	49%	53%	69%			11%		55%
Combined ratio						110%			110%
Product-responsible units:									
Income			566	246	186				
Expenses			-260	-120	-113				
Product result			306	126	73				
of which:									
– Q4			68	20	-2				
– Q3			75	22	15				
– Q2			69	31	8				
– Q1			94	53	52				

[1] Business area reporting is excluding CBK if not otherwise stated. Due to the development of financial reporting for the merged operations, the quarterly results by business area have been restated.

[2] Product result within Investment Banking refers to Equities excluding Corporate Finance.

[3] Income is reported as net of premiums, investment income, claims, benefits and provisions. Operating income from insurance EUR 610m in the Group income statement includes operating income from product earnings in Life Insurance and Pensions (EUR 186m) income from customer responsible units in General Insurance (EUR 429m) and group adjustments of EUR -5m.

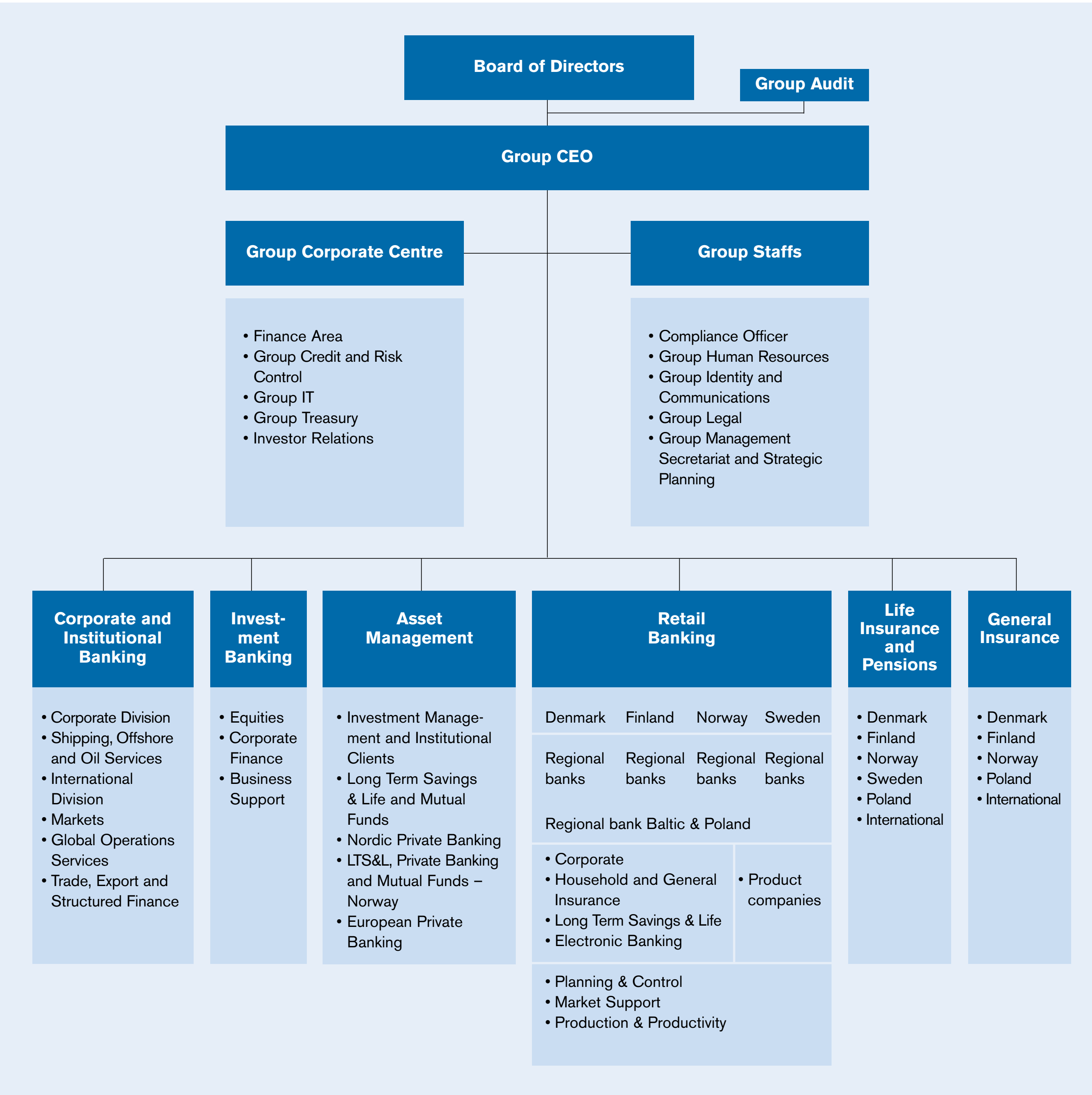
activities and for large institutional clients regarding equity sales, while it carries product responsibility for equity sales throughout the whole Group. Operating profit for the business area includes the customer-responsible units, while the product result for Investment Banking refers exclusively to the Group's overall revenues and expenses related to Equities. Corporate finance activities are not included in this product result.

Life Insurance & Pensions commands customer responsibility for its activities in Denmark and Norway, while it has global product responsibility for life insurance products. The operating profit for the business area thus includes operations only in Denmark and Norway, while the product result reflects the total earnings on life insurance and pension products throughout the whole Group.

In addition to the six business areas, Group Treasury, with responsibility for managing the Group's own positions in securities portfolios and internal bank activities, is included in the table. The column "Other" includes income and expenses not allocated to business areas, ie 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.

Business structure and organisation

January 2001



*Group CEO Thorleif Krarup***

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Markku Pohjola**

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Henrik Mogensen

Finland: Jussi Laitinen
Denmark: Jørgen Høholt
Norway: Ola Forberg
Sweden: Holger Otterheim

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
Tom Ruud**

Equities:
Finn B. Pedersen

Corporate Finance:
Björn Carlsson

Business Support:
Gert Aage Nielsen

Asset Management
Christian Clausen*

Investment Management and Institutional Clients:
Ole Jacobsen

Long Term Savings and Life and Mutual Funds:
Staffan Grefbäck

Nordic Private Banking:
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LTS&L, Private Banking, and Mutual Funds – Norway:
Jan Petter Borvik

European Private Banking:
Jhon Mortensen

Retail Banking
Lars G Nordström**

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Regional banks
Jørn Kr. Jensen,
Peter Lybecker,
Michael Rasmussen

Finland: Kari Jordan*
Regional banks
Harri Sailas, Pekka Ojala, Jukka Perttula

Norway: Baard Syrrist*
Regional banks
Alex Madsen, Sigvart Hovland, Inge Støve, Egil Valderhaug

Sweden: Magnus Falk*
Regional banks
Hans Jacobson, Johan Sylvén, Sten Lindblad, Arne Bernroth

Regional bank Baltic & Poland:
Thomas Neckmar

Corporate:
Juha-Matti Mikkola

Household and General Insurance
Roland Olsson

Long Term Savings & Life:
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Market Support:
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Ib Mardahl-Hansen*

Denmark:
Ib Mardahl-Hansen

Finland:
Seppo Ilvessalo

Norway:
Jørund Vandvik

Sweden:
Gunnar Andersson

Poland:
Vacant

International:
Peter Green Lauridsen

General Insurance
Hugo Andersen**

Denmark:
Stine Bosse,
Peter Falkenham

Finland:
Kimmo Kilpinen

Norway:
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Poland:
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Finance Area:
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Deputy CFO
Jarmo Laiho
Group Accounting
Bo Ranhamn
Group Control
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Göran Pettersson
Group Market Risk Management
Niels Kjær
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Investor Relations:
Björn Westberg,
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as from 1 April 2001

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Sonja Lohse

Group Human Resources:
Peter Forsblad

Group Identity and Communications:
Torben Laustsen

Group Legal:
Tord Arnerup

Group Management Secretariat and Strategic Planning:
Flemming Dalby Jensen

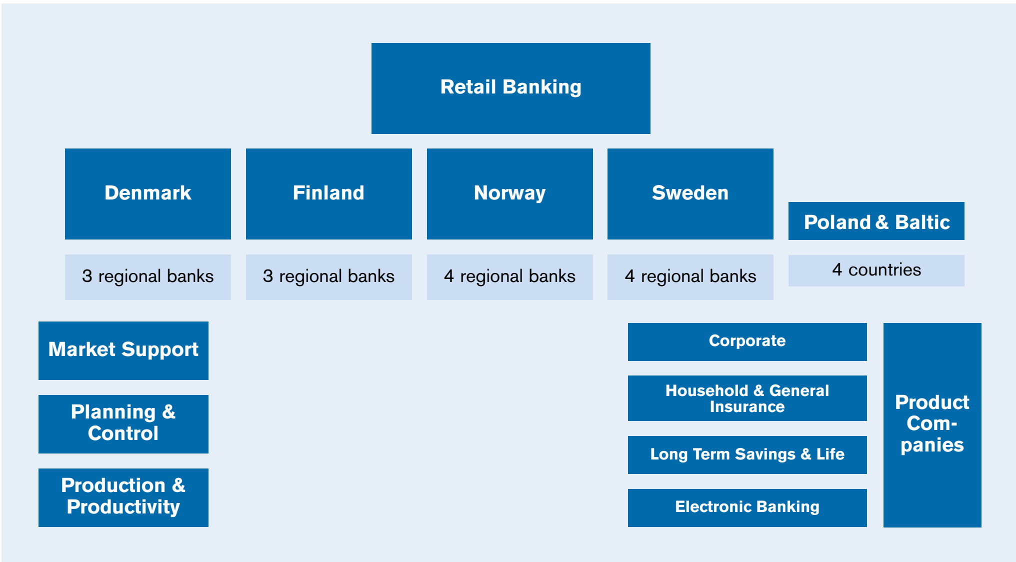
Group Audit
Göran Karlsson

* Member of Group Management.

** Member of Group Executive Management and Group Management.

Retail Banking

Retail Banking includes all activities such as development, marketing and distribution of a broad range of financial products and services related to personal customers and corporations.



What matters for Nordea is the ability to move at the same speed as the customer, and to offer easy access to financial services through a number of channels in a cost efficient way.

Technological development affects the traditional branch office, which rapidly continues to transform from a transaction facility to a venue for advisory services.

For Nordea's branch office managers these new conditions mean that their role is transformed. The branch office will still be the profit centre and the "heart" of the business, but the enlarged responsibility for the whole local market means that the branch manager also retains responsibility for new points of contact and the customer's use of new distribution channels.

This development from a branch centric "brick-and-mortar" bank to a multichannel "click-and-mortar" financial institution has a vast impact on transaction patterns: bill payments are shifting from branches and other channels to the Internet at a rapid pace; cash withdrawals take place at ATMs or point of sales instead of over the counter at the branch; balance inquiries are easily dealt with through automated voice response units; securities trading through the Internet can be conducted anytime, anywhere.

Number of customers 31 Dec 2000

	Finland	Sweden	Denmark	Baltic and Poland	Norway	Nordea
Customer base (1,000)						
Personal customers	3,035	3,643	1,692	37	526	8,933
Corporate	340	127	77	8	59	611
Netbank customers (1,000)	976	732	251	4	146	2,109
Branch offices	464	261	356	20	155	1,256

Skilled resources, which are set free in the branch network through the removal of routine work, are reallocated to customer-oriented sales and advice activities.

The organisation

Retail Banking comprises a geographic organisation and central units for support and staff functions. The overall nation-wide organisation consists of: Retail Banking Denmark, Retail Banking Finland, Retail Banking Sweden and from 1 January 2001, Retail Banking Norway.

Nordea has the region's largest retail banking operations with a customer base of 9 million personal customers as from January 2001, including CBK. In addition, the Group has more than 600,000 corporate customers and institutions as well as parts of the public sector. At the end of 2000 Nordea had, including CBK, 1,256 bank branch offices and 2.1 million customers signed up for banking business via the Internet and by telephone.

Total business volume in regional banking operations (lending/guarantees and savings/funds) amounted to EUR 163.9bn at the end of 2000.

Regional banks

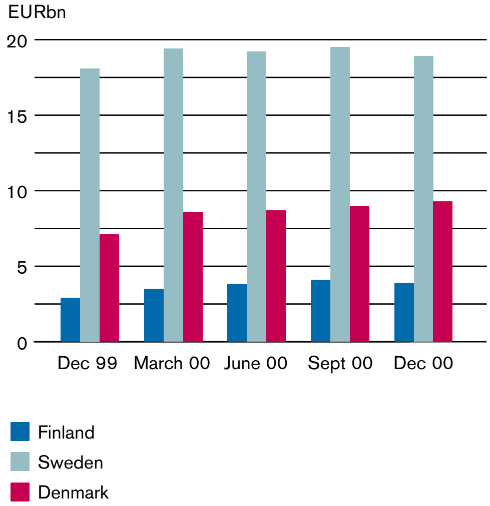
Retail operations have 15 geographically divided regional banks, including Private Banking, which focuses on high net worth customers requiring qualified investment services. Operations in Estonia, Latvia, Lithuania and Poland are organised into one regional bank.

Within each regional bank regions and branch offices have full responsibility for the results and risks of their own customers. All income and costs are allocated to regions and branch offices, which also measure return on equity. Decisions are decentralised and standardised work procedures, processes and customer concepts are applied in order to secure quality and cost-efficiency.

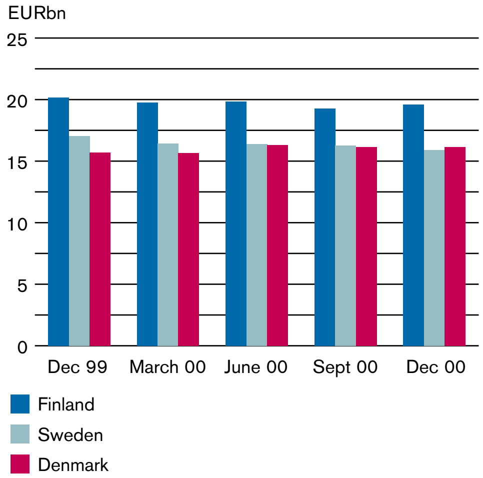
One organisation for all retail support functions

Retail's product and marketing organisation develops customer concepts and

Mutual funds



Deposits



EURm

Retail Banking per market

	Retail Banking	Finland	Sweden	Denmark	Poland & Balticum
Net interest income	2,491	908	774	789	20
Net commission & other income	1,125	356	452	309	8
Total income	**3,616**	**1,264**	**1,226**	**1,098**	**28**
Total expenses	**-2,047**	**-586**	**-757**	**-682**	**-22**
Profit before loan losses	1,569	678	469	416	6
Loan losses	-97	-38	-27	-32	0
Operating profit	**1,472**	**640**	**442**	**384**	**6**
Cost/income ratio	57%	46%	62%	62%	78%

easy-to-use, standardised products to meet customer needs and provide broad based, efficient distribution. The organisation comprises the following units:

Corporate
The unit is responsible for service concepts for Retail Banking's corporate customers and financing and deposit products to these customers.

Household and General Insurance
The unit is responsible for personal customer concepts, deposits and loans. Household and General Insurance also supports and initiates the sales of general insurance products.

Long Term Savings and Life and Private Banking
The organisation is a joint unit between Retail Banking and Asset Management with responsibility for long term savings products including mutual funds, life insurance, unit linked and securities. The unit is also responsible for customer service concepts to Private Banking customers.

Electronic Banking
The unit is responsible for the infrastructure, services and integration of direct distribution channels, including netbank and call centres. Electronic Banking is also responsible for payments, cash management services and cards.

Market Support
The unit is responsible for market communication, direct mail advertising, telemarketing and graphic design as well as market analysis and customer segmentation.

Production and Productivity
The unit is responsible for the operation of central production units within Retail Banking and for the development of production processes based upon best-practice comparisons in all countries.

Product companies
The predominant role of most product companies within Retail Banking is to provide products, which are sold through suitable distribution channels to Retail branch customers. This means that the product companies act as subcontractors to the customer-responsible units.

Results for 2000
The result for 2000 showed a strong development, with considerable growth in both net interest income and net commission income in all countries.

EURm

Retail Banking 2000

	Q4	Q3	Q2	Q1	2000
Operating profit	345	423	351	353	1,472
Return on equity (%)	20	27	24	26	24
Cost/income ratio (%)	58	53	58	57	57
Customer base: personal customers, millions					8.4
corporate customers					550,000
Number of employees (full-time equivalents)					19,300

In Finland and Denmark the stronger net interest income was especially supported by a widening of the deposit interest margin, while all markets were characterised by strong growth in lending to both personal and corporate customers. The widening of the deposit margins was very much based on the general increase in the short term interest rates in especially Finland and Denmark.

The net commission income grew even more than net interest income. The operations in all three countries showed a positive development, not least in selling of savings products.

Costs showed a very modest development in Finland and Denmark, while Sweden experienced some cost increases due, among other things, to establishing new distribution channels. The overall cost/income ratio was 57%.

The loan losses were still at a low level in all countries in 2000. The operating profit thus represented a return on allocated equity of 24% after standard tax.

Compared to a calculated pro forma result for 1999, the profit growth was 46%.

Market development

The business environment for Retail Banking has in general been favourable in 2000 with an overall healthy economic climate in the Nordic countries. Competition remained stiff among established institutions, and new Internet banks entered the market.

The markets for funds and life insurance expanded, and Nordea's business volumes have increased in all three countries. The markets shows healthy long term growth trends, and funds and life insurance business represents an important value driver for Retail Banking.

Nordea's market positions in Danish and Finnish Private Banking are strong, while Sweden is set for rapid development.

Electronic banking

Today's financial services are based increasingly on electronic channels. Internet-based services – wired and especially mobile – provide customers with the freedom to decide when, where and how they handle their banking transactions. The development and adoption of Internet technology is a predominant value driver for Nordea, providing vast improvement in customer accessibility and the opportunity to direct transactions towards cost efficient distribution channels. Nordea's home market has one of the highest rates of Internet and mobile phone penetration in the world and growth is continuing.

Growth in market volumes for funds (%)

	2000	1999
Finland	31	109
Sweden	5	52
Denmark	26	64
Total	**11**	**58**

In August 2000 the magazine "The Banker" granted Nordea their global award for "Best Online Business Strategy". The Banker's jury regarded the Group as a pathfinder in Internet banking.

Personal customers

A significant event during the year concerning personal customers was the change in taxation rules for deposits in Finland. After June 2000 there are no more tax-free savings. As a consequence, the total market for bank deposits has been declining in Finland. This decline has been more than offset by strong growth in funds and insurance. Also in Sweden, the market for bank deposits that was previously quite stable is now declining, while bank deposits in Denmark still show some growth.

Corporate customers

Nordea's market share and customer base of corporate customers has been stable in

Market shares (%)

	Finland	Sweden	Denmark
Household, deposits	35	21	26[1]
Household, bank lending	32	12	24[1]
Corporate, deposits	48	15	26[1]
Corporate, bank lending	45	17	24[1]
Mortgages & housing loans	35	16	11
Funds	29	18	27
Life insurances	36	6	10

[1] In Denmark the market shares have not been divided in households and corporates.

Sweden and Finland and has shown some growth in Denmark. In the Baltic countries and Poland the number of customers is growing by over 30% on a yearly basis. In Finland the Group is the leading bank for corporate customers, while in Denmark the market share is the second highest and in Sweden the third highest.

Customer base and strategies – activities and sales

Personal customers

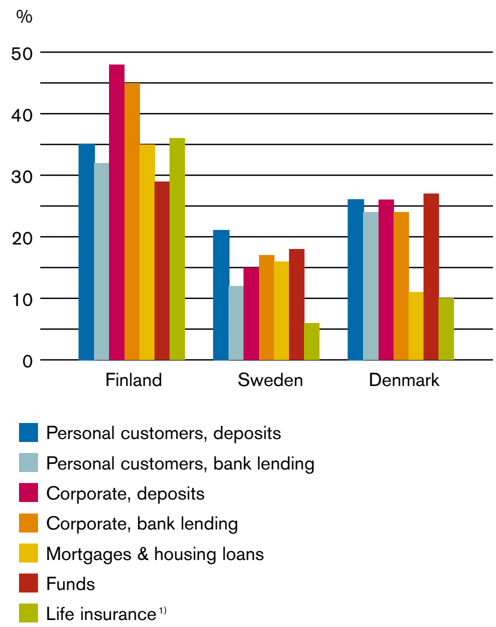
The personal customer base is divided into the three categories: core, intermediate and small, according to business volume.

The goal is to influence the customers to stay with the Group and in the long term to increase their volumes. Long term relations and high customer satisfaction also contribute to sustained and strong profitability.

Nordea's loyalty programmes have been successful and attracted widespread appreciation among the customers. Core customers are offered a Personal Banking Adviser. The Personal Banking Advisers are specially trained in order to offer greater skills and expertise in several areas of the private market and be able to act as a financial adviser to a number of core customers and their families. The loyalty programmes are established in Sweden and Finland and were introduced in Denmark in January 2001.

Personal customer concepts within the Group have been benchmarked and a common Nordic household market strategy with sharpened segmentation and improved value propositions to customers

Market shares



[1] Premium income, both new and old business, both corporate and private life insurance.

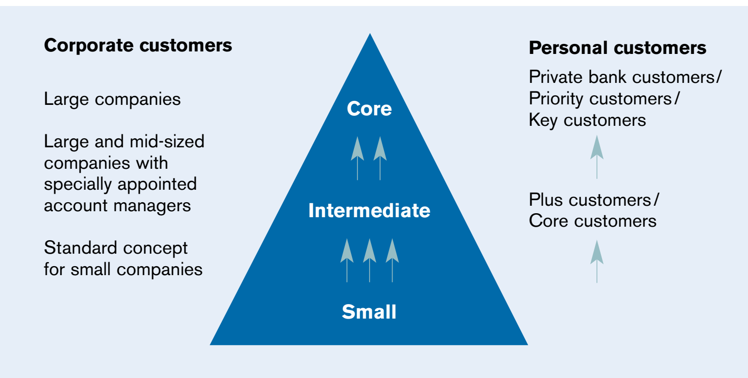
in all countries is in the process of implementation.

Sales efforts targeting household customers have in particular encompassed funds, insurance, mortgages and electronic banking solutions.

The market for loans, especially mortgages, is growing. Sales have been good and volumes are increasing in all three countries. In Denmark and Sweden, Nordea's market shares are increasing, whereas in Finland they are decreasing, but from a high level.

In all three countries, the key to success has been cooperation with real estate brokers. In Denmark and Finland Nordea owns Danbolig (franchise) and Huoneistokeskus. In Sweden the Group has had an agreement with the largest real estate organisation, Mäklarsamfundet since 1997.

Even though there are big differences between the mortage markets in the three different countries they have product development in common. For instance Merita introduced a long-term mortgage on the Finnish market during 1998. The new loans extend for more than 15 years, and they have been so popular that 1/3 of



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

all mortgages has been issued as long-term loans during the year.

In Denmark, a new kind of mortgage has been introduced during the year, "Nedsparing".

The product is offered to people who own their houses and have no mortgages on them. When they retire and their incomes are lower they can use the house as security to take a mortgage which gives them the opportunity to live in the house even though they only have a pension as income. In Sweden, a mortgage loan with floating interest combined with a limit/cap was introduced during the year. It gives the customers the opportunity to have a loan with floating interest, knowing that the interest will never exceed a certain level.

In the Baltic countries and Poland, Nordic business and sales of deposits and mortgages to private persons are growing rapidly. Assets have been growing by 113% compared with 1999.

Personal customer ratings in the regularly conducted measurements of customer satisfaction have increased notably in Finland. The ratings are also improving in Sweden for the core customers, and ratings have remained at a high level in Denmark. Nordea has overall improved its position in relation to its main competitors.

Corporate customers
The service concepts for corporate customers follow the same strategy as for personal customers. The long-term strategic focus among corporate customers is through customer-size and service-need-based segmentation to improve the competence of customer relationship managers and thereby increase long-term business relations and customer satisfaction. The largest customers are served by Customer Relationship Managers in regional Corporate Service Units and Corporate Branches.

In the Baltic countries and Poland the Group has a special Nordic Desk for the Nordic corporate customers.

Furthermore, special emphasis is placed on developing and utilising Solo- and Internet services for corporate customers related to payments, financing, investment, marketing services and sales, all of which have shown good results.

Corporate customer surveys show promising results. In Finland customer satisfaction has remained at a high level. In Sweden the level of satisfaction has improved every year and, in 2000, satisfaction among Nordbanken's corporate customers was above market-average.

In Denmark the customer satisfaction has also improved.

Baltic countries and Poland
The Baltic area, including Poland and the Baltic countries, represents a growth market for the Group. Nordea should be the preferred partner of Nordic as well as international medium-sized or large corporate and institutional customers operating in this area. Nordea provides an increasing range of financial products and services to personal and corporate customer segments in the Baltic region.

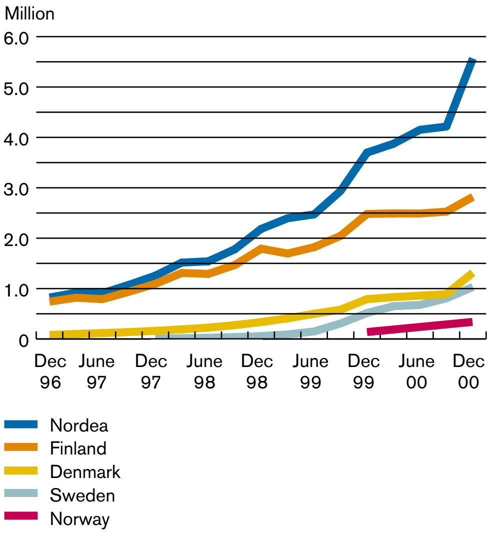
The rapid development of the Nordea business in the Baltic countries and Poland continued during 2000. The acquisition of Société Générale's operations in Latvia and Lithuania yielded a significant increase in business volumes in Latvia and gave a running start to operations in Lithuania.

The merger between MeritaNordbanken and Unidanmark added another local bank in northern Poland, which will be merged with Bank Komunalny. In Bank Komunalny the Group's share holding increased via a share issue and a tender offer on the market. The Group now controls 94% of the shares in Bank Komunalny.

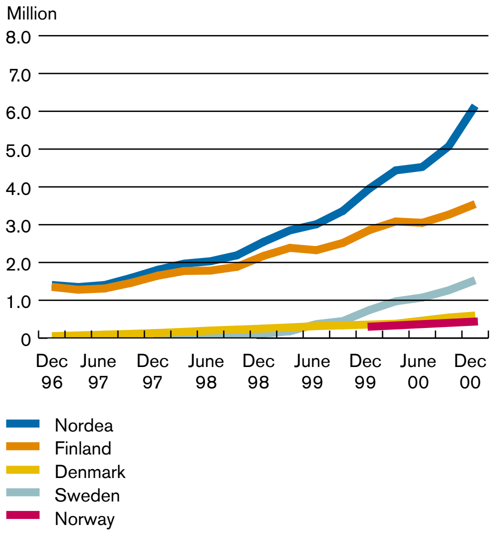
Priorities for 2001 comprises acquiring more Nordic corporate and private customers, to expand the e-business and improve the physical network as well as introducing e-services in all countries.

Long Term Savings, Life Insurance and Private Banking
By managing the entire retail savings area as one organisation, the operational setup of the Group is simplified while an attrac-

Netbank log-ons
December 1996 – December 2000



Netbank bill payments
December 1996 – December 2000



tive and differentiated offering is created for Nordea's customers.

In order to consolidate and expand the Group's base of high-net-worth and affluent retail customers, the continued provision of high-quality Private Banking Services has been designated a priority area.

The leading netbank

One of Nordea's competitive advantages lies in the number of customers who are already accustomed to using conventional banking services via the Internet. This facilitates the rapid development of new banking services as well as the launch of completely new e-commerce services that create value for both personal and corporate customers.

Over 2 million e-customers

During 2000 Nordea strengthened its position as one of the world leaders in netbanking. Nordea's electronic banking service passed the milestone of two million netbank customers during 2000 and the number of netbank customers increased by 760,000.

Nordea's electronic banking service Solo strengthened its position among the most frequently utilised Netbanks in the world during the year 2000.

Solo Market – pan-Nordic e-commerce site

Solo provides further value-added by allowing customers to make secure online purchases. Nordea has over 1,500 contracts with vendors who accept payment by Solo. More than 500 of these vendors are represented at the electronic marketplace "Solo Market", accessible from Nordea's web sites. The Solo Market and e-payments were introduced in Denmark in November 2000 and more than twenty Danish corporate customer signed Solo e-payment agreements with Unibank.

The range of Solo's e-commerce services also contains electronic invoicing (e-bill), electronic identification and signature and electronic salary.

Increased use of payment cards

Debit and credit cards are continuing taking over as a payment method. During 2000 Nordea increased sales by 330,000 new cards to almost 5.3 million cards.

Distribution of services

The customer determines to a growing extent when, where and how he or she will conduct financial transactions. This tendency reflects the fact that customers' needs and behaviour change rapidly.

Nordea's multi-channel strategy is accompanied by a channel integration strategy. Channel integration is accomplished by distributing services in multiple channels utilising technical solutions in a way that supports improvement of efficiency, cross selling and customer satisfaction.

The number of traditional branch offices has declined during recent years in parallel with the establishment of new points of contact and new distribution channels. Nordea has 1,256 branch offices, including 62 staffed in-store branches/sales outlets.

Nordea is also expanding accessibility through call-centres/telephone banking services to process customer contacts via telephone and Internet. This area is constantly developed to support the branch offices during and after business hours. The call centres also work with telephone sales and booking customer appointments.

2000 showed a rapid growth in the number of Solo customers and service usage.

Nordea's netbank customers logged in to the services 5.6 million times and paid more than 6 million bills/invoices in December 2000.

A number of new services, both Internet and mobile, have contributed significant value and convenience for the customers. Stock trading and mutual funds services in particular showed growth rates exceeding earlier expectations, while e-commerce-related services developed below expectations. In the Finnish market, and soon in all Nordic markets, Solo customers are starting to apply for loans and mortgages via the Internet, with the possibility of receiving a very fast approval on the loan application.

The next generation of Solo, based on personalised services and extended mobile services, will further enhance customer satisfaction. Increased usage and rising number of Solo customers – together with a very rapid growth in international card issuing and acquiring – has created new and increased revenues and also reduced costs for payment and transaction processing, administration and information.

New service outlets complement to post offices in Sweden

On 29 January 2001 Nordea announced a new agreement with the Swedish Post Office Organisation ensuring an ongoing service for customers to make a limited number of basic banking business in 900 post offices and through postmen in rural areas. The new agreement lasts for two years and the costs for Nordea will be considerably lower than the annual costs of approx. EUR 85m in the preceding agreement.

In order to offer an even better complement to the Nordea network and the post offices the Group has entered into agreements with three new partners, Axfood, Shell and Forex to establish more than 1,000 new points of contact for customers in 2001. Additional partners are being considered.

The integration process

Merger synergies within Retail Banking were identified in the following areas:
- Cross-border introduction of new products and services.
- Gradual introduction of jointly developed products and services.
- Exchange of experiences in electronic services.
- Harmonisation of customer service concepts.
- Elimination of overlapping functions.

The MeritaNordbanken/Unidanmark merger process is developing well and Retail Banking is on track in delivering the synergies. The Solo concept has been extended to Danish customers, and within the coming period further new products and services will be introduced especially within the area of e-banking.

Nordic cross-border functions for products and concepts are all in place, and the work on developing common service concepts and benchmarking within the different areas are proceeding rapidly.

Plans for the integration of CBK into Retail Banking are in place.

Product companies

Mortgage credit companies

Mortgage credit companies offers a qualified and competitive range of long term funding solutions through Retail's branch network to private, corporate and public sector customers.

Mortgage credit companies include:
Nordbanken Hypotek
Unikredit

Finance companies

The principal products of finance companies are leasing, hire-purchase, factoring, contract financing, corporate cards, consumer credit cards and consumer credits. The products are marketed through Retail's branch network, through vendor financing agreements with car dealers and other retailers that offer sales financing directly to the customer. In 2000 Merita Finance merged with Merita Customer Finance.

Finance companies include:
Merita Finance
Nordbanken Finance
Unileasing
Unifinans
Unifactoring

Real estate agent companies

Huoneistokeskus Oy offers real estate brokerage services relating to purchases, sales and leasing contracts in Finland. In co-operation with Retail's branches, Huoneistokeskus also offers a complete range of services to customers changing residence.

Danbolig is responsible for the co-operation between Retail's branches in Denmark and the Danbolig chain of real estate agents aiming at increased sales to Retail customers buying and selling real estate.

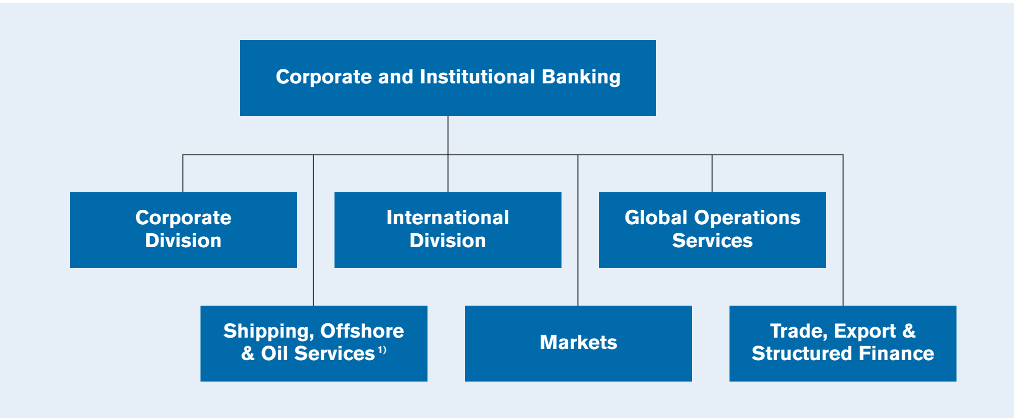
Other companies

Nordbanken Industrikredit concentrates on long-term lending primarily for small and medium sized companies. The company will according to plan be merged with Nordbanken in 2001.

Merita Capital conducts risk-capital investment activities in Finland.

Corporate and Institutional Banking

Corporate and Institutional Banking is responsible for Nordea's operations with large corporate customers, including shipping customers, and financial institutions. The business area also provides a range of products related to international trade and runs Nordea's international network.



[1] Shipping, Offshore & Oil Services is a separate division from 1 January 2001.

The business area Corporate and Institutional Banking caters to the needs of large corporate customers and financial institutions.

Corporate and Institutional Banking supplies and develops a range of products and services to Nordea's corporate and institutional customers.

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

The number of staff in Corporate and Institutional Banking, before the inclusion

Customer responsibilities

- Large Nordic corporates
- Nordic financial institutions
- Shipping, Offshore & Oil Services customers, globally
- International financial institutions
- Corporate customers outside Nordea's home markets

Products and services delivered

- International payments and cash management concepts
- Currency and international loans
- Trade, export and project finance
- Fixed income, foreign exchange and derivatives services
- Debt capital market services
- Acquisition finance
- Custody services

of CBK units, is about 2,600, of whom about 350 are located outside the Nordic countries.

Nordic strategy pursued following mergers

Corporate and Institutional Banking pursues a Nordic strategy in its operations, applying a functional cross-border organisation.

By developing Nordic product and service concepts, and by using the combined skills and capital resources of Nordea, the Group is creating the premier Nordic banking operation for corporates and financial institutions doing Nordic business.

Christiania Bank og Kreditkasse

The integration of CBK operations with Nordea provides the missing component for Corporate and Institutional Banking's strategy of providing leading Nordic services to corporate and institutional customers.

CBK furthermore has a Shipping, Offshore & Oil Services banking operation that is leading by international standards. This operation will be continued within Nordea thus providing an addition to the Nordic focus characterising Corporate and Institutional Banking operations.

Results improved in 2000 – merger synergies

The year 2000 saw a healthy business climate for Nordea operations, with economic growth, brisk activity as regards corporate restructurings, further increases in international custody business and volatile foreign exchange markets that stimulated trading activity. The operating profit of Corporate and Institutional Banking, EUR 419m (providing a ROE of 14%) showed a considerable improvement compared to 1999. Net loan losses were EUR 16m, with new provisions for doubtful loans at EUR 112m and recoveries at EUR 68m. Net loan losses also include reversals of country risks.

The total lending volume was EUR 22bn at year-end, a slight decrease compared to total lending in MeritaNordbanken and Unibank operations at the time of the merger.

Synergies due to the merger of MeritaNordbanken and Unidanmark were realised according to plan and resulted in substantial contributions to profits. Total synergies in 2000 were a little less than EUR 20m of which cost synergies were approximately EUR 15m.

The main sources of synergies are:

- Integration of international branches.
- Closure of dublicate Nordic offices.
- Integration of trading operations in Markets.
- Revenue synergies stemming from increased competitiveness.

Corporate Division

Corporate Division serves large corporate customers and major financial institutions other than banks such as pension funds and insurance companies. As from 1 January 2001, following the integration with Christiania Bank, shipping customers belong to the newly created Shipping, Offshore and Oil Services Division.

The MeritaNordbanken and Unidanmark merger has strengthened the market position further. In 2000 the Group won a number of business mandates that would presumably have been difficult to win otherwise, for instance in cross-border cash management and in debt capital market transactions.

The overall competitive situation has eased somewhat, which has contributed to slightly healthier margins.

EURm

Corporate and Institutional Banking 2000

	Q4	Q3	Q2	Q1	2000
Operating profit	74	119	114	112	419
Return on equity (%)	9	15	15	15	14
Cost/income ratio (%)	48	49	50	51	49
Number of employees (full-time equivalents)					2,600

To enhance the quality of the services provided to Corporate Division's customers, a new common Customer Relationship Management model has been implemented. The model is essential for the ambition of building strategic partnerships and becoming the leading bank serving large Nordic corporate customers.

Cost synergies have been achieved through the closure of MeritaNordbanken's branches in Copenhagen and Oslo and Unibank's branches in Stockholm and Helsinki.

Corporate Division's results have benefited from improved margins, increased business volumes stemming partially from merger and acquisition activities, merger synergies and an overall favourable business climate.

Cash Management

The Cash Management unit co-ordinates cash management services and defines cash management concepts. From 1 January 2001 Cash Management is a unit within Corporate Division.

The successive mergers have greatly enhanced the Group's capabilities to provide cash management services. In 2001 Nordea will launch new, common service offerings that will be available in all Nordic markets.

Nordea aims to be a leading Nordic player also in the rapidly developing business-to-business e-commerce. In September 2000 the Group joined Identrus, which is the leading initiative to operate a global digital certificate system to cater for the growing need of trust and credibility in Internet-based trade between companies.

International Division

International Division takes care of relationships with financial institutions worldwide. Nordea is unique in delivering products and services to financial institutions and foreign corporates under a "one-bank-shopping concept" – with only one point of entry in the Nordic region. International Division furthermore provides Nordic corporate customers with international financial services. Nordea is present in 22 countries, of which 18 are outside the home markets.

International cash management services in markets where Nordea is not present are provided through co-operation with other banks:

- Europe, North America, and Japan are covered eg through the membership of the IBOS co-operation.
- Asia is covered through an arrangement with an international bank.

Agreements covering Central and Eastern Europe and Latin America will be concluded in 2001.

Several major financial institutions have chosen Nordea as their clearing partner for Nordic currencies and custody during the year.

The merger of MeritaNordbanken and Unidanmark has required substantial efforts to quickly create an integrated organisation. Cost synergies have been achieved through mergers of the branches in New York, London and Singapore.

Reversals of provisions for country risks have contributed with EUR 28m to results, due to improved credit outlooks and lower exposures.

The "one-bank-shopping concept" for financial institutions and high volumes of custody business with these customers contributed significantly to profits.

Markets

Markets runs the Group's activities within foreign exchange, interest rate products, derivatives and debt capital markets. Markets serves Nordic corporate and institutional customers as well as selected international customers throughout the world. Major sales and trading activities are located in Copenhagen, Helsinki, Stockholm, London and New York, and regional sales activities in Gothenburg, Malmö, Odense, Århus and Aalborg.

Nordea international operations

• Branches:	New York, London, Singapore, Frankfurt, Berlin, Hamburg
• Minority shareholding:	International Moscow Bank
• Representative offices worldwide;	Shanghai to be opened in 2001

The main focus in 2000 has, following the merger of MeritaNordbanken and Unidanmark, been on creating an integrated approach to the business across the Nordic region while creating cost efficiency in operations and maintaining business momentum.

Customer orientation has been a key driver of change in the integration of the organisation. The introduction of common customer concepts gave positive results in 2000. All research activities are fully integrated across the organisation.

Markets' debt capital market operations have successfully taken advantage of the growth of capital market funding in the Nordic region, having won significant mandates – not only in the local currencies but also in the euro sector. The ability to distribute securities in the Nordic region and internationally has been proven strong. A securitisation programme, "Viking", has been implemented and is now being marketed to customers.

In 2001 the focus on customer orientation, debt capital market activities and derivatives capabilities will continue. In addition, e-business capabilities will be enhanced, and work to create a unified IT system set-up for all Markets' Nordic operations will commence.

The increased focus on customer-based trading resulted in increased and less volatile earnings. The level of market risk in the combined operations has been lowered significantly. Both cost and revenue synergies are being realised in the integration process, with significant progress secured in 2000.

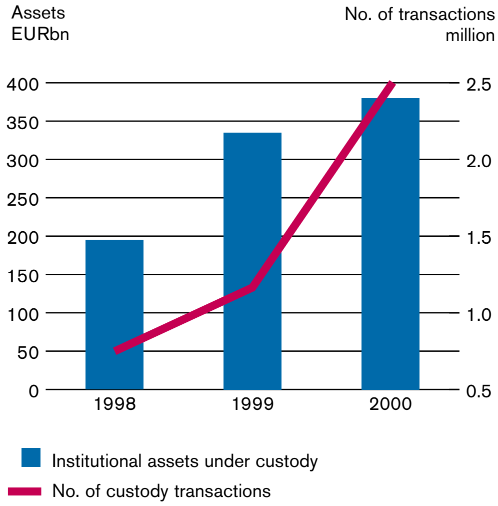
Global Operations Services

Global Operations Services pools resources for and knowledge of back-office processes and manages the custody business. The back-office processes in Global Operations Services are primarily settlement of interest rate and foreign exchange trades and international payments.

Custody Services

The demand for *Nordic custody services* from foreign institutional investors has continued to increase as a result of greater interest from foreign investors in Nordic securities. The focus for 2001 is to develop the Nordic custody products even further. As for *global custody services* to *Nordic and Baltic investors,* there has been a very large increase in both transaction volumes and assets under custody. This growth is the result of Nordea winning a series of new custody mandates. Nordea is currently able to offer global custody services in over 80 markets worldwide.

Custody business



The outlook for custody services remains very positive.

Trading and Treasury Operations

Trading and Treasury Operations primarily deals with settlement of foreign exchange, derivatives and securities trades as well as central bank clearing.

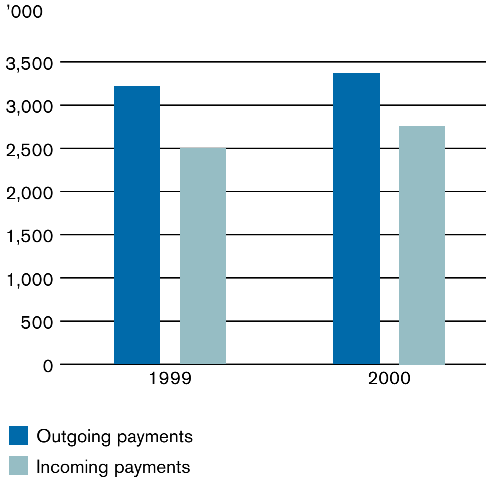
Projects to use common back-office IT solutions within the whole Group were started in late 2000. Best practice as regards processing of trades and management of operational risk will be implemented during 2001.

An integrated and automated solution for processing of foreign exchange trades captured through Solo Internet was developed and implemented in Finland.

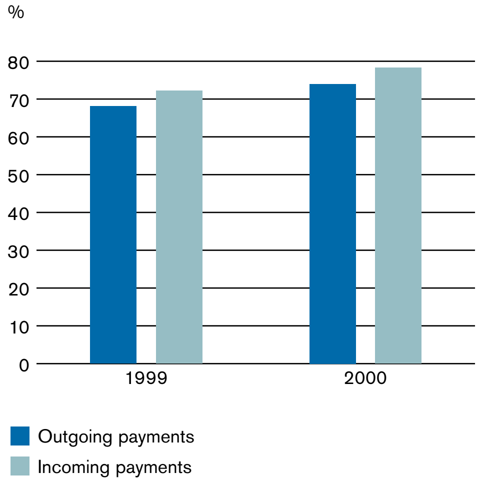
International Payments Services

International Payments Services handles all international payments for the Group.

Number of international payments



Straight through processing rate for international customer payments



Rapid cross-border intra-group payments services have been developed and made available to customers.

A web-based service for outgoing international payments has been introduced to Finnish customers as one of the first of its kind in the world. The service has in a short time taken over one-third of the manual payments previously handled by the local branches.

Trade, Export and Structured Finance

Trade, Export and Structured Finance provides trade finance services and standard export finance products, and also structured export finance, project finance, acquisition finance and leveraged financing at large. The division further encompasses the administration of international, export and foreign currency loans.

In Trade Finance, owing to the strong export performance of the Nordic countries as well as increased imports, volumes of new business expanded by 15% to EUR 7.2bn. Since the perceived risks in many emerging market countries decreased, income growth did not quite match the volume increase. On the other hand, innovative solutions providing global commercial guarantee services proved successful.

To increase efficiency, a trade finance system common for all Nordea's units will successively be implemented, starting in 2001. Furthermore, the customers' needs to access the bank for trade finance services via the Internet will be catered for in all countries during 2001.

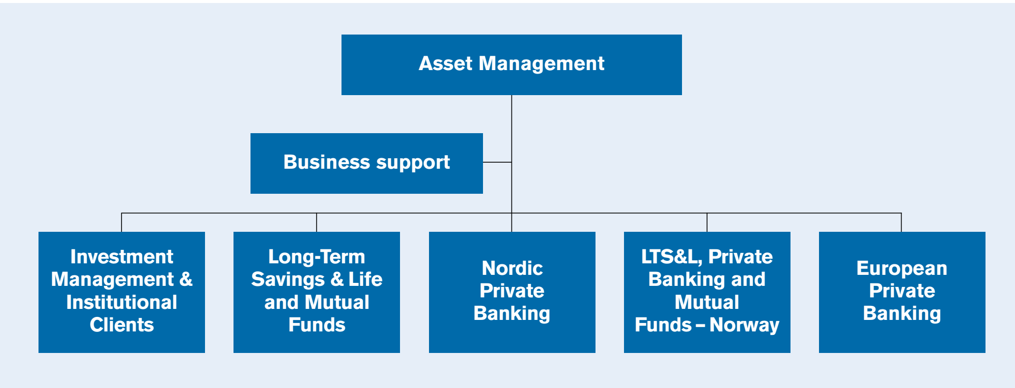
Export and Project Finance developed favourably, with volumes outstanding increasing by 9% to EUR 2.4bn, mainly thanks to the strong performance of the telecommunications and power sectors. Following the Group's focus on Nordic-related export finance, the opportunity to rely on the Nordic Export Credit Agencies for risk sharing was invariably used.

Acquisition Finance played an important role in the restructuring of Nordic industries by arranging, underwriting and financing corporate acquisitions in the region. The number of new deals concluded with private equity funds in 2000 was 22, with a total lending volume of EUR 1.2bn. In addition to the units in Denmark, Sweden and the UK, a specialist unit started activities also in Finland at the beginning of January 2001.

The loan administration unit processed a record volume of transactions during the year.

Asset Management

Nordea Asset Management ranks among the major players in the Nordic region and provides a full range of asset management services across all customer segments. Asset Management operates as a single Nordic organisation. In 2000 assets under management increased by 18% compared to 1999. The increase is in line with the overall target of a growth of 20% in assets under management.

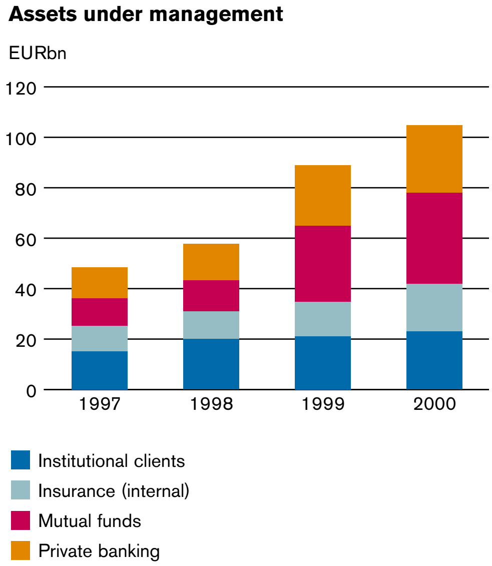


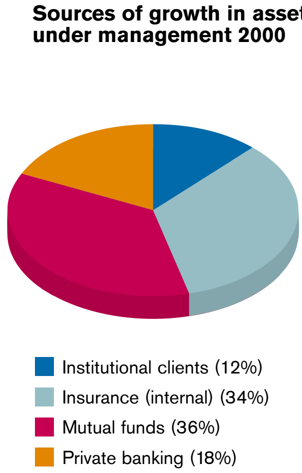
Organisation

Asset Management includes institutional asset management, mutual funds and private banking operations. In addition, Asset Management has formed a joint unit with Retail Banking targeting the retail market for investment, savings and life insurance products. Asset Management has a strong position and a well-diversified customer base in each of its Nordic home markets as well as a focused presence outside the Nordic area.

Market

The Nordic savings markets were characterised by strong growth and increased competition. Customers are becoming more sophisticated as they move from traditional savings accounts to investment and insurance products in general and to equity-based products in particular. This puts pressure on market participants to upgrade their offerings or lose business to competitors. A shift in focus from domestic to international products and from simple fixed-income to equities and more complex products is driving increased outsourcing, creating additional business opportunities and counteracting the erosion of margins. Asset Management is capitalising on this by investing in competence and product development to create added value for customers.





Growth in assets under management

Total assets under management increased by 18% or EUR 15.8bn, to EUR 104.8bn, with significant contributions from all asset classes. EUR 3.1bn refers to the inclusion of CBK.

Investment management

The Investment Management unit serves the institutional customers segment. It also manages the over 200 Nordea mutual funds and the majority of the assets held by the Group's insurance companies. Investment Management is present in all the Nordic countries. Outside the Nordic region, Investment Management's customers are served through offices in Frankfurt and New York.

With EUR 75bn in assets under management, Investment Management holds a leading position in the Nordic market.

Investment Management operates with several unique and proven equity investment processes, among which are the Thematic Investment Process (TIP), the Active Growth Approach (AGA) and the Value process used in Luxembourg. On the fixed-income side, the valuation of different sources of risk is highly developed and specific processes for managing credit risk have been developed and proven over several years.

Continuous focus on investment performance

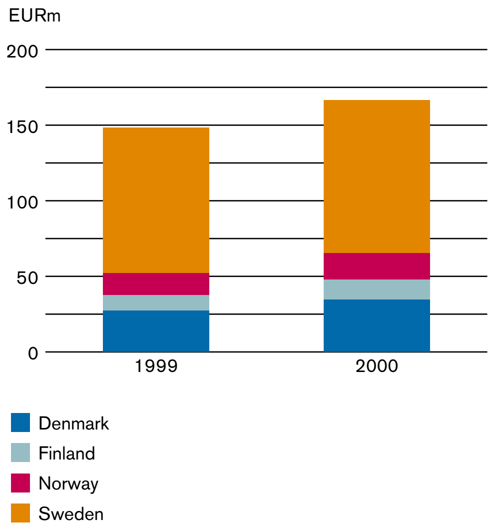
The strategy of Asset Management targets investment performance in the top quartile of the market. The quality of the organisation's investment processes was recognised when Investment Management's TIP team was awarded top ratings on the management of European equities by a number of consultants, including the Frank Russell Company, one of the world's leading investment consultants.

The AGA team in Stockholm was awarded the title of "Fund Manager of the Year 2000" by the Swedish financial journal *Sparöversikt*. *Sparöversikt* based this recognition on the broad-based performance of the team and in particular emphasised the results derived from European, Asian and global funds.

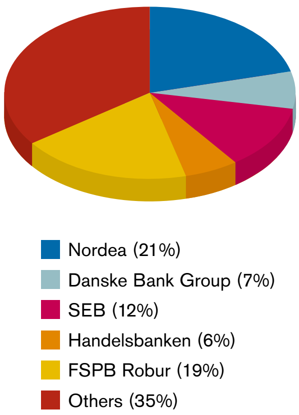
European Equities within the AGA team also won a "Star Manager of the Year" title from the daily *Dagens Industri* and Morningstar.se for returns in 2000. Finally, two of the funds managed by the Value team in Luxembourg received 5 stars from Standard & Poor's Micropal.

The significant volatility of the equity markets during the second half of 2000 emphasised the importance of proven investment processes. Intensifying competition in the industry continued to put

Nordic mutual funds markets



Mutual funds – Nordic market shares 2000



margins under pressure, especially for domestic and simple fixed-income products. Moving against this trend, Investment Management maintained average margins by increasing the share of equity and higher value-added mandates in its customer portfolio. In general, the unit saw high demand from both Nordic and non-Nordic customers throughout 2000, with the institutional sales functions in Frankfurt and New York contributing to new asset inflow.

A co-operation agreement covering product development and distribution was implemented with the US-based Liberty Funds Group, allowing a jointly managed high-yield (corporate bond) product to be marketed towards both institutional and retail customers in the Nordic markets. Moreover, Liberty will distribute mutual funds managed by Nordea in the US market.

Mutual funds

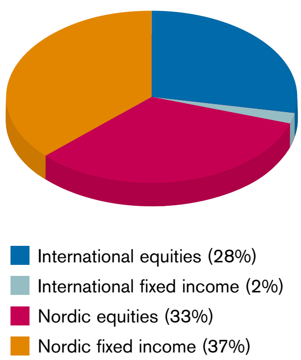
Nordea is a leading Nordic supplier of mutual funds and registered growth rates above the market in all its four core markets. The Group's share of the total mutual funds market increased by just over 1% point in Denmark and Norway, by 0.4% point in Sweden[1)] and by 0.2% point in Finland. Nordea's share of inflows in the Swedish market was the second-highest of all participants and the highest excluding *Premiepensionssparandet.*

The mutual funds market in Sweden is relatively mature and highly contested, with loss of market share by the traditional actors to new entrants being a defining characteristic. In spite of this, investment performance above the general market permitted an increase in market share after adjustment for the introduction of the 7th AP fund into market statistics.

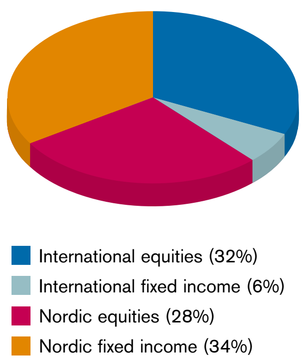
The continued development of broader retail mutual fund markets in Denmark, Finland and Norway led to exceptional growth rates in 2000. Thus, the relative

[1)] Excluding the 7th AP fund.

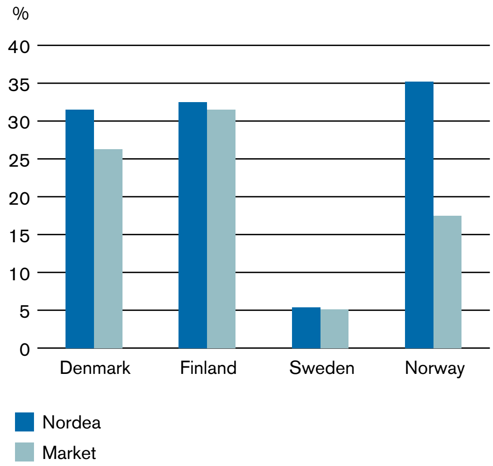
Approximate distribution of assets end 1999



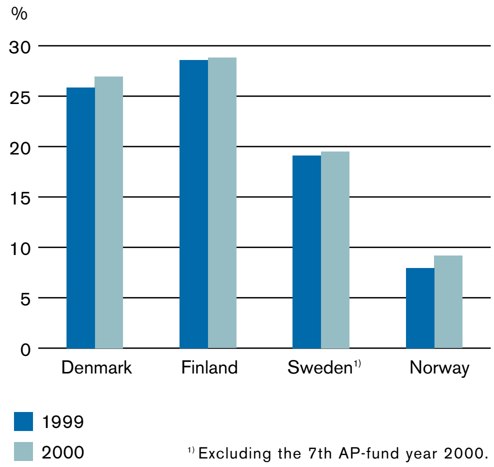
Approximate distribution of assets end 2000



Mutual funds markets – growth 2000



Mutual funds – Nordea market shares



[1)] Excluding the 7th AP-fund year 2000.

size of the Swedish market declined from 65% to 61% of the Nordic total. At the end of the year, Nordea's rank in terms of market share was 1st in Finland, 2nd in Denmark and 3rd in Sweden and 4th in Norway.

Looking at the Nordic overall, Nordea was alone in having significant exposure to all of the fast-growing Danish, Finnish and Norwegian mutual funds markets.

Outside the Nordic region, the Group's European fund distribution network was strengthened by the establishment of a unit based in Luxembourg and focusing on sales via intermediaries within the German language area. By year-end 2000, assets under management in the Group's mutual funds (including Norway) reached EUR 36.1bn, up 19% from 1999.

A new approach to retail savings

To consolidate Nordea's position as a leading supplier of retail savings products in the Nordic market and to lay the foundations for future growth, a joint unit has been established by Asset Management and Retail Banking. This unit, Long-Term Savings & Life, will be fully introduced over 2001 and represents a major investment in re-tooling the Group's approach to retail savings to fit the demands of the future.

Integrating and customer orienting the way retail savings are handled by managing the entire retail savings area as one organisation will simplify the operational setup of the Group.

By presenting the entire range of Nordea savings, investment and life insurance products in one context, by taking into account customers' individual characteristics and risk profiles and by offering a wide choice of distribution channels, Nordea will develop and differentiate its savings proposal to Nordic retail customers. The result of Long Term Savings and Life is a part of the result for Retail Banking and is not presented separately for Asset Management. Retail assets, eg equities, bonds etc, are not included in assets under management, while assets handled by Private Banking are.

Nordic Private Banking

The Nordic Private Banking unit provides individualised services to high net worth individuals and medium-sized institutions as well as at the broader affluent segment. Currently, Nordic Private Banking operates in Denmark, Finland and Sweden, while preparations for an introduction of the concept in Norway are under way.

Nordic Private Banking customers are served from 28 locations in Denmark, 31 in Finland and 18 in Sweden. In order to consolidate and expand the Group's base of high net worth and affluent retail customers, the continued development of a high-quality private banking services has been designated a priority area.

In this connection, further development of the more recently established Swedish private banking operations plays a key role. With the exception of Nordea Private Wealth Management in Helsinki and

Trevise Private Banking, Nordic Private Banking operates as a joint unit between Asset Management and Retail Banking.

Through this the Group aims to ensure the provision of a differentiated offering for the top customer segments while avoiding duplication of effort and questions about organisational "ownership" of individual customers. The result from private banking within the joint unit with Retail Banking is a part of the result of Retail Banking and is not presented separately for Asset Management.

Excluding mutual funds, life insurance and account balances, assets held for customers of Nordic Private Banking reached EUR 20.6bn by the end of 2000.

European Private Banking

Nordea is a market leader in providing private banking services for Nordic clients resident outside the Nordic region. Besides the head-office in Luxembourg, European Private Banking is active in Switzerland, Germany and Austria as well as in Spain, France, Belgium and the Isle of Man.

The growth of the global private banking market continued, as did the trend towards increased sophistication among customers.

The activities of European Private Banking have also grown during the year, particularly in the first half of 2000.

In recent years, the unique Nordic profile of Nordea has attracted a growing number of non-Nordic customers, mainly from the German language area. A branch in Zurich was established in the summer of 1999 to further enhance the service provided to this segment.

Assets under management in European Private Banking grew to EUR 6.2bn by the end of 2000.

Norway

From January 2001, with CBK in the Group, there will be new opportunities in the Norwegian market. K-Fondene AS is one of Norway's leading players in the mutual funds area with a year-end market share of 9%, up from 8% at the end of 1999, corresponding to assets under management of EUR 1.6bn.

K-Kapitalforvaltning AS, servicing the institutional segment, had an additional EUR 1.5bn under management by end 2000.

Private banking in Norway is viewed as holding significant potential and will be developed leveraging on CBK's strong presence in the corporate market.
In addition, the Group will target the household savings of the retail segment by applying the Long-term Savings & Life concept to the Norwegian market.

Results 2000

During 2000, Asset Management invested substantial resources in the recruitment and development of highly qualified staff and in IT. This was done to position Nordea to capture the business opportunities faced by the Group in the Asset Management business. In consequence, costs rose to a total of EUR 136m for the year, while revenues rose to 256m resulting in an operating profit for the business area of EUR 120m. The product result, also including all revenues and expenses related to mutual fund products throughout the Nordea Group, amounted to EUR 306m.

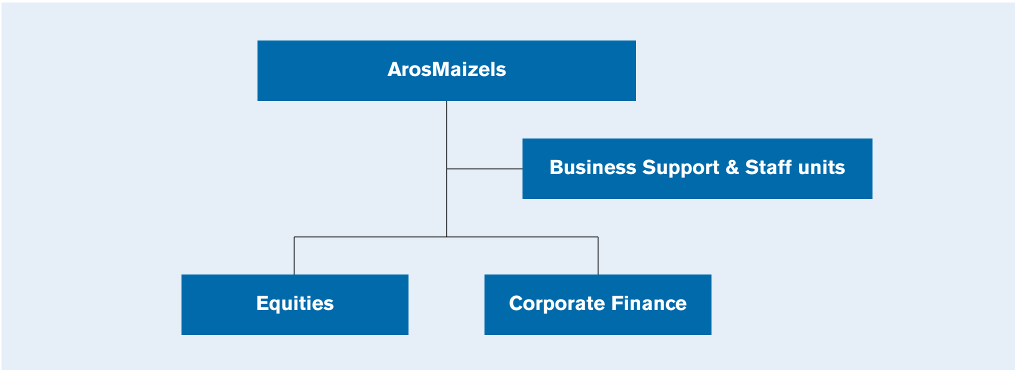
Asset Management 2000 (EURm)

	Q4	Q3	Q2	Q1	2000
Operating profit, customer responsible units	27	25	29	39	120
Cost/income ratio (%)	58	57	56	43	53
Product result	68	75	69	94	306
Assets under management, EURbn	105 [1]	107	104	102	105 [1]
Number of employees (full-time equivalents)					750

[1] Including EUR 3.1bn in CBK.

Investment Banking

The Nordea investment banking services are offered under the ArosMaizels brand. The business units of ArosMaizels consist of Equities and Corporate Finance. ArosMaizels had 500 employees at the end of 2000.



ArosMaizels' customer base encompasses Nordic institutional investors, financial institutions, corporations, governments and personal customers as well as a large number of international customers.

Retail customers are serviced through the Retail Banking's network with ArosMaizels supplying equity research and execution of trades on the stock exchanges.

Equities

Equities undertakes sales, trading and research in equities and derivatives. Equities is responsible for institutional equity sales and also for providing retail equity products to Retail Banking customers.

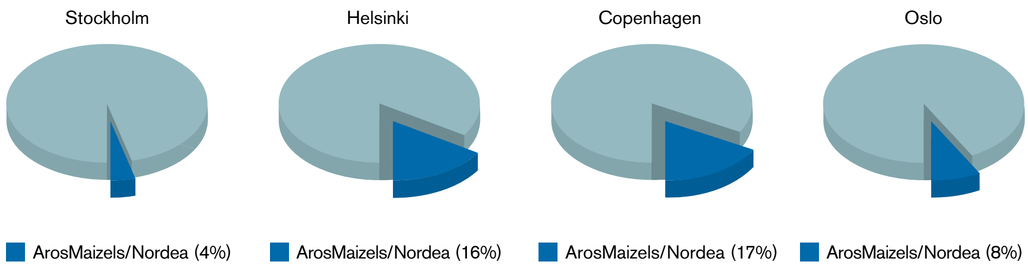
In Finland ArosMaizels had the largest market share on the Helsinki Stock Exchange during the year in terms of transactions. In Denmark market shares on the Copenhagen Stock Exchange are not published, but ArosMaizels' 17% market share is expected to be the second largest. In Sweden ArosMaizels ranks as the eighth largest broker.

Nordic and European customers are serviced by the Nordic offices, whereas US, UK and Japanese customers are serviced through local sales offices.

As part of ArosMaizels' international equities business offered to Nordic customers, ArosMaizels has obtained membership of the stock exchanges in London, Frankfurt and Amsterdam.

The research team, which consisted of more than 60 analysts at the end of 2000, is based in the four Nordic markets. The analysts are organised in industry sector teams covering more than 90% of market capitalisation in the Nordic region.

Stock exchange market shares



Corporate Finance

The Corporate Finance business unit offers a wide range of services, including equity offerings, initial public offerings (IPOs), private placements, privatisations, mergers and acquisitions transactions (M&A), restructurings, project finance structuring and other financial advisory services.

ArosMaizels is a leading corporate finance adviser in the Nordic region. Corporate Finance has a staff of 100 professionals. The addition of the CBK corporate finance unit will further strengthen the position of ArosMaizels.

During 2000 ArosMaizels was involved in 49 equity transactions with a total transaction value exceeding EUR 48bn. Of these 49 transactions ArosMaizels held a lead position in 37 transactions. In M&A ArosMaizels completed over 30 transactions representing a value of more than EUR 9bn.

Independent review firms rank Aros-Maizels as one of the top Nordic M&A houses in terms of volume and number of transactions. The number of projects in process has increased during the year and the inflow of new business is strong. Especially the Danish business, cross-border Nordic transactions and the energy sector have developed strongly.

With the addition of the corporate finance business of CBK, ArosMaizels now has strong domestic business in all four Nordic countries and London and is well positioned to advise on intra-Nordic transactions as well as major Nordic-related corporate finance transactions for European and North American corporations and investors.

The Nordic stock markets

After a very positive first quarter, the equity markets slowed down markedly. The IT sector was hit particularly hard with the Nasdaq index losing more than half of its value from its peak in mid-March to December.

The Nordic markets were affected by this development and followed the same trend although the decline in the Danish market did not materialise until in the fourth quarter.

The IPO and equity offering markets are volatile by nature while demand for most other advisory services is more stable. The first half of 2000 was characterised by good market conditions for IPOs and equity issues in all home markets.

Because of the development in the stock markets, the IPO markets weakened dramatically during the second half of the year. The Nordic M&A activities were high and increasing during the whole year. This trend for M&A is also expected to prevail in 2001.

Strategies

ArosMaizels is consolidating and further building an integrated Nordic business complemented with UK and US operations having strong Nordic business focus. A particular focus is on pan-Nordic transactions.

The business is based on long-term customer relationships, strong industry competence and a dedication to quality in advice and execution.

Integration process

ArosMaizels has been fully integrated in the three countries since September.

The integration of the different units in the Nordic countries has resulted in EUR 3m cost savings in year 2000.

Equities

In the second half of the year, ArosMaizels prepared to establish regional offices in four locations in Sweden in co-operation with Nordbanken. The offices provide services to personal customers with special focus on equity investments. The establishment of the offices developed as scheduled with the first in full operation from January 2001.

The former joint venture with the UK investment bank Robert Fleming & Co. Ltd. was dissolved in the second quarter of the year. Consequently, ArosMaizels offices were established in London and New York. The New York office was fully operational at the end of September 2000, and the London office opened in early 2001.

Corporate Finance

At Corporate Finance two different integration processes took place during the year. Both of these processes have now been completed. The integration process between the corporate finance unit of MeritaNordbanken and Maizels, Westerberg & Co into MNB Maizels in January was followed in the second and third quarter by integrating MNB Maizels with Aros Securities.

Among the new investments developing Investment Banking, Corporate Finance has generally increased its number of staff especially in the Stockholm office.

Results 2000

Investment Banking exploited the favourable market conditions that prevailed especially in the first half of the year to reach a result in 2000 of EUR 61m, almost double the 1999 pro forma result.

The improved result of Investment Banking compared to 1999 was driven by substantial growth in revenues within Equities as well as Corporate Finance.

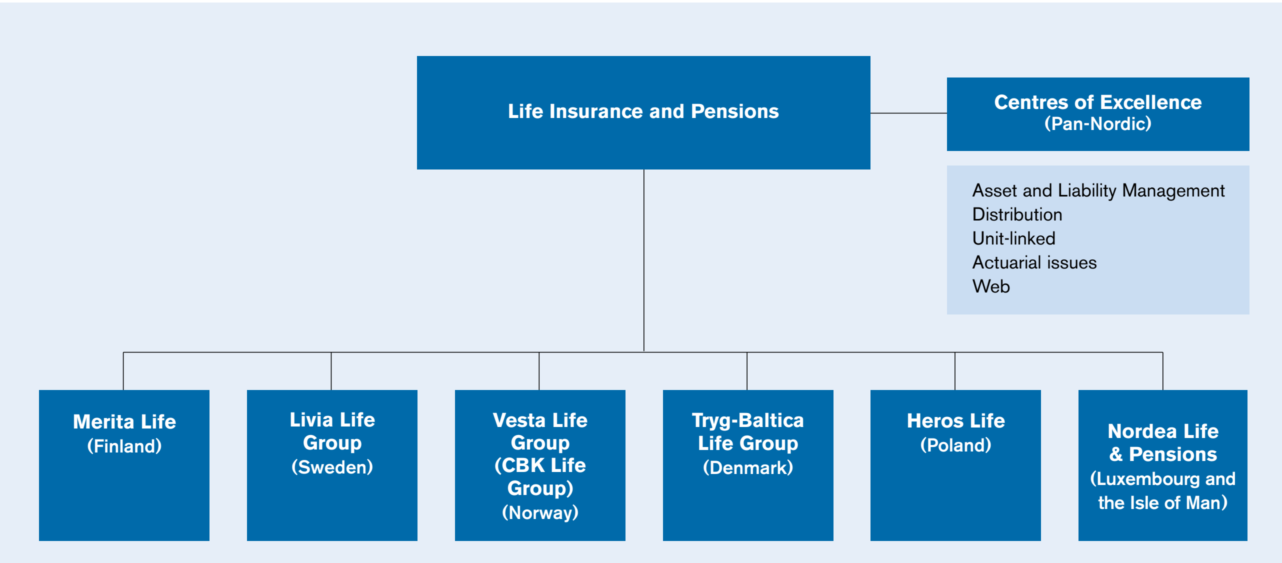
Expenses were affected by increased costs for performance-based incentive schemes. Ordinary salaries and other costs were at the same level as for 1999. On the one hand, the integration of the business units in Sweden and Finland, including other cost savings measures, have led to cost reductions. On the other hand, equity trading systems for retail customers in Sweden have been upgraded, which has increased costs for IT-development. Moreover, new investments have been made to secure ArosMaizels' position as a leading Nordic investment bank.

Investment Banking 2000 EURm

	Q4	Q3	Q2	Q1	2000
Operating profit	12	2	22	25	61
Cost/income ratio (%)	78	91	62	58	69
Product result, equities	20	22	31	53	126
Number of employees (full-time equivalents)					500

Life Insurance and Pensions

The business area is responsible for providing life insurance and pension products and services, which comprise risk covers, long-term savings and investment instruments.



Markets

The national markets differ in composition, contents and maturity, and the competition is mainly national due to significant differences in regulations, tax regimes, and pension structures. Competing private and institutional life insurance and pension providers are becoming increasingly aggressive in the long-term savings market, and bancassurance is increasing all over Europe – not least in the Nordic region.

The political and economic environment makes way for large corporate and private savings in life insurance and pensions, and the overall trend is increasing individualised savings in eg unit-linked products.

Investments are becoming increasingly global, and sophisticated financial products and equities are in high demand.

Market development

Finland

The life insurance market continued to grow in Finland. The estimated growth was 30% and life insurance premiums reached an all time high. In June, changes in the taxation of bank deposits took place and this was one of the major incentives for growth of alternative savings instruments.

Sweden

The life insurance market grew by 10–20% in different segments during the year.

There has been a major increase in individual pension savings (IPS) compared to traditional pensions. In December 2000 Livia II was established as a non-mutual company, and started to operate from January 2001.

Norway

The corporate pension market has been growing in recent years. From October 2000, Vesta Link offered unit-linked products to the individual market. In 2001 Vesta Life will offer corporate pension schemes with tax deductable contributions which now has become possible due to legal changes. Thus, the corporate market is expected to increase substantially in the years to come.

Denmark

The unit-linked and the corporate pension markets have been growing steadily in the last couple of years, and this trend is expected to continue. The market for individual pensions is seen as stable at the present level, and no significant increase is expected.

Poland

Tryg-Baltica has acquired Heros Life, and final approval is expected by March 2001. This investment in the attractive Polish market follows Nordea's international strategies.

International

The Group offers pension solutions to an increasing number of Nordic expatriates from the companies in Luxembourg and the Isle of Man. From 2001 the SAFE companies are renamed Nordea Life & Pensions.

Long-term trends

Market shares and positions in long-term savings, and especially in life insurance and pensions, are an increasingly important value driver for integrated financial groups.

Growth in life insurance and pension premiums contributes to business volume and earnings in Asset Management and Retail Banking.

Customer base

Life Insurance and Pensions offers services and products to every segment in the market, ie personal, corporate and institutional.

Strategies

In the short term (1–2 years), Life Insurance and Pensions will utilise best practice in the relevant markets. This is done by management integration and centres of excellence in all core business areas. In the long-term (3–4 years), Life Insurance and Pensions will gradually integrate business operations. Life Insurance and Pensions aims at organic growth, but is ready to acquire profitable businesses in growing markets.

Life Insurance and Pensions contributes to Nordea shareholders' earnings by:

- Focusing on value drivers (growth and cost efficiency).
- Creating business volume in Asset Management.
- Supporting distribution and business volume in Retail Banking and General Insurance.
- Providing and developing highly competitive life insurance and pension products and services, and by becoming the leading Nordic provider of corporate pension schemes and unit-linked products.

Distribution

Bancassurance, ie offering insurance and pension products and services to group bank customers, is a major base for Life Insurance and Pensions.

Life Insurance and Pensions aims at a market share matching Retail Banking and General Insurance in the respective markets. This will be achieved by distributing products and services through a number of profitable channels, eg Retail Banking, General Insurance, agents and brokers. Furthermore, the web has proven

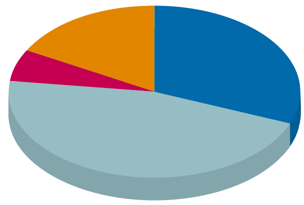
Market shares	Traditional		Unit-linked	%
	Individual	Corporate	Individual	Corporate
Denmark	16	9	67	31
Norway	1	8	1	0
Finland	53	2	38	18
Sweden	8	0	9	1

The figures are partly estimated. The table does not comprise the life insurance group in CBK and Heros Life. In Denmark 1999 figures are the latest available.

Gross premiums written						EURm
	1999			2000		
	Traditional	Unit-linked	Total	Traditional	Unit-linked	Total
Denmark	494	45	539	521	81	602
Norway	130	–	130	231	5	236
Others	2	3	5	2	12	14
Total CRU [1]	**626**	**48**	**674**	**754**	**98**	**852**
Finland	555	255	810	987	392	1,379
Sweden	136	406	542	155	528	683
Total PRU [2]	**1,317**	**709**	**2,026**	**1,897**	**1,017**	**2,914**

For reasons of comparison, Vesta Liv is included in the figures for 1999.
[1] Customer Responsible Units (at present Denmark, Norway and Other).
[2] Product Responsible Units (all companies).

Distribution of investments



to be an active tool in serving Life Insurance and Pensions customers and is promising within distribution.

New products and services

- Investment products from Nordea Life & Pensions will be offered in Sweden.
- Extensive expatriate concepts to Nordic citizens employed abroad.
- Web services are becoming an increasing competitive factor in the market.
- Vesta Link has offered unit-linked products from October 2000.

Merger process

Life Insurance and Pensions initiated a series of integration projects to generate synergies, implement quick hits and combine market forces. The projects included: Unit-linked products, corporate pension schemes, web and mobile Internet, Nordea Life & Pensions (Luxembourg and the Isle of Man), Poland, reinsurance and multinational pooling, and an analysis of the legal and taxation structure of the business area.

The merger with CBK provides for a new business case in Norway. At present, common management, and strategic structures have been established, and a full integration of business operations will be implemented.

The merger-related projects have been replaced by pan-Nordic centres of excellence. The centres initiate necessary group projects and follow local and international developments in the respective core areas.

Premium income

As compared with 1999, the premium income in 2000 in Denmark, Sweden, Finland and Norway increased by 11%, 26%, 71% and 19%, respectively. The steep increase in Finland was partly a result of Merita Bank's large market share and changes in customers' savings pattern in response to new rules on taxation of interest on bank deposits. Including business transferred from competitors (gross) the increase in premium income in Norway was as high as 82%.

Assets under management

In 2000 Life Insurance and Pensions realised a return on investment activities of 5.3%. This result was achieved in spite of the decline in growth globally which affected the equity markets negatively – particularly in the USA and in Japan. The bond markets performed positively in 2000.

The total return on equities was 6.0%. This return is primarily due to overweight in Danish equities. The total return on equities is 12% points above the MSCI World Index, which dropped by more than 6% in 2000.

New investments during the year totalled EUR 2,599m, of which 20% was invested in equities, 44% in bonds and property and 36% in unit-linked assets. In contrast to previous years, the relative proportion of equities has not been increased.

During the first quarter of the year an overweight in telecommunications and technology equities was reduced to neutral compared to the MSCI World Index.

EURm

Investment assets

Business units	Equities	Bonds etc	Property	Unit-linked	Total	Return
Denmark	4,406	4,462	799	552	10,220	8.4%
Norway	395	855	88	10	1,347	2.3%
Finland	526	2,409	201	1,057	4,193	1.5%
Sweden	602	1,003	65	1,138	2,808	-0.5%
Other	5	22	0	391	417	10.8%
Total	**5,934**	**8,750**	**1,152**	**3,149**	**18,985**	
Return (EURm)	324	547	97	-58	911	
Return (%)	**6.0**	**6.8**	**10.0**	**-2.1**	**5.3**	

The table does not comprise the life insurance group in CBK and Heros Life.

EURm

Life Insurance and Pensions

	Customer responsible units					Product responsible units				
	Q4	Q3	Q2	Q1	2000	Q4	Q3	Q2	Q1	2000
Gross premiums	278	205	163	204	850	710	584	778	838	2,910
Technical result	1	4	5	4	14	0	0	5	7	12
Investment income	-4	18	4	40	58	-2	15	3	45	61
Operating profit/product result	-3	22	9	44	72	-2	15	8	52	73
Return on equity (%)	-2	11	5	23	9					
Shares	4,806	5,268	5,300	5,251		5,934	6,403	5,958	6,148	
Bonds	5,339	5,645	5,171	5,196		8,750	8,975	8,428	8,252	
Property	887	1,008	994	993		1,152	1,196	1,184	1,157	
Unit-linked	953	392	380	399		3,149	2,607	2,425	2,283	
Investments	11,985	12,313	11,845	11,839		18,985	19,181	17,995	17,840	
Technical provisions	11,238[1]	11,444	11,019	10,923		19,276[1]	18,077	17,324	16,752	
Number of employees (full-time positions)					350					470

[1] Including CBK and Heros Life.

Results 2000

The results generated by Life Insurance and Pensions are calculated in accordance with the practice within the respective countries regarding the distribution of profits between policyholders and shareholders. The product result for 2000 amounted to EUR 73m.

In Denmark the profit consists of a proportional share of investment return plus a mark-up of 3% points. The profit amounted to EUR 59m, reflecting a high investment income fuelled by substantial increases in Danish stock prices. As a result of the investment return, EUR 415m was allocated to bonus equalisation provisions in Denmark in 2000. These provisions help to ensure the future return on equity and give a stable return for policyholders.

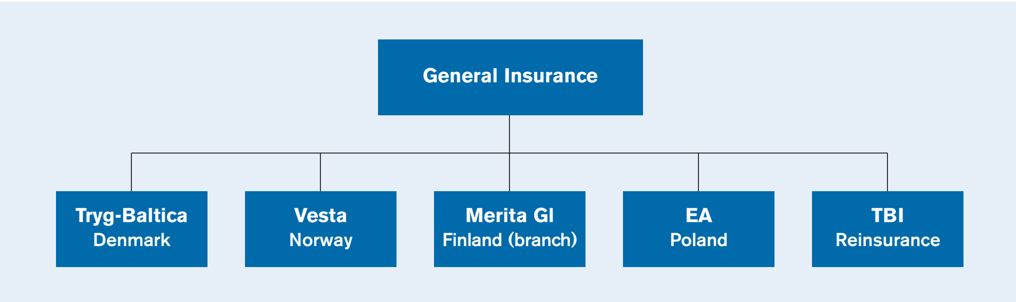
In the Norwegian business the profit amounted to EUR 12m, after allocation of 70% of the result to the policyholders.

The Finnish business reported a minor loss due to low investment returns combined with increased bonus equalisation provisions driven by high growth in premiums during 2000.

In Sweden all traditional life insurance policies have been written by a mutual company, Livia, which allocates all profits to the reserves of the policyholders. The result for the unit-linked business sold by Merita Life amounted to EUR 3m.

General Insurance

The business area General Insurance comprises Nordea's activities within direct general insurance and reinsurance. Nordea is the second-largest supplier within general insurance in the Nordic region.



The operations in Denmark and Norway are dominant in terms of volume, but the growth rates in Poland, reinsurance and, in future, the Finnish branch will change the geographical spread in the activities in the years to come.

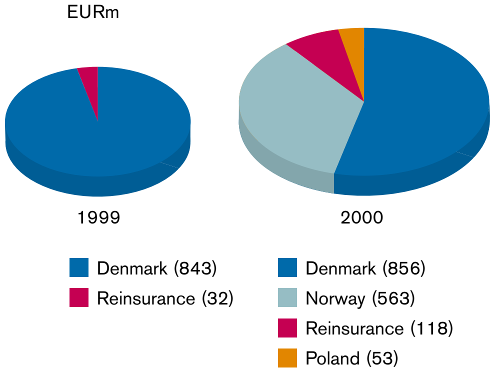
In terms of earnings, the Danish business was leading in 2000 when disregarding the loss for the hurricane in December 1999. For all markets a target of a combined ratio of maximum 100% has been set.

At the end of 1999 Tryg-Baltica acquired the Norwegian insurance group Vesta. Commanding a market share of 18%, Vesta is the third-largest player in the Norwegian general insurance market. In Poland the shareholding in Energo-Asekuracja has been increased on an ongoing basis and now represents 51%, for which reason Energo-Asekuracja is consolidated in the accounts as from 2000. Tryg-Baltica International's activities in London have been reorganised and are now fully owned by the Tryg-Baltica Group.

Tryg-Baltica International is a niche player in the international reinsurance market. The company only writes short-tail business in the areas in which it has the relevant expertise.

Gross premiums

EURm



Business environment and competitors

By international standards, the general insurance markets of the Nordic countries are characterised by a high degree of concentration. Especially Norway and Finland have relatively few suppliers, whereas in the Danish market there are a number of niche companies in addition to the big insurance companies.

In recent years the bancassurance concept of Tryg-Baltica and Unibank within general insurance in Denmark has proved its strength in terms of both distribution efficiency and customer retention. The concept will subsequently be implemented in Finland and Norway.

Cross-selling between banking and insurance – bancassurance – in the personal market in Denmark has resulted in an increase in the number of customers who have bought their policies from the bank to more than 100,000.

The transfer of experience gained in Denmark to Finland and Norway is expected to result in considerable cross-selling.

The Norwegian market as a whole has performed poorly in recent years. It is believed that the necessary acceptance of higher prices is now present in the market and the target of a combined ratio of 100% within a two-year period can be reached.

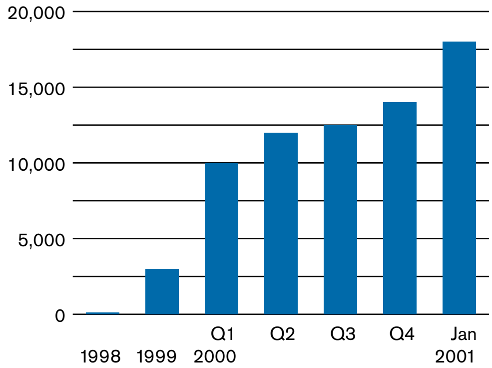
Market development

The market for general insurance in the Nordic countries has matured. In contrast, the Polish general insurance market is growing.

The same applies to the three Baltic countries, where the scope for setting up general insurance activities in line with Nordea's overall strategy is considered on an ongoing basis. Setting up activities in one or more of these countries is conditional on satisfactory profitability.

The healthcare insurance area is currently being considered as a supplement to the existing businesses. The healthcare insurance area is expected to hold considerable potential for the years to come, not least in the light of the challenges facing the Nordic social welfare systems.

Activity (weekly) on www.tryg.dk



Long-term trends

The use of the Internet will make cost reductions possible for insurance companies, primarily within the serving of existing customers, and secondarily as a distribution channel for new customers.

- Internet-based marketing was introduced in the first quarter of 2000.
- New www.tryg.dk website launched in early December 2000.
- General Insurance on Unibank's PC bank in early 2001.

To this should be added the possibilities of combining the Internet and Customer Relationship Management (CRM). General Insurance is in the process of implementing new CRM systems in Denmark and Norway. It is expected that these systems will result in added sales through their proximity to the customers.

The working processes behind the settlement of claims are increasingly based on new technology. One example is the assessment of claims through photos via the Internet, which is now used in the assessment and settlement of damage to motor vehicles, which constitutes a very large number of claims. The working process will be further developed in the future to obtain time savings for the customer and cost savings for the insurance company.

Customer base

In Denmark and Norway a full range of products is offered to both private households and to corporate customers via a multi-channel distribution strategy.
In Poland the focus is on developing the segment of personal customers.

Strategies

Profit before volume is the common strategy for all the markets, which more specifically has been translated into the target of a combined ratio of maximum 100%. Experience from Denmark shows that it is possible to reach this target, also in a competitive market, and similar targets have therefore been set for the other activities, however with different time frames for the various markets.
Earnings in the Danish business are estimated to be in line with the market as a whole while the market share of 22% has been maintained.

In the personal line in the Nordic region, concepts aimed at creating customer loyalty constitute a significant element in the strategy to increase the proportion of full-scale customers, including banking, customer retention and customer satisfaction. In Denmark customer cancellations of key products have decreased from 16% in 1999 to 11% in 2000.

In Finland, where the writing of policies is scheduled to begin in the first half of 2001, the sales efforts are based on the customer base of Merita Bank with bank branches and the Internet as the distribution channels.

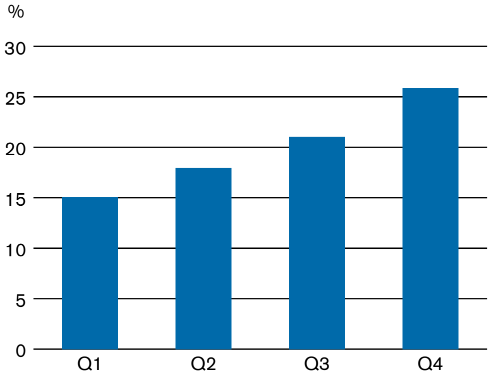
The opportunities of acquiring new portfolios are considered on an ongoing basis. The requirements as to the quality of portfolios and the profitability of investments set a ceiling on the growth possibilities in this area.

('000)

Number of customers in General Insurance

	Denmark	Norway	Poland	Total
Personal	765	355	222	1,342
Corporate	180	45	20	245
Total	**945**	**400**	**242**	**1,587**

Increase in new policies, bancassurance concept in 2000



Merger processes

The merger in 1999 between Unidanmark and Tryg-Baltica has been implemented and the planned synergies, notably within distribution, market presence and asset management have been realised.

The merger between Unidanmark and MeritaNordbanken has resulted in a number of new business opportunities within general insurance, which have, at first, been put into practice in Finland, where the combination of Merita Bank's substantial distribution power and Tryg-Baltica's experience within general insurance products and distribution through bank branches creates considerable potential.

Correspondingly, in Norway there is a potential for bancassurance cooperation between Christiania Bank og Kreditkasse and Vesta. This bancassurance concept is expected to begin in 2001.

Finally, in Poland it is planned to initiate closer cooperation between Bank Komunalny, BWP-Unibank, Energo-Asekuracja and newly acquired Heros Life.

In Denmark, the multi-channel distribution strategy, the cooperation with Unibank and the continued rationalisation of back-office functions have led to a reduction in the number of service centres and employees and a significant increase in the portfolio per employee.

Market value		Investment assets		EURm	
Business units	Equities	Bonds etc	Property	Total	Return
Denmark	274	1,041	325	1,640	9.8%
Norway	153	713	85	951	6.5%
Total	**427**	**1,754**	**410**	**2,591**	
Return	54	115	36	205	
Return (%)	**9.6**	**8.1**	**9.5**	**8.7**	

Results 2000

The positive trend in the underlying technical results during recent years continued during 2000. The technical result amounted to EUR 45m, when disregarding claims for the hurricane in Denmark in December 1999.

The overall development in the personal product line in Denmark and Norway is positive. In commercial insurance, profitability-enhancing initiatives have been launched in both Norway and Denmark.

In Poland the results of Energo-Asekuracja are at the very best end of the market. However the company is still in its infancy and the strong growth in the market as well as in Energo-Asekuracja's market shares holds out good prospects for the future.

Premiums

Premiums have shown a positive trend. Gross premiums amounted to EUR 1,589m, of which EUR 221m was ceded in reinsurance. The development in premium income net of reinsurance was positive; premiums totalled EUR 319m in the first quarter of 2000, increasing to EUR 371m in the last quarter of year. Premium income generated by the Danish and Norwegian general insurance businesses is stable at EUR 791m and EUR 444m, respectively.

The Danish general insurance business reports the highest growth rates for the bancassurance concept, which supports a positive trend in customer retention and new sales. Premium developments in the Norwegian general insurance business reflect a lower number of customers at higher average premiums.

Claims

The Danish general insurance business shows a positive development with a claims ratio of 75% excluding claims related to the hurricane in 1999, while the equivalent figure for Norway is 85%. During 2000, premiums were increased sharply in Norway. Claims incurred

General Insurance 2000					EURm
	Q4	Q3	Q2	Q1	2000
Gross earned premiums	429	395	389	376	1,589
Earned premiums, net of reinsurance	371	341	338	319	1,369
Technical interest	29	33	28	28	118
Claims incurred, net of reinsurance	-307	-277	-257	-303	-1,144
Insurance operating expenses	-106	-90	-87	-88	-371
Technical result	-13	7	22	-44	-28
Profit on investment activities	-10	38	-17	70	81[1]
Operating profit	-23	45	5	26	53
Combined ratio (%)	110	107	102	122	110
Return on equity (%)	-4	31	4	19	8
Shares	427	498	514	620	
Bonds	1,754	1,711	1,713	1,520	
Property	409	407	404	413	
Investments	2,590	2,616	2,631	2,553	
Number of employees (full-time equivalents)					4,550
Combined ratio not including claims from the hurricane (%)	110	104	97	107	105

[1] After deduction of expenses of EUR 6m.

include a provision for run-off from the hurricane, amounting to EUR 73m.

Expenses
The cost pattern follows the downward trend of previous years. In 2000 the expense ratio is 27.1% or EUR 371m, dispite expenses for redundancy payments, corresponding to 0.5 percentage point of the expense ratio.

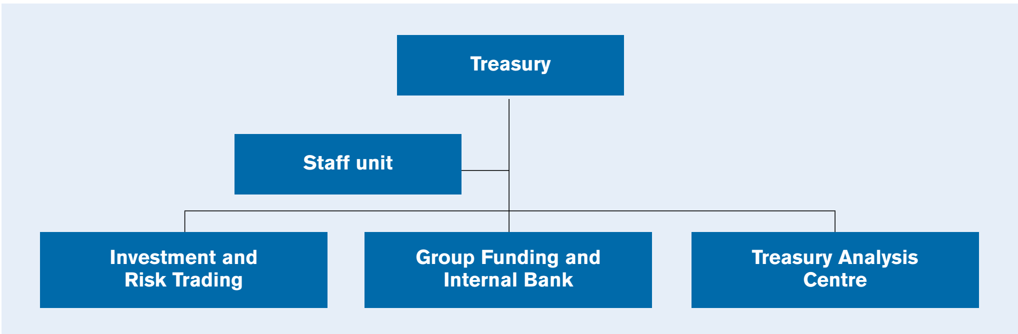
Investment return
The total investment return corresponds to a return of 8.7%. Both equities and properties contributed positively to the total return for the year and outperformed the comparable benchmarks.

Portfolios
Most assets are invested in Danish and Norwegian bonds. The duration of the overall bond portfolio is 3.7 years, which is largely unchanged compared with end-1999.

At year-end, equities made up just over 16% of the portfolio versus 30% at the beginning of the year. Non-Scandinavian equities (primarily Euro zone equities) make up just over 50% of the equity portfolio.

Treasury

Treasury has responsibility for the Group's own investment and market risk taking in financial markets (excluding investments within insurance) as well as funding and financial analysis. Treasury conducts operations in Copenhagen, Helsinki, Oslo, Stockholm, London, New York, Singapore, Tallinn and Riga/Vilnius.



During the spring of 2000 the unification of treasury operations in MeritaNordbanken and Unidanmark was completed and a new unified strategy, policies and standards were set. At the end of the year plans for the integration of CBK were finalised and the integration process was started.

Investment and Risk Trading
Investment and Risk Trading (IRT) endeavours to generate the maximum performance income every year from active management and risk trading of fixed income and equity investment portfolios.

Performance income is measured as total income in IRT minus income from benchmark portfolios, long term equity holdings and private equity funds. Benchmark portfolio levels and compositions are approved by the Group's ALCO committee. Benchmark portfolios are implemented in all IRT areas.

IRT consists of Fixed Income Investment, Risk Trading and Equity Investment units. Fixed Income Investment manages strategic fixed income portfolios, like hold-to-maturity portfolios, portfolios used for collateral/liquidity and more trading-oriented portfolios. Risk Trading trades in all liquid fixed income, money market and foreign exchange products. Equity Investment manages the equity trading portfolio, a limited number of strategic equity holdings and the Group's private equity fund investments.

During 2000 the new organisation was implemented with a concentration of most activities to Stockholm and Copenhagen. A unified business strategy was created on the basis of the best elements from the former organisations. At the end of 2000 the activities in CBK's K-Holding were organised within IRT.

Group Funding

Group Funding (GF) is managing 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. Its ambition is to provide the most cost-efficient and competitive funding in the market. Merger synergies of EUR 14m from funding activities will have full effect in 2001.

GF is responsible for the Group's various funding programmes and debt issuance. It manages relationships with rating agencies and investors in various debt instruments. GF is the counterpart to all Central Bank operations and in clearing with financial institutions.

During 2000 the internal bank concept was unified throughout the Group. An Internal Bank function is under establishment in Poland. Co-ordination and rationalisation of the Group's funding programmes continued during the year. To serve the funding needs of the Nordea Group the issuance of commercial paper in the US market will in the future be undertaken under one facility with an increased maximum size of USD 10bn. Since the end of the second quarter it has been possible for customers to subscribe to bonds through Solo, the Group's Internet platform. In order to strenghten the capital base subordinated loans of EUR 1.2bn were issued.

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. ALM reviews and prepares reports and analyses regarding Group balance sheet, liquidity situation and structural interest income risk. The information is prepared for the Asset and Liability Committee (ALCO), ALM Council and local ALM Working Groups.

During 2000 a new asset and liability management organisation with local, country specific ALM Working Groups was launched. New unified policies and measures for liquidity risk and structural interest income risk were simultaneously introduced and implemented within the Group. Moreover, new liquidity limits were implemented.

Besides new risk measures ALM carried out implementation of a new analytical tool for balance sheet analysis to provide improved forward-looking analysis. Furthermore, principles for transfer pricing were unified. Mid-office in Treasury is responsible for measuring and analysing the units daily market risks and result. Efforts have been made during the year to unify common reports and standards.

The project group is involved in all business and IT-related projects within the unit. During 2000 emphasis has been on a global common platform for front- and mid-office.

Integration process in Treasury

During the year the merger has been settled and the new organisation including CBK has been decided on. Implementation and harmonisation work runs according to plans. Efforts have been concentrated on achieving merger synergies.

Interest rate risk

At the end of December, the price risk involved in Treasury's trading positions calculated as a parallel shift assuming a change in market interest rates of 100 basis points was EUR 98.1m.

Financial fixed assets and equities

At the end of the year, holdings of interest-bearing securities classified as financial

Treasury

EURm

January–December 2000	Fixed-income portfolios	Equity portfolios	Internal Bank	Total
Income	154	124	26	304
Expenses	-6	-2	-27	-35
Operating profit	148	122	-1	269
Number of employees (full-time equivalents)				105

fixed assets amounted to EUR 4.7bn, with unrealised gains at the end of the year totalling EUR 45m. Equity holdings classified as financial current assets but carried at the lower of cost or market amounted to EUR 0.1bn. With a market value of 0.2bn unrealised gains at the end of the year were EUR 107m.

Result

The operating profit in 2000 was EUR 269m, which fully relates to the investment and trading activities. High earnings in the equity portfolios despite the downward trend in the equity markets are explained by substantial non-recurring gains.

Christiania Bank og Kreditkasse

Christiania Bank og Kreditkasse ASA (CBK) is one of Norway's largest financial groups, with total assets of EUR 29bn at the end of 2000. CBK provides a full range of financial services. Net result 2000 was EUR 0.3bn which was not consolidated into the Group accounts.

In addition to traditional banking services such as deposits, loans and payment services, customers are offered a range of products and services which includes mutual funds, life insurance products, discretionary fund management, foreign exchange and capital market services, debt collecting services and financial advisory services.

Christiania Bank og Kreditkasse – strong retail franchise – major international shipping bank

CBK has a strong position in Norway as its principal market and is a leading player in international ship financing. CBK has a nation-wide distribution network and operates one of the market leading Internet banks in Norway. CBK has a total of 70,000 corporate customers and 560,000 retail customers and a market share of approximately 13% of the total Norwegian banking market.

CBK and its subsidiaries had a total staff of 4,063 full-time positions at the end of 2000, together with 210 full-time positions in the life insurance company Norske Liv AS and in K-Fondsforsikring AS.

From the year-end of 2000 CBK is part of Nordea, following the Norwegian authorities granting a concession to the Nordea Group to acquire CBK on 18 December 2000.

Main events leading up to CBK becoming part of Nordea:

20 September 1999:
The Nordea Group announced its offer to acquire all the shares in CBK.

20 October 1999:
The Board of Directors of CBK issued a statement concerning the offer. Following an overall evaluation the Board of Directors recommended the shareholders to accept the offer.

22 May 2000:
The Norwegian government opened up for a sale of the government's stake in CBK on commercial terms. The Government Bank Investment Fund ("GBIF") was mandated to carry out the transaction.

19 June 2000:
The Nordea Group submitted a new offer to acquire all the shares in CBK.

June–October 2000:
A government sales process supported by CBK took place.

16 October 2000:
The GBIF announced its decision to sell the government shares in CBK to the Nordea Group at NOK 49 per share.

10 November 2000:
The Nordea Group announced control of 98.7% of the shares in CBK.

18 December 2000:
The Nordea Group was granted concession from the Norwegian authorities.

28 December 2000:
CBK part of the Nordea Group.

January 2001:
Compulsory redemption.

Human Resources

The Group's goal to strengthen its position as a leading financial services group in the Nordic region is supported by a consistent personnel strategy that aims at enhanced competence, improved skills and stronger commitment by the personnel, all crucial to the Group's continued success.

Accordingly, goals are set and measures taken to build competence, amplify positive attitudes and improve working environment. Bonus systems serve as incentives for improved performance.

Line management and employees are jointly responsible for the development and utilisation of competence. The group function Human Resources, while decentralised in the Nordic home markets and operating under different laws and agreements, co-ordinates personnel administration and human resource development of the all-Nordic business areas, providing support and related services as required.

Changing job structures

The number of employees performing conventional banking services is declining as customers carry out a growing proportion of their payments and other banking matters by means of new technology. Furthermore, the need for personnel in administration is decreasing as administrative tasks are increasingly being performed with the help of the same technology.

By contrast, the number of employees performing more demanding tasks is increasing in areas like asset management and development of electronic banking services. The Group's expansion in the Baltic region and Poland also provides new employment opportunities.

Many of the new tasks presuppose specialist skills. Accordingly, *retraining* of personnel is needed to facilitate the transfer of employees to new and more demanding positions. The rapid development in these areas also necessitates continuous *training* of the employees.

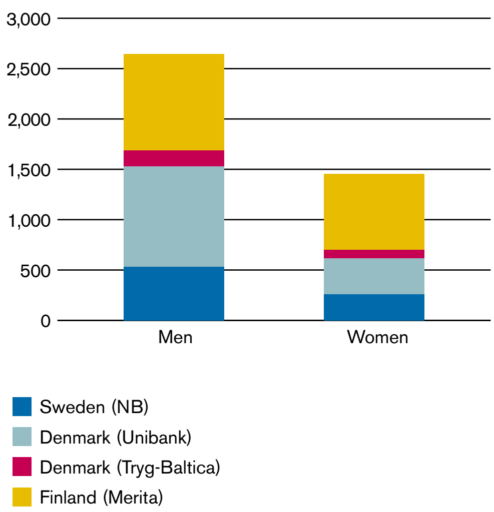
An attractive employer

Maintaining a sustained growth in core business areas requires committed and competent personnel. IT literacy and advisory skills are qualities that are crucial to the future success of the Group. Employees are therefore encouraged by the management to assume responsibility for improving their competence. In return, the Group offers competitive terms of employment as well as excellent opportunities for further education and career development.

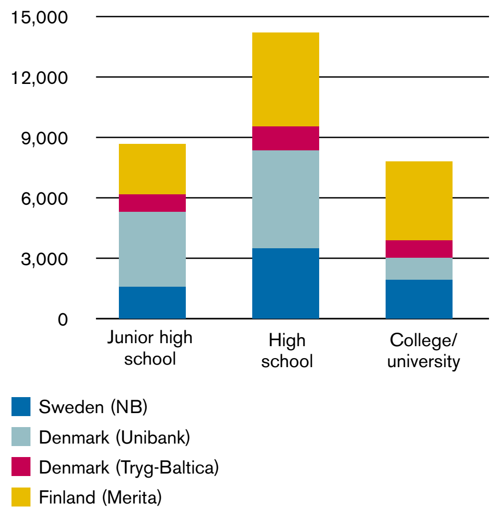
The Nordic labour markets are undergoing a major transformation. The competition for highly qualified employees has intensified and is now becoming increasingly international. The Group's ability to attract the best employees presupposes among other things the capacity to offer:

- Challenging assignments and opportunities to apply acquired knowledge.
- Good opportunities for career and skills development.
- Competitive salaries and performance-based remuneration.

Managers in Nordea – distribution of men and women 31 December 2000



Nordea educational profile 31 December 2000



- Open dialogue between management and employees.
- Positive cooperation climate.

The Group's relative attractiveness as an employer is regularly monitored by internal and external opinion polls.

Activities in main areas

Denmark
To develop a competitive salary structure that helps to attract qualified personnel from the labour market and to promote further competence enhancement, Unibank introduced a new salary system (Uniløn) in the spring and summer 2000. Under the new system, salaries are fixed according to responsibility, job complexity, decision competence and performance.

Unibank has developed an intranet-based platform for e-learning. Applications using the platform support courses and enhance their efficiency as well as facilitate distance learning.

The Human Resource partner concept was developed further with an aim to enable managers to handle their HR responsibilities in a more professional manner. According to the concept, an HR partner is assigned to each unit to support and coach managers on personnel and development issues.

Finland
During the year, the joint Human Resources partner concept was also launched in Finland, with an aim to improve the service provided to business areas and other units.

The employees' skills development was focused on supporting the implementation of the new customer service concepts.

As regards management development, a further step was taken to respond better to the needs of the business areas. During the year, a network of account managers was created, each responsible for providing up-to-date information on the development needs of a specific business area. On the basis of accumulated information HR is able to channel development efforts and resources in the right direction.

The annual personnel opinion surveys again showed improved ratings.

Sweden
Human Resources was re-organised during the year and the HR-partner concept introduced, with an aim to improve

the quality of its services and to streamline internal administrative routines.

Competence development, which is an important competitive factor, is generally an integrated part of everyday routines. A Group-wide trainee programme was launched with the purpose of ensuring sufficient management and specialist resources in the future. In addition, an "Open Mentor Programme for Women" was introduced as part of the Group's efforts to promote equal opportunities for women and men. Another cornerstone in employees' career promotion was Medarbetarutveckling 2000, a programme designed to raise employee competence and motivation thereby enhancing customer satisfaction.

Executive development

Efforts have been initiated to chart potential management resources in Nordea. The aim is to establish a systematic framework for evaluation and a platform for development activities for this key group in 2001. The measures will include:

- Evaluation of the performance, leadership qualities and development of individual executives.
- Selection of candidates suited for higher-level executive positions.
- Specifying competence development needs and drafting individual career profiles.
- Nordea Executive Education and Development programme.

- Job rotation programmes as a tool for recruitment and development.

Focus on future efforts

The Group's ambitious targets set high demands on employees and managers. The management's ability to develop the Group's operations is particularly important. A dynamic corporate culture that promotes innovation is essential to the achievement of business growth.

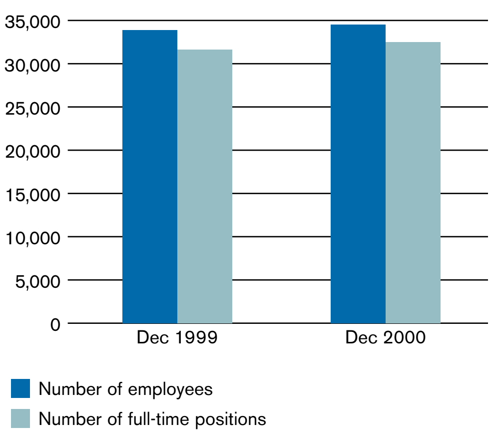
The achievement of high performance standards by individual employees will continue to be a key element of successful Group operations. Special emphasis is therefore placed on measures that contribute to:

- Willingness to adapt and upgrade competence.
- Exchange of experience to improve processes and products.
- Open, two-way communication.
- Internal mobility to support accumulation of broader experience.

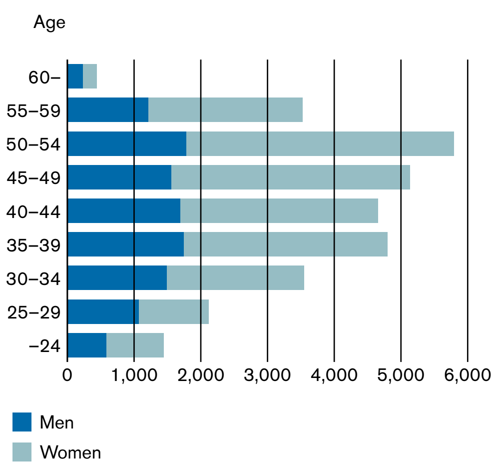
Profit-sharing system

In 2000, the profit-sharing systems of MeritaNordbanken and Unidanmark remained intact. The profit-sharing systems are designed to reward employees when the Group's profit exceeds a pre-fixed goal. Based on year 2000 earnings, funds amounting to EUR 45m were allocated to the personnel. These funds were used for buying Nordea shares or other forms of profit sharing.

Number of employees and full-time positions Nordea



Age distribution 31 December 2000



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. 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.

Information technology

The year got off to an excellent start from an IT standpoint since the shift to the new millennium involved no problems in any of the Group's operations. Self-service, especially in e-banking, has been a focused area in system development, as has accessibility and production to support the fast-growing number of Internet customers. Two mergers during the year have meant a strong focus on the integration of IT and business areas, and synergies based on best practice and economies of scale.

IT mergers
IT integration work between Merita-Nordbanken and Unidanmark began in March and ended in June, with a new IT organisation in place from August. This was a complex operation, due to the IT units of the two entities being of comparable size. Common principles for management, procedures and close co-operation with the new Business Areas were required.

In October the merger with CBK became a reality. Initial integration work was more straightforward, due to pre-determined principles for the newly-established Nordea IT.

Merger synergies are based on utilising best practice, economies of scale and common solutions in all countries wherever appropriate.

Those two mergers made Nordea IT into one of the largest Nordic IT organisations, in terms of staff, business volume and capacity. This strength will be crucial in serving the rapidly increasing needs of the Business Areas for new IT-based services.

Technology and system integration
Nordea uses similar technology throughout the region, and reducing the number of technical platforms and overlapping systems is an important task. Preparatory steps have been taken to align IT strategy with each new business strategy. A common component-based development platform has been defined with technology that will shorten the time required to develop new systems, thereby facilitating both Nordic integration and the integration of the Group's existing systems.

The development plans for 2001 give one third of the investments to each of e-business services, integration and other initiatives. Common cross-border solutions will be applied to all business areas.

To build and implement a common e-banking front solution is one of the most important developments for 2001 together with a common cross-border technical infrastructure.

Accessibility and production
Nordea has its own IT-production units in Sweden, Finland and Denmark, while

in Norway IT-production is mainly outsourced.

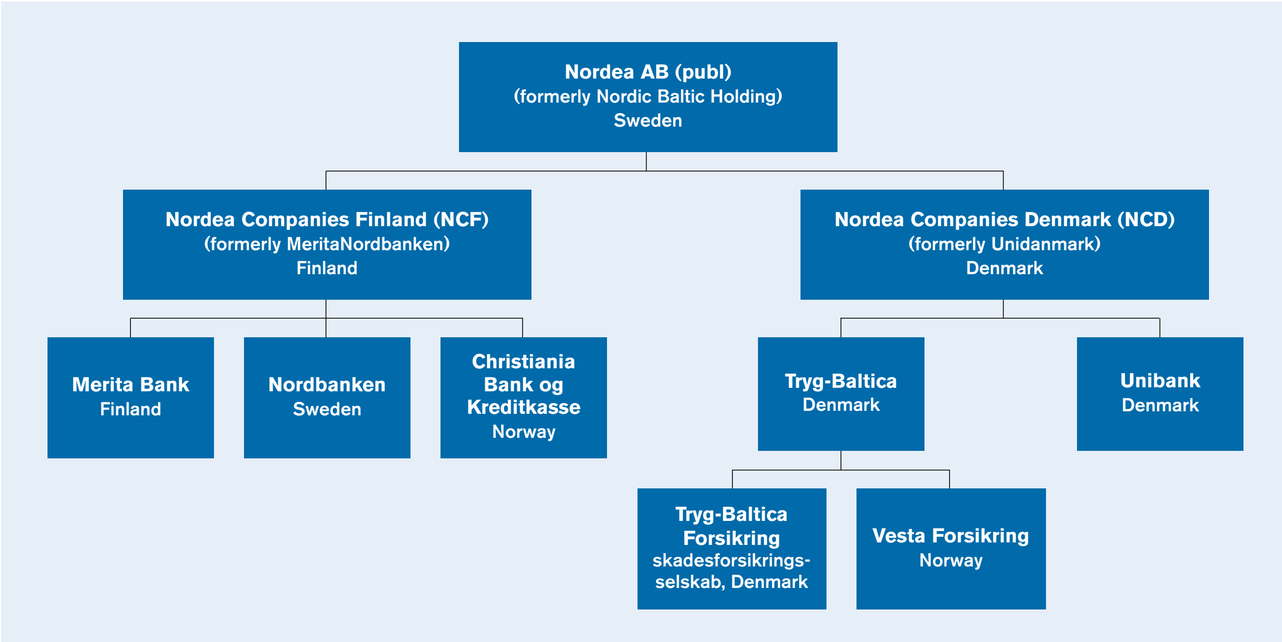
The load on the computer systems has increased, particularly regarding Internet-based services, and capacity has been expanded accordingly. Capacity will be augmented further in early 2001.

In relation to the high rate of change, accessibility has been good except for the last days of 2000 and the two first days of 2001 in Sweden. The year-end transition was problem-free. The outages in Sweden obstructed customer access to ATMs, Internet payments, card services etc. Nordbanken AB (publ) has submitted a report to the Swedish Financial Supervisory Authority, which has also been available on Nordbanken's homepage. Since accessibility of services is highly prioritised, a thorough analysis will be made to reveal ways of minimising the risk of service interruptions of this kind.

Data production 2000

Internet customers	2,100,000
Intra-bank workstations	35,500
Servers in network	2,800
Printouts, millions of pages	208
Enclosed mailings, millions	129
Data capacity, MIPS	8,700
Computer storage capacity, GB	29,000

Legal structure



The legal structure of Nordea includes two legal subgroups. An analysis has been initiated to investigate further simplification of the Group legal structure aiming at a best possible support of the business structure.

Company definitions

CBK or Christiania Bank means Christiania Bank og Kreditkasse ASA.

Merita means Merita Plc. (Merged into Nordea Companies Finland (NCF) Plc in December 2000.)

MeritaNordbanken means the Nordea Group before the merger with Unidanmark and the acquisition of CBK.

NBH Group or Nordic Baltic Holding Group means Nordic Baltic Holding with subsidiaries.

Nordbanken Holding means Nordbanken Holding AB (publ), first renamed Nordic Baltic Holding and then Nordea.

Nordea means the listed holding company 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 Group means Nordea AB (publ) with subsidiaries.

NBH or Nordic Baltic Holding means Nordic Baltic Holding (NBH) AB (publ), renamed Nordea.

Tryg-Baltica means Tryg-Baltica A/S.

Tryg-Baltica Group means Tryg-Baltica A/S and its subsidiaries, including Vesta.

Unibank means Unibank A/S.

Unidanmark means Nordea Companies Denmark (NCD) A/S (formerly called Unidanmark A/S) with subsidiaries.

Unikredit means Unikredit Realkreditaktieselskab.

Vesta means Vesta Forsikring AS and Vesta Liv AS together with their respective subsidiaries.

Corporate governance

Board of Directors

According to the Articles of Association of Nordea the Board of Directors shall consist of at least six and not more than fifteen members (temporarily with one deputy member destined for the present CEO), elected by shareholders at the Annual General Meeting. The mandate for ordinary members extends over a period of two years, with half the members of the Board being elected each year. The Board consists of the following members:

Vesa Vainio, Chairman
Hans Dalborg, Vice Chairman
Dan Andersson
Edward Andersson
Rune Brandinger
Claus Høeg Madsen
Bernt Magnusson
Jørgen Høeg Pedersen
Timo Peltola
Thorleif Krarup, CEO, deputy member

In addition thereto the Board comprises the following members, appointed by the employees organisations:

Bertel Finskas
Lene Haulrik
Kaija Roukala-Hyvärinen

In accordance with the Articles of Association half the number of members elected at the 2000 annual shareholders meeting were elected for a period of one year. The members elected until the Annual General Meeting 2001 were Dan Andersson, Edward Andersson, Rune Brandinger, Claus Høeg Madsen and Timo Peltola. Vesa Vainio, Hans Dalborg, Jørgen Høeg Pedersen and Bernt Magnusson were elected for a period of two years, until the Annual General Meeting 2002. Thorleif Krarup was elected deputy member until the Annual General Meeting in 2001.

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 should also be a member of the Board. In addition two Board members with or without any such particular links may be elected.

It will be proposed to the Annual General Meeting in 2001 that the composition of the Board will be adjusted to reflect the inclusion of Christiania Bank og Kreditkasse ASA in the Nordea Group.

The Board of Nordea held 23 meetings during the year. Board matters are prepared by a Presiding Committee consisting of the Chairman, the Vice Chairman and the Chief Executive Officer. The Presiding Committee normally meets every second week.

The Board of Directors of Nordea comprises three other committees:

Credit Committee

The committee supervises the credit process within the Nordea Group in respect of functionality and quality. During 2000 the Credit Committee comprised Board members Vesa Vainio (Chairman), Edward Andersson, Rune Brandinger, Claus Høeg Madsen (from 2000 Annual General Meeting), Jacob Palmstierna (until 2000 Annual General Meeting), Hans Dalborg and Thorleif Krarup (from 2000 Annual General Meeting).

Audit Committee
The committee supervises the Group's internal audit function and prepares audit related matters for consideration by the Board of Directors. During 2000, the Audit Committee comprised Board members Rune Brandinger (Chairman), Claus Høeg Madsen (from 2000 Annual General Meeting), Juha Niemelä (until 2000 Annual General Meeting),Timo Peltola (from 2000 Annual General Meeting) Hans Dalborg and Thorleif Krarup (from 2000 Annual General Meeting).

Compensation Committee
The committee presents proposals to the Board of Directors regarding the CEO's terms of employment, as well as for the Chief Internal Auditor. The CEO also consults with the committee regarding the terms of employment of the Group Executive Management and Group Management and other senior executives. During 2000 the Compensation Committee comprised Board members Vesa Vainio (Chairman), Jørgen Høeg Pedersen (from 2000 Annual General Meeting), Jacob Palmstierna (until 2000 Annual General Meeting) and Hans Dalborg. The CEO does not participate in deliberations on his own terms of employment. The committee meets when necessary in conjunction with meetings of the Presiding Committee.

The working language for the Board of Nordea is English whereby board material and minutes are written and negotiations held in English, while the working language of local banking and insurance operations is national. All essential information to shareholders is made available in Danish, Finnish, Norwegian, Swedish and English.

Board of Directors

Vesa Vainio
Chairman

Board member since 1998.
Born 1942. Chairman of Nordea. Chairman of the Finnish Central Chamber of Commerce and Vice Chairman of Wärtsilä Corporation. Board member of Nokia Group and UPM-Kymmene Corporation.
Shareholding: 4,162 Nordea

Hans Dalborg
Vice Chairman

Board member since 1998.
Born 1941. Vice Chairman (President and CEO until 31 Dec 2000) of Nordea. Board Chairman of the Royal Opera in Stockholm and AB Ångpanneföreningen. Board member of the Stockholm Concert Hall Foundation, the East Economics Institute and AB Svenska Spel. Member of the Swedish Academy of Engineering Sciences (IVA).
Shareholding: 40,760 Nordea

Thorleif Krarup
CEO, deputy member

Deputy Board member since 2000.
Born 1952. President and CEO (from 1 Jan 2001) of Nordea. Member of the Denmark-America Foundation.
Shareholding: 0

Lene Haulrik
Board member since 2000.
Born 1959. Employee representative.
Shareholding: 2,212 Nordea

Claus Høeg Madsen
Board member since 2000.
Born 1945. Attorney at Advokatfirmaet Jonas Bruun. A member of the Boards of Directors of A/S Wissenberg, Rådgivende Ingeniører, 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 AssiDomän AB, Swedish Match AB and Dyno Nobel ASA. Vice Chairman of Net Insight AB. Board member of Volvo Car Corporation, AvestaPolarit, Höganäs AB, Emtunga International AB, Förvaltningsaktiebolaget Stattum and the Federation of Swedish Industries. Advisor to the European Bank for Reconstruction and Development.
Shareholding: 2,400 Nordea

Dan Andersson
Board member since 1998.
Born 1948. Chief economist at the Swedish Trade Union Federation.
Shareholding: 0

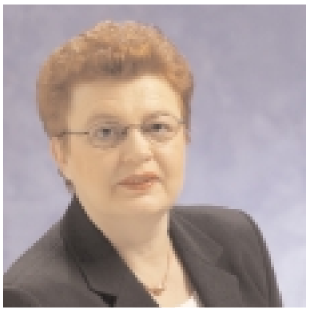
Edward Andersson
Board member since 1999.
Born 1933. Professor Emeritus. Board member of Neomarkka Oyj, Helvar Merca Corporation and Suomi Life Insurance Company. Chairman of Grankulla City Council, Sigrid Juselius Foundation, Ella and Georg Ehrnrooth's Foundation and Föreningen Konstsamfundet.
Shareholding: 28,560 Nordea

Rune Brandinger
Board member since 1998.
Born 1931. Former President of Södra Skogsägarna. Board Chairman of Elektronikgruppen AB, AB Trätek and SwIT Yrkesutbildning. Board member of Atle Karolin Verkstads AB and JobAgent AB.
Shareholding: 10,000 Nordea

Bertel Finskas
Board member since 2000.
Born 1948. Employee representative.
Shareholding: 1,400 Nordea

Jørgen Høeg Pedersen
Board member since 2000.
Born 1938. Managing Director of Copenhagen Wholesale Market for Fruit, Vegetables and Flowers.
A member of the Boards of Directors of Ejendomsselskabet Axelborg I/S, RVT Fonden and Ergo Team A/S.
Shareholding: 5,818 Nordea

Timo Peltola
Board member since 1998.
Born 1946. Chief Executive Officer of Huhtamäki van Leer 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.
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

Shareholding also includes shares held by family members.

Group Management

Thorleif Krarup*
Group CEO

Born 1952.
Shareholding: 0

Hugo Andersen*
Head of General Insurance

Born 1946.
Shareholding: 13,758 Nordea

Christian Clausen
Head of Asset Management

Born 1955.
Shareholding: 8,267 Nordea

Bo Harald
Head of Electronic Banking

Born 1948.
Shareholding: 25,402 Nordea

Kari Jordan
Head of Retail Banking Finland

Born 1956.
Shareholding: 1,356 Nordea

Arne Liljedahl*
Chief Financial Officer
Head of Group Corporate Centre

Born 1950.
Shareholding: 11,100 Nordea

Tom Ruud*
Head of Investment Banking

Born 1950.
Shareholding: 0

Peter Schütze
Head of Retail Banking Denmark

Born 1948.
Shareholding: 7,241 Nordea

Baard Syrrist
Head of Retail Banking Norway

Born 1950.
Shareholding: 0

Magnus Falk
Head of Retail Banking Sweden

Born 1942.
Shareholding: 2,000 Nordea

Carl-Johan Granvik*
Head of Group Credit and Risk Control

Born 1949.
Shareholding: 4,175 Nordea

Jakob Grinbaum
Head of Group Treasury

Born 1949.
Shareholding: 1,400 Nordea

Ib Mardahl-Hansen
Head of Life Insurance and Pensions

Born 1951.
Shareholding: 1,460 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: 5,080 Nordea

The members of the Group Management were appointed in 2000 except for Tom Ruud and Baard Syrrist who were appointed in January 2001. Shareholding also includes shares held by family members.

* Member of Group Executive Management.

Financial structure

The year 2000 saw the continuation of the Group's long-term strategy with resultant significant changes in Group size and financial structure. The merger with Unidanmark in April and the acquisition of Christiania Bank og Kreditkasse (CBK) in December resulted in a more than doubling of total assets and a sustained positioning for a full-scale financial services group.

The divestment of property holdings and previous strategic shareholdings continued during the year.

Assets

Lending

Loans to the public totalled EUR 129bn at the end of 2000, which represented 57% of total assets compared to 66% at the end of 1999.

Loans to credit institutions amounted to EUR 21bn corresponding to 9% (9%) of total assets.

Interest-bearing securities

The portfolio of interest-bearing securities totalled EUR 28bn at the end of 2000. Financial fixed assets, which are valued at cost, accounted for EUR 6bn of this amount. The surplus value of these securities totalled EUR 0.1bn.

Shares and participations

The portfolio of investment shares, excluding the insurance business, totalled EUR 0.9bn at the end of 2000. Of this amount, shares in the trading portfolio and shares in actively managed portfolios marked-to-market accounted for EUR 0.3bn, while shares valued at the lower of cost or market accounted for EUR 0.6bn. The surplus value of these holdings totalled EUR 0.1bn.

The Group's portfolio of shares and participations in subsidiaries and associated undertakings accounted for under the equity method totalled 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.

Insurance assets

Assets in the insurance business amounted to EUR 22bn, corresponding to 10% of the Group's total assets at the end of 2000.

Other

Other assets including EUR 4bn in assets for which the customer bears the risk totalled EUR 21bn. Positive valuation items relating to derivatives accounted for EUR 9bn and accrued income for EUR 3bn.

Liabilities and shareholders' equity

Deposits

Deposits totalled EUR 79bn, corresponding to 35% of the Group's total funding, compared to 40% at the end of 1999.

Borrowings

The borrowing that is required in addition to deposits and shareholders' equity is undertaken primarily through issues of money market instruments and 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 65bn including subordinated debentures of EUR 7bn and other borrowings of EUR 2bn. Loans from credit institutions also constitute an important source of finance especially for short-term funding. At the end of 2000 loans from credit institutions totalled EUR 29bn.

Insurance liabilities

Liabilities and provisions in the insurance business amounted to EUR 21bn.

Other

Other liabilities totalled EUR 19bn. Negative valuation items relating to derivatives accounted for EUR 9bn of this amount, while accrued costs accounted for EUR 3bn.

Shareholders' equity

At the beginning of the year, shareholders' equity amounted to EUR 5.1bn after deduction of dividend approved at the Annual General Meeting in 2000. During the year the capital increased by EUR 4.6bn through the share exchange in connection with the merger with Unidanmark, and the net profit of the year amunted to EUR 1.6bn. Including a minor currency translation adjustment shareholders' equity totalled EUR 11.1bn at year-end. Non-restricted reserves accounted for EUR 5.0bn of this amount.

Capital adequacy

Capital adequacy regulations are intended primarily to ensure the financial stability of the banking system by requring a minimum level of shareholders' equity in relation to credit and market risks in the Bank's operations. These rules make up the core of the banking control system which is in principle applied throughout the industrialised world. The minimum level for the capital adequacy ratio, meaning the capital base in relation to risk-weighted assets, has been set at 8%.

The Group's growth strategy requires sustained comfortable capital adequacy levels. After the comprehensive structural changes during the year the Tier 1 capital ratio was 6.8% (8.3%), while the total capital ratio was 9.4% (12.0%).

Real estate

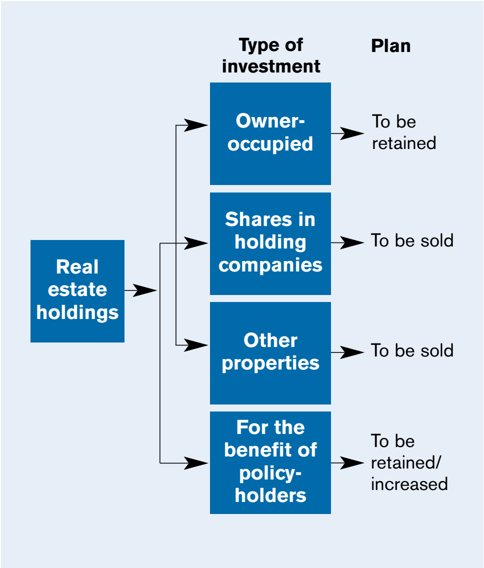
Nordea's real estate portfolio contains properties mainly in the Nordic markets. Real estate operations are not part of the Group's core business. In accordance with this strategy a great number of properties has been divested during the past few years.

Divestments will continue with the exception of owner-occupied properties and property investments for the benefit of insurance policyholders. Therefore, figures on the yield of property investments would not be informative.

Denmark
The portfolio owned by the Danish companies, with a book value of EUR 1.8bn, comprise a total area[1] of about 1.7 million square metres. The majority, EUR 1.3bn, of the holdings are real estate investments for the benefit of insurance policyholders. The portfolio contains primarily fully occupied commercial property and residential property.

Property activities are carried out by Tryg-Baltica Ejendomme, an independent organisational entity. In recent years, a number of office properties have been constructed and leased on long-term contracts.

The portfolio is an investment portfolio and its expansion will be continued subject to the fulfilment of the investment criteria. Growth will mainly take place within the Life group as part of the long-term investment strategy for pension funds.



Finland
The book value of real estate in Finland amounts to EUR 1.3bn after divestments in 2000 of EUR 1.6bn. The properties comprise a total [1] of about 1.1 million square metres. The majority of the properties are not occupied by Nordea and will, in line with the Group strategy, be gradually divested.

Property activities in Finland are mainly carried out by Merita Real Estate Ltd.

[1] Total area information does not include areas owned by real estate holding companies.

In April 2000 Merita Real Estate sold the real estate company Aleksia to Ilmarinen Mutual Pension Insurance Company. In connection with the sale, the parties concluded an agreement under which a portion of the portfolio transferred to Ilmarinen should be sold on to the market, and that the resulting profits should be shared between the parties. The sale of Aleksia reduced the book value of the Group's real estate holdings by EUR 1.3bn. The loss for 2000 on the disposal, EUR 40m, is reported in the income statement after operating profit.

After the divestments of Aleksia and other properties valued at EUR 0.3bn, the remaining portfolio has a book value of EUR 0.8bn for properties held by Merita Real Estate, EUR 0.3bn for shares in holding companies and EUR 0.2bn for holdings of Merita Life Assurance Ltd.

According to plan, Merita Real Estate Ltd will be integrated with Merita Bank Plc in April 2001.

Norway

The book value of properties owned by CBK amounts to EUR 0.2bn. The properties comprise a total area[1] of about 0.2 million square metres. More than 80% of the total area is in own use. The rest of the portfolio is primarily made up of fully occupied commercial property.

Norske Liv AS holds a property investment portfolio of EUR 0.3bn comprising a total area of about 0.2 million square metres. It primarily contains fully occupied commercial property. Property activities are carried out by Norske Liv Eiendom, an integrated part of the life insurance company.

EURbn

Real estate holdings

Book value, Dec 31	2000	1999
Owner-occupied properties	1.4	1.4
Shares in real estate holding companies	0.4	0.4
Other property investments	0.6	2.1
Investments for the benefit of insurance policyholders	1.6	1.6
Total	**4.0**	**5.5**

Sweden

Nordbanken Fastigheter AB owns the properties in Sweden in which Nordbanken is the dominant tenant. The portfolio is being gradually concentrated to larger properties in Stockholm, Gothenburg, Malmö and some other major residential areas. The book value of the real estate is EUR 0.3bn.

Nordbanken Fastigheter also manages the real estate portfolio owned by Livia with a value of EUR 0.1bn. The total[1] area managed by Nordbanken Fastigheter is 0.2 million square metres, of which the Group occupies about 65%.

Fastighets AB Stämjärnet is responsible for management and disposal of properties taken over for protection of claims in Sweden. Following divestments in 2000 the total book value of the portfolio is EUR 14m.

[1] Total area information does not include areas owned by real estate holding companies.

Risk management

All risks must be kept within acceptable and controllable limits. An extensive delegation process and Group policies are supported by effective control functions as well as by advanced and well communicated central risk management procedures.

Risk management has been further advanced during the year. Credit risk is the largest single risk class in the Group in addition to market, operational and insurance risks.

Risks in the enlarged Group have been measured and reported according to common principles since 1 June 2000. The basic principles of risk management are set out below.

Each business area is primarily responsible for the identification and control of risks in their operations. Risk measurement rules and guidelines, central control and reporting are the responsibilities of Group Credit and Risk Control.

The key elements of all risk management are early identification, reporting and control of all risks. Nordea aims to control risks to ensure that no single event can seriously damage the Group's financial position.

The Board of Directors of Nordea has the ultimate responsibility for limiting and monitoring the Group's risk exposure. 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 shall not exceed 0.4% of the loan and guarantee portfolio.
- Market risk, including interests rate, currency and equity risk, shall not exceed three months' expected earnings.
- Administrative, legal and technical risks shall be kept within manageable limits at reasonable costs.
- The limitations for insurance risk are set in the reinsurance programme approved by the Board.

Responsibilities

The Board of Directors approves all major policies, instructions and exposure limits. Reports to the Board on exposures and risk management activities are submitted regularly. The Credit Committee within 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 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 and risk measurement techniques in all risk areas.
- Executive Credit Committees (Corporate and Retail) decide on major credit exposures.

The operative responsibility for risk management lies in each operating unit but is under continous control by Group Credit and Risk Control. The head of Group Credit and Risk Control is a member of Group Executive Management. There are three risk management units for Credit, Market and Operational risks respectively and one unit, Risk Modelling, with the responsibility for developing risk modelling tools for quantitative risk analysis and management.

Risk management in each business area is organised to provide information to business area management as well as to the Group Credit and Risk Control.

Credit risk

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. Most of the credit risks in Nordea arise from various forms of lending.

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. These instructions provide guidelines and set rules to support the business areas in their work. In addition there are credit manuals, routines and working methods for day-to-day procedures.

Risk management and control

Credit limits on risks 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 detail the required collateral, covenants, pricing, maturity, amortisation etc. For smaller credits decisions are made on a case to case basis.

The Board of Directors has decided on the power to act concerning credit decisions. The decision structure is adjusted to fit the business areas, Retail and Corporate, and to fulfil legal requirements for the banks in the Group. The diagram below shows the decision-making structure. Powers to act are restricted for each decision-making body and the restriction relates to the size of the customer limit as well as the part which is unsecured.

A complimentary method used by Nordea to limit credit risk is to set special limits to specific industry sectors. In connection with such an industry limit, a special 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 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 performance of the customer are taken into consideration.

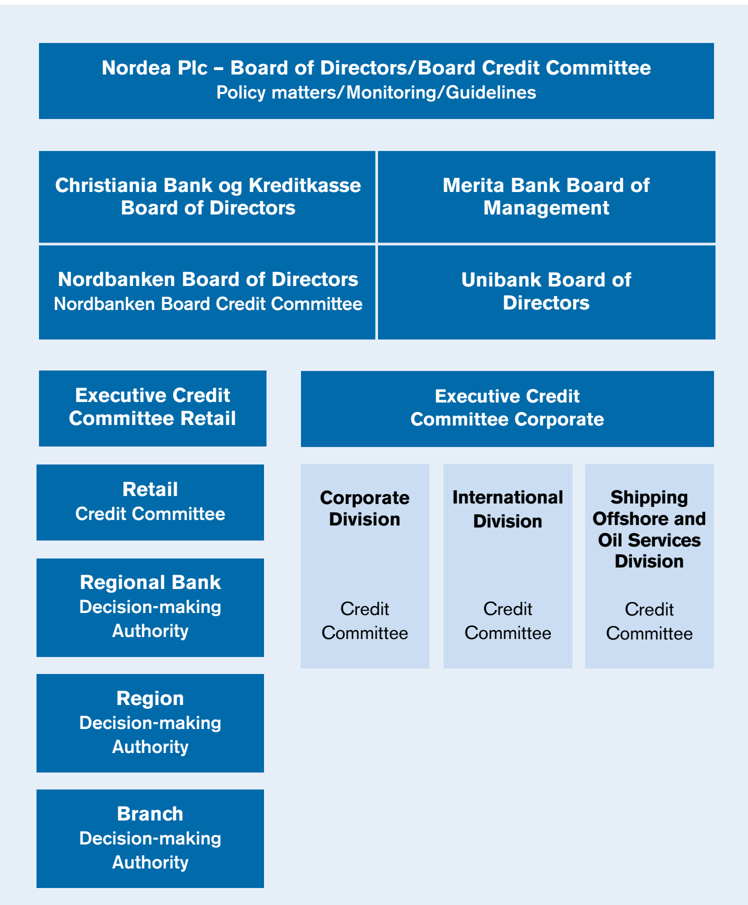
The decision-making process is the first opportunity to limit credit risk. After a decision is made, control is the tool utilised to limit credit risk. Control is twofold: The most obvious part is to follow up on deviations from agreed conditions. The other part is to identify weaknesses in customer behaviour such as deteriorating profitability, tight liquidity and emerging difficulties to maintain a sound capital structure.

Control is an ongoing process performed by the business areas. The guiding principle is that superior entities control subordinate entities. People who are independent of the business organisation perform these functions. The monitoring process ensures that decisions are made according to established policies, instructions and other guidelines. Furthermore, the process identifies weaknesses in the portfolio to ensure that weak commitments will be correctly handled.

Credit decisions

As mentioned, the customer-responsible unit is responsible for identifying weaknesses in the performance of the customer and, as a consequence, the customer may be downgraded in the internal rating system.

If a customer fails to perform according to agreed conditions, a provision will normally be made for the estimated loss. The customer is classified in the lowest category in the internal rating system. An action plan will be drafted outlining how to handle the situation to minimise a potential credit loss. Customers who, although they do perform, are considered weak, are also classified as doubtful



commitments. Provisions could also be made for these customers. Such commitments get special attention formalised in an action plan.

Through the control system, reporting is made to superior levels in the Group. Ultimately, Group Credit and Risk Control is responsible for reporting changes in the credit risk situation to the Risk Committee, Group Executive Management and the Board of Directors. The development of doubtful loans and other major deviations are reported monthly. Every quarter, in connection with the interim report, a more extended report is made. This report is based on a more thorough examination of credit risk with the business areas.

Measurement methods

Over the last few years a lot of work has been done in the area of measuring credit risk. Statistical methods have gained wider acceptance. One of the key drivers in this transition is a new capital adequacy directive which facilitates the use of internal models in assessing credit risks. This enhances the value of developing objective risk methods, which also can be used in the pricing process and for risk-adjusted performance measurement.

Nordea's ambition is to work with 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, loss given default and exposure at default.

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, ie another word for predicting the default probability.

Loss given default measures how much of the outstanding amounts may be recovered 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. To set a percentage for the collateral coverage is a delicate exercise. To make that estimate issues such as the type of collateral and the volatility of the collateral value must be addressed.

Exposure at default is an important measure for those exposures where the actual amount 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 exposure moves with changes in market prices of the underlying assets and, consequently, statistical estimates of these potential changes in market prices must be introduced in the exposure measurement.

In Nordea such potential exposure is currently measured as a fixed percentage, "add-on", which are dependent on the type and maturity of the contract. The add-on is applied to the underlying nominal amount, and the total exposure related to a contract is simply the sum of the current market value of the contract and the potential exposure.

During 2000 many activities have been carried out in order to pave the way for the new perspective on credit risk measurement. Over the course of the next year necessary enhancements will be made to secure the quality and to reach acceptable cover for the above measures. The group-wide credit database will contribute immensely to the task of realising credit risk measurements based on statistical estimates.

The most important factor in the quantification of credit risk is the internal rating models developed within the Group. The goal for Nordea is to have one uniform internal rating system that is consistent within the Group. This will be achieved by having different models for different segments, eg large corporates and middle market corporates. Default probabilities from different models will be mapped into one master scale to get a consistent picture of the whole credit portfolio. A lot of this work has been done during 2000 and it will be fully implemented during 2001. The aim is to increase the number of rating categories in the rating system to achieve better accuracy.

The Group's rating for private customers, when used, is being conducted by means of credit scoring.

The Group's ratings of other financial institutions is handled in a separate model, based on external ratings. If an external rating is not available, an internal rating is given.

Customer structure of loans portfolio (EURm)

	31 Dec 2000	%	31 Dec 1999	%
Companies	77,436	60.2	39,644	58.1
Households	48,462	37.7	26,349	38.6
Public sector	2,719	2.1	2,218	3.3
Total	**128,617**	**100.0**	**68,211**	**100.0**

Credit risk analysis

Lending

The lending volume of the Group rose by 85% to EUR 129bn during the year, mainly as a result of the incorporation of Unibank and Christiania Bank. However, there was no dramatic changes in the overall structure of the lending portfolio. As can be seen from the accompanying tables, corporate lending slightly increased its share of total lending while the share of household lending decreased.

Lending to customers outside the Nordea home market represents 16% of total lending, mostly connected with credits linked to our Nordic customers.

Lending to households (EURm)

	31 Dec 2000	31 Dec 1999
Mortgage loans	35,299	19,706
Consumer loans	13,163	6,643
Total	**48,462**	**26,349**

Lending to the public sector (EURm)

	31 Dec 2000	31 Dec 1999
Municipalities	2,149	1,829
Government	329	24
Other public institutions	241	365
Total	**2,719**	**2,218**

Lending by geographical area		EURm
	31 Dec 2000	%
Nordic countries	107,494	83.6
The Baltic and Poland	427	0.3
EU countries	10,578	8.2
OECD	5,919	4.6
Non-OECD	4,199	3.3
Total	**128,617**	**100.0**

Lending by size to corporate customers[1]	
	31 Dec 2000
Euro	%
0–67,000	1.8
67,001–134,000	2.3
134,001–1,340,000	12.9
1,340,001–13,400,000	22.5
13,400,001–	60.5
Total	**100.0**

[1] Excl. CBK Group.

Companies

The distribution of corporate lending by industry shows a slightly more diversified picture than last year. Real estate management, however, still accounts for the largest volume of which financing of residential housing constitute a major part. Exposures to large, financially well established customers dominate the commercial real estate lending.

Lending to the telecom sector is totally dominated by the big Nordic operators and manufacturers and their subcontractors. The telecom operators are to a large part Nordic companies and export financing of these operators abroad is done with the larger part covered by export guarantees. The exposure as at year-end 2000 was EUR 7,8bn. Lending to portal providers, on-line service providers, software producers and IT-consultants is insignificant.

The distribution of corporate lending by size shows that about 60% of the volume relates to customers with exposures exceeding EUR13m. These customers are mostly highly rated and many of them listed companies.

Households

The lending to households rose by EUR 22.1bn. The opening balance of the portfolio rose by EUR 1.5bn or 6%. The mortgage lending part of the total lending to households has decreased slightly to 73% (75).

Loans to credit institutions

Loan to credit institutions amounted to EUR 21.6bn at the end of 2000 (EUR 9.1bn). The majority of lendning to foreign banks was to banks within OECD.

Problem loans

At year-end, doubtful loans after loan loss provisions amounted to EUR 797m or practically the same amount as a year before despite the increased loan volume. As a consequence net doubtful loans as a percentage of lending was reduced from 1.2 to 0.6%. The volume pertaining to Unibank and CBK was limited and highly provisioned. Loan loss provisions as

Distribution of lending to corporate customers by industry				EURm
	31 Dec 2000	%	31 Dec 1999	%
Real estate management	18,607	24.0	11,030	27.8
Construction	3,379	4.4	2,544	6.4
Agriculture and fishing	2,924	3.8	100	0.3
Transport	3,587	4.6	1,696	4.3
Shipping	7,241	9.4	1,363	3.4
Trade & services	8,384	10.8	3,720	9.4
Manufacturing	14,819	19.1	6,419	16.2
Financial operations	5,040	6.5	442	1.1
Renting, consulting and other company services	4,013	5.2	4,730	11.9
Other companies	9,443	12.2	7,600	19.2
Total	**77,437**	**100.0**	**39,644**	**100.0**

Country exposure net of individual provisions, 31 December 2000 excl. CBK group	EURm
	Total
Asia	640
whereof	
Japan	40
China	148
Singapore	171
Thailand	24
Indonesia	38
Malaysia	3
Eastern Europe & CIS	373
whereof	
Estonia	103
Latvia	90
Lithuania	20
Poland	109
Russia	14
Latin America	574
whereof	
Brazil	231
Chile	58
Argentina	60
Other	
Turkey	140

percentage of doubtful loans consequently rose from 65 to 74%.

Transfer risk

Transfer risk or cross border risk is a credit risk attributable to the transfer of money from a country. Changes in the economic as well as the political situation in a country may change the possibility to transfer money from the country.

Since these credit risks are affected by changes in the economic and political situation of countries the assessment of the risks are focused on these factors. The repayment ability of the debtor is considered in the ordinary way. To assess the transfer risks 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.

In calculating provision requirements gross claims are reduced by existing individual reserves, guarantees from national export credit boards and similar organisations. The size of the reserve depends on

Distribution of provision for doubtful loans to corporate customers by industry (EURm)

	31 Dec 2000	%	31 Dec 1999	%
Real estate management	216	11.9	252	18.5
Construction	91	5.0	163	12.0
Agriculture and fishing	111	6.1	5	0.4
Transport	122	6.7	51	3.8
Shipping	175	9.7	27	2.0
Trade & services	289	16.0	282	20.8
Manufacturing	334	18.5	175	12.9
Financial operations	54	3.0	65	4.8
Renting, consulting and other company services	177	9.7	172	12.7
Other companies	244	13.4	166	12.1
Total	**1,813**	**100.0**	**1,358**	**100.0**

Problem loans (EURm)

	31 Dec 2000	31 Dec 1999
Doubtful loans, gross	3,053	2,252
Provisions	-2,256	-1,460
Doubtful loans, net	797	792
Loans with interest deferments	29	13
Problem loans, total	**826**	**805**
Provisions/doubtful loans, gross (%)	73.9%	64.8%
Doubtful loans, net/lending	0.6%	1.2%
Assets taken over for protection of claims	31	60

Problem loans, 31 December 2000 (EURm)

	Companies	Households	Total
Doubtful loans, gross	2,428	625	3,053
Provisions	-1,842	-414	-2,256
Doubtful loans, net	586	211	797
Loans with interest deferments	9	20	29
Problem loans, total	595	231	826
Provisions/doubtful loans, gross (%)	75.8%	66.3%	73.9%
Doubtful loans, net/lending	0.8%	0.4%	0.6%

Problem loans, 31 December 2000

Doubtful loans, gross by industry	EURm	% of lending to the industry
Real estate management	340	1.8
Construction	103	3.1
Agriculture and fishing	124	4.2
Transport	182	5.1
Shipping	192	2.6
Trade & services	392	4.7
Manufacturing	371	2.5
Financial operations	56	1.1
Renting, consulting and other company services	280	7.0
Other companies	346	3.7
Total	**2,386**	**3.1**

EURm

Derivative instruments

31 December 2000	Total	Contracts made for hedging purposes	Other
Interest rate related contracts			
Futures and FRAs	373,808	2,946	370,862
Options purchased	12,660	5	12,655
Options written	13,788	17	13,771
Interest rate swaps	270,621	22,590	248,031
Total	**670,877**	**25,558**	**645,319**
Currency-related contracts			
Futures and Forwards	246,363	14,599	231,764
Options purchased	7,285	0	7,285
Options written	8,180	0	8,180
Currency swaps	18,724	5,638	13,086
Total	**280,552**	**20,237**	**260,315**
Equity-related contracts	**2,558**	**1,182**	**1,376**
Total	**953,987**	**46,977**	**907,010**

changes in outstanding volume and the assessed risk level of the countries.

At the end of 2000 the assessed reserve requirement for transfer risk amounted to EUR 143m. No specific calculation has yet been carried out for CBK, where transfer risk has been included in the risk assessment. The required reserves have been reduced due to improved rating of the countries where Nordea is exposed. The relevant exposure amounted to EUR 1.6bn at year-end, of which EUR 0.6bn related to Asian countries, EUR 0.6bn to countries in Latin America, and EUR 0.4bn to countries in Central and Eastern Europe.

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 by customers where Nordea is a counterpart but are also used for proprietary trading and hedging purposes by the bank.

On 31 December 2000, total exposure to credit risk in off-balance sheet commitments, calculated as risk-weighted amount in accordance with regulations applicable to capital adequacy, was EUR 16.7bn, of which EUR 2.1bn pertained to derivate instruments.

Derivative instruments

The most common derivative instrument is a forward contract on foreign exchange rates. This product is offered to a wide range of customers to hedge foreign exchange risk.

Most of the derivative contracts are marked to market on an ongoing basis in the Group's balance sheet and, therefore, affect the reported result. The remaining derivative contracts are, following the accounting policies, included in the hedging reports at acquisition value. Derivatives affect the bank's exposure to market risk and credit risk. Credit risk in derivative instruments is often referred to as counterpart risk.

Risks are measured and limits set according the 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, ie, the necessary limit requirement as to the derivative counterpart.

The table shows the total volume expressed in nominal amounts divided by type of instrument. In the table CBK has been included in the figures.

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 payment instructions for a transfer of the principal amount in anticipation of delivery of the other party involved in the transaction.

Each counterpart is assessed in the credit process. Clearing agents, corresponding banks and custodians are also selected with the view of minimising settlement risk. Through netting agreements and other standardised documentation for settlement Nordea aims at reducing the settlement risk.

Nordea is also 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.

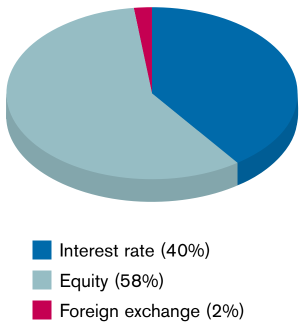
Market risk

In Nordea market risk is defined as the potential loss of market value due to changes in financial market factors related to interest rates, foreign exchange rates, equity prices and commodity prices. Market risk is divided into interest rate, foreign exchange, equity and commodity risk.

Nordea is mainly exposed to market risk in its proprietary trading and investment portfolio within Treasury and the investment portfolios in the insurance business areas. A minor market risk, related to customer service and market making activities, is also present in the business areas Corporate and Institutional Banking and Investment Banking.

Market risk is assessed from a euro base currency perspective. The tables includes CBK.

Distribution of linear market risk in Nordea as of end of 2000



Market risk control

The main rule for limiting market risk is that assets, liabilities and derivatives are matched to the greatest possible extent. This applies in terms of a variety of factors including currencies and interest rate periods. However, it is inherent in Nordea's operations to assume market risk within well considered limits.

The Board of Directors determines the risk level and the risk measurement methods as well as the overall market risk limits, while ALCO decides on the allocation of market risk limits to the individual business areas. Limits to business areas are set in accordance with the business strategies. Market risk limits are as a minimum reviewed in the annual budget process.

Market Risk Management within Group Credit and Risk Control has primary responsibility for monitoring, analysing and reporting the Group's consolidated market risk as well as developing the market risk control standards in the Group. This unit regularly prepares

Market risk in Nordea as of end of 2000 EURm

	Measure	Risk
Interest-rate risk, aggregate portfolio[1]	VaR	99.9
Interest-rate option risk, aggregate portfolio	Simulation	7.7
Equity risk, listed equities	VaR	142.7
Equity option risk	Simulation	4.6
Foreign exchange risk, trading portfolios	VaR	4.3
Foreign exchange option risk, trading portfolios	Simulation	5.3
Commodity risk	20%	0.0

[1] Including EUR 47.9m interest rate risk primarily related to the Hold-to-Maturity portfolio which is not marked to market in the external accounting.

market risk reports on the development in market risk, risk concentrations etc to the Board of Directors, the Group Executive Management and the Risk Committee. The Group's consolidated market risk is reported to the head of Group Credit and Risk Control on a daily basis.

End-of-day market risk figures for Nordea are calculated within the central market risk system, which is based on a common database. The controllers in each business area are responsible for identifying and controlling market risk within the area and to ensure that correct information is available for the market risk calculations in the market risk system. As such the daily market risk control process takes place in close dialogue between risk controllers in the business areas and Market Risk Management. The central system supports a uniform calculation of all material market risk in the Group and is a tool for analysing the total market risk.

Market risk statistics for the Group full year 2000 are not available due to the merger in April 2000. Market risk control in Nordea has been based on uniform risk measurement concepts since 1 June and fully unified risk models since mid-December. From early 2001, Christiania Bank og Kreditkasse will be integrated in the unified risk models.

Measurement methods

An important key to successful risk management is the assessment of a true and fair view of the market risks. The risk measures used by Nordea are chosen in order to secure this. As there is no single risk statistic that captures all aspects of market risk, Nordea uses several risk measures including Value-at-Risk (VaR) models, stress testing, scenario simulation and other non-statistical risk measures.

VaR is used in Nordea to measure all linear interest rate, foreign exchange and equity risks and is as such the most important single risk measure. 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. The VaR models provide an independent evaluation of how much risk is being taken and allow comparison of risk figures between different risk categories. The basic assumption is that future changes have the same statistical probabilities as historical changes. In Nordea VaR is estimated on the basis of the last two years' historical changes in prices and rates with a holding period of 10 banking days and a probability of 99%.

As all statistical models the estimates of Nordea VaR rely on various assumptions and 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. In the back tests the VaR figures are compared with real profit/loss figures as well as simulated profit/loss figures of real and hypothetical portfolios.

While the Nordea VaR models only take into account the linear risk, scenario simulations are used to capture the non-linear character of options and option-related instruments. Simulated movements in various market parameters make up the different scenarios. For each scenario the profit/loss of the option portfolio including hedges in linear instruments is calculated and the worst outcome, ie the greatest loss in market value, constitutes the risk.

As a supplement to VaR and scenario simulation, Nordea applies several non-statistical risk measures to obtain additional information about the size of potential loss. Measures such as basis point values, net open positions and option key figures are used for monitoring as well as limiting purposes.

Since VaR captures risk in a normal market environment, Nordea supplements the VaR measure by stress testing to estimate the risk under events that may occur in extreme market conditions. Contrary to VaR, stress tests provide information on the potential magnitude of the loss when the VaR figure is exceeded. The tests are carried out on both historical and

EURm

Gap analysis Nordea
31 December 2000

Interest rate fixing period	Group bs	Static gap: Within 3 months	3–6 month	6–12 month	1–2 year	2–5 year	>5 year	Non repricing	Total
Assets									
Interest-bearing assets	167,907	124,270	12,832	7,341	10,780	8,621	4,062	0	167,907
Trading	11,840	11,840	0	0	0	0	0	0	11,840
Off-balance-sheet items		221,514	111,650	99,267	45,843	16,942	10,251	0	505,466
Non-interest-bearing assets	44,718	0	0	0	0	0	0	44,718	44,718
Total assets	**224,464**	**357,623**	**124,482**	**106,608**	**56,624**	**25,563**	**14,313**	**44,718**	**729,931**
Liabilities									
Interest-bearing liabilities	172,734	136,432	16,050	6,948	8,278	3,800	1,227	0	172,735
Off-balance-sheet items		218,552	111,909	98,795	45,460	20,035	10,715	0	505,466
Non-interest-bearing liabilities	51,730	0	0	0	0	0	0	51,730	51,730
Total liabilities	**224,464**	**354,984**	**127,959**	**105,742**	**53,738**	**23,835**	**11,942**	**51,730**	**729,931**
Exposure		2,640	-3,477	866	2,885	1,728	2,371	-7,013	
Cumulative exposure		2,640	-837	28	2,914	4,642	7,013	0	

subjective scenarios chosen in accordance with the current risk exposures. The stress tests are performed and reported monthly.

Interest rate risk
Interest rate risk is defined as the potential loss of market value or lower net interest income due to changes in market factors related to interest rates. The type of risk that can lead to loss of market value is referred to as interest rate risk, and the type of risk that may lead to deterioration in net interest income as net-interest-risk. The overall limits for interest rate risk are based on VaR for linear interest rate risk and scenario simulation for non-linear risk.

During 2000 the measurement and control principles used for current assets have been adopted as a general approach for all fixed interest rate products. This approach, which has been implemented for all material portfolios, gives an improved picture of the total interest rate risk. Structural Interest Income Risk (SIIR) is defined as the effect on the net interest income in the next 12 months if market rates change by 1%. Calculation of net-interest-risk is based on the entire balance sheet and the assumption that no market transactions are incurred during the period. SIIR reflects the mismatch that arises in the balance sheet when interest rate periods of assets, liabilities and derivatives do not correspond exactly. The Board of Directors has set a limit for SIIR. 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 market value of equity and equity-related products due to changes in market factors related to equity prices. During 2000 a revised VaR model using historical simulation without the assumption of normal distribution of prices was introduced. VaR measures the entire portfolio of listed equities in Nordea. The overall limits for equity risk are based on VaR for linear risk and scenario simulation for non-linear risk. Non-listed equities are reported by book value.

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. The overall limits for foreign exchange risk in the trading portfolio are based on VaR for linear risk and scenario simulation for non-linear risk.

Commodity risk
Commodity risk is defined as the potential loss in market value of commodity-related instruments. The overall limit for commodity risk is based on sensitivity

measures. During 2000 Nordea has had no open commodity positions.

Liquidity risk

Nordea's liquidity risk management seeks to ensure that the Group will always have sufficient funds available to meet its liabilities without excessive costs. 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 structural liquidity risk. Short-term liquidity risk is measured as funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 30 days. 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 6 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. The funding gap risk and the net balance of stable funding are regularly reported to the Board of Directors and the Risk Committee.

Operational risk

Nordea has defined operational risk as the risk of losses, including damage to reputation, caused by inadequate or failed internal processes, people, systems and control routines or by external events and circumstances that affect the Group's business.

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 mainly information processing, much emphasis is put on information security (eg access control) in the processes. For handling major incidents the preparedness for crisis management and contingency planning are important mitigating activities. The physical safety of the bank's employees and customers is also of high priority.

With expanding operations the processes become more complex and a systematic approach to ensure high quality becomes more and more important. The review and control of these challenges are the responsibilities of the Operational Risk Management unit within Group Credit and Risk Control.

Risk management and control

Each business area is primarily responsible for handling and mitigating its own operational risks. Group Operational Risk Management is responsible for developing and supporting a framework for managing the operational risks.
In carrying out its task, Group Operational Risk Management is supported by the security organisation and the IT-security organisation of the Group. Close co-operation with Nordea's internal audit and compliance functions is also constantly maintained.

The operational risk framework consists of policies and instructions, a network of contact persons throughout the organisation, techniques and processes for monitoring and mitigating operational risks, and quantitative and qualitative reporting of the risks. The work to harmonise the frameworks of the different entities of Nordea, including the operations in Norway, will be completed during 2001.

Special emphasis is put on analysing risk and quality aspects in product development and other changes in processes and organisation. The self-assessment of risks is developed into an ongoing monitoring routine throughout the organisation.
The aim is to identify risks and take care of them at an early stage. Operational risk

incidents are systematically reported and collected into a database that will create the basis for future analyses. Insurance programmes are used for risk mitigation, and the development of risk absorbing capital market instruments is closely followed.

Insurance risk – General Insurance

The 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. Such changes may arise from changes in the economic and competitive environment or the applicable law and practice.

Measurement methods

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 analysis is updated whenever new information becomes available. Following the hurricane over Denmark in December 1999, the windstorm risk has been re-evaluated and the reinsurance protection has been increased accordingly.

Risk management and control

The risk inherent in the insurance business is primarily controlled through tariffs, rules for acceptance of customers, reinsurance contracts and provisions for risks (equalisation provisions in general insurance and bonus equalisation provisions in life insurance).

In the underwriting process relevant information is collected about the customer's claims situation. The claims record is compared with the future cover requested, taking into account the general risk level associated with the various lines of business and customer segments. Based on this risk assessment the risk exposure is being controlled by:

- Setting general liability limits.
- Restricting liability limits to specific areas.
- Inserting clauses which limit specific parts of the risk or excludes losses caused by specific events.
- Requesting risk preventing measures to be taken (fire, theft, working conditions etc).

When writing insurance for major manufacturing companies, in-house technical specialists are consulted to assess and limit the risk exposure.

The risk is being further controlled by use of reinsurance measures both on an individual policy level and for the portfolio as a whole. On the policy level reinsurance is used to limit individual large risks and for the portfolio it is used to control the effect of cumulation, where a single event such as a large windstorm affects several policies. The reinsurance programme is structured in such a way that no individual event or random accumulation of large losses will result in an unacceptable loss of capital.

Further the programme is structured so that it contributes to limiting fluctuations in underwriting results.

Economic capital

Nordea has a model for allocation of risk adjusted capital, often called economic capital. The aim is to optimise the utilisation of capital within the Group and to achieve an efficient distribution of capital between the different business areas.

The model takes into account different risks within the Group such as credit risk, market risk, operational risk and insurance risk. During 2000 intensive work has been carried out to achieve a uniform model for the Group and to develop the model further. In 2001, a Risk-Adjusted Performance Measurement (RAPM) will substitute the return on allocated equity as an internal management tool. Nordea plans to release the economic capital allocation to business areas during 2001.

Risk-adjusted capital

Risk-adjusted capital is an expression of how much capital will be required by each business operation to cover unforeseen losses that can affect a unit. Risk-adjusted capital is calculated for each business area in regard to its credit, market, operational and insurance risk, using statistical methods based on historical data.

Credit risk

Calculation of the economic capital needed to cover unexpected credit losses is based on the Group's internal rating system. So-called capital factors have been calculated for different combinations of rating and maturity periods. The size of the capital factors depends on the expected default probability and the expected size of the loss given default. The economic capital is then calculated by multiplying the credit-risk exposure of each combination of rating and maturity period by the calculated capital factor.

Market risk

Calculation of the economic capital needed to cover unexpected losses due to market risks is based primarily on the Group's Value at Risk (VaR) model.

Operational risk

When allocating capital for operational risk, a business line approach recognising differences in risk profiles in different activities, is applied. Special attention is paid to money and capital market activities, custody and e-banking.

Insurance risk

Calculation of the economic capital needed to cover unexpected insurance losses will be based on a Value at Risk (VaR) model. Within the model the VaR is made up of separate contributions from non-catastrophic risk and catastrophic risk.

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.

Loss on disposal/write-down of real estate holdings is reported as a separate item after operating profit. This reporting 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 Livförsäkringsaktiebolaget Livia, which operates according to mutual principles, are not included in the consolidated financial statements.

The consolidation of Nordea Companies Finland (NCF) Group (the former MeritaNordbanken Plc with subsidiaries) 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 correction than co-ordination 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 Christiania Bank og Kreditkasse ASA (CBK) were acquired at the end of 2000 by the wholly owned subsidiary of Nordea, Nordea Companies Finland (NCF) Plc (the former MeritaNordbanken Plc). 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 CBK 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) and for legal reasons also in Swedish kronor (SEK). 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. Otherwise, financial current assets are valued at the lower of acquisition value and fair value.

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 Unibank. 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, doubtful 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 doubtful 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 doubtful, 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 doubtful 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.

For a portion of consumer loans, the necessary loss provision is calculated in accordance with a collective valuation based on historical loss trends for various categories of loans (home mortgage loans, other secured loans, salary account loans and other unsecured loans).

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 (excluding CBK).

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 CBK 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.

Pension costs

The operating profit includes pension costs, which comprise premiums and fees to insurance companies and pension foundations which have part of the Group's pension commitments, and actuarial pension costs in respect of that part of the commitments which is guaranteed by a contribution to a pension foundation. In the item Pension adjustment 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 non-technical account 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 non-technical account 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 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 carry 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 average 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
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	Merge & 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 conversion.

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

Cost/income ratio, excluding loan losses
Operating expenses excluding goodwill as a percentage of operating income and share of profit/loss from companies accounted for under the equity method.

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

Exchange rates applied

EUR 1 = SEK	2000	1999
Income statement (average)	8.4631	8.8150
Balance sheet (at end of period)	8.8313	8.5625

EUR 1 = DKK		
Income statement (average)	7.4532	7.4358
Balance sheet (at end period)	7.4631	7.4432

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

EUR 1 = FIM 5.94573 (fixed rate)

Income statement

The Nordea Group

	Note	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Operating income					
Interest income	1	9,676	4,734	81,892	41,734
Interest expenses	1	-6,578	-2,936	-55,676	-25,886
Net interest income	1	3,098	1,798	26,216	15,848
Dividends received	2	128	27	1,086	240
Net commission income	3	1,464	822	12,392	7,243
Net result from financial operations	4	383	105	3,243	926
Other income	5	213	273	1,799	2,407
Total operating income		**5,286**	**3,025**	**44,736**	**26,664**
Operating expenses					
General administrative expenses					
Personnel expenses	6	-1,582	-787	-13,390	-6,938
Other administrative expenses	7	-1,159	-771	-9,808	-6,799
Depreciation and write-down of tangible and intangible fixed assets	8	-210	-156	-1,806	-1,374
Total operating expenses		**-2,951**	**-1,714**	**-25,004**	**-15,111**
Profit before loan losses		**2,335**	**1,311**	**19,732**	**11,553**
Loan losses, net	9	-68	-26	-575	-229
Change in value of property taken over for protection of claims	10	-11	4	-96	34
Profit from companies accounted for under the equity method	11	60	97	507	863
Operating profit, banking		**2,316**	**1,386**	**19,568**	**12,221**
Operating profit, insurance	12	**94**	..	**800**	..
Operating profit		**2,410**	**1,386**	**20,368**	**12,221**
Loss on disposal write-downs of real estate holdings		-40	-145	-338	-1,283
Pension adjustments	13	57	65	492	573
Taxes	14	-691	-205	-5,856	-1,804
Minority interests		-3	-3	-26	-31
Net profit from the Unidanmark Group for Q1 2000		-180	–	-1,516	–
Net profit for the year		**1,553**	**1,098**	**13,124**	**9,676**

Balance sheet

	Note	EURm 31 Dec 2000	EURm 31 Dec 1999	SEKm 31 Dec 2000	SEKm 31 Dec 1999
Assets					
Cash and balances at central banks	15	2,341	2,693	20,676	23,056
Treasury bills and other eligible bills	16	4,173	4,931	36,855	42,220
Loans and advances to credit institutions	17	21,344	9,095	188,494	77,879
Lending	18	128,617	68,210	1,135,851	584,050
Bonds and other interest-bearing securities	21	23,769	9,329	209,910	79,877
Shares and participations	23	932	658	8,227	5,631
Investments, customers bearing the risk	24	3,737	–	33,004	–
Shares in associated undertakings	25	420	331	3,707	2,832
Shares in group undertakings	26	35	335	311	2,867
Intangible assets	27	2,522	142	24,741	1,212
Tangible assets	28	2,153	3,033	19,014	25,968
Prepaid expenses and accrued income	29	2,571	1,338	22,706	11,458
Other assets, banking	30	9,869	3,882	87,157	33,254
Assets, insurance	31				
– Investments		18,099	..	159,835	..
– Investments, policyholders bearing the risk		2,769	..	24,458	..
– Other assets		1,113	..	9,835	..
Total assets		**224,464**	**103,977**	**1,984,781**	**890,304**
Assets pledged for own liabilities	32	7,574	6,572	66,893	56,273
Liabilities and shareholders' equity					
Loans from credit institutions	33	28,809	13,354	254,418	114,345
Deposits	34	78,879	42,074	696,607	360,263
Other borrowings from the public	35	1,932	1,924	17,063	16,473
Debt securities in issue	36	56,409	28,094	498,167	240,557
Other liabilities, banking	37	16,022	6,756	141,489	57,834
Liabilities, insurance	31				
– Subordinated liabilities		175	..	1,548	..
– Technical provisions		16,914	..	149,369	..
– Technical provisions, policyholders bearing the investment risk		2,769	..	24,455	..
– Other liabilities		936	..	8,267	..
Accrued expenses and prepaid income	38	2,747	1,427	24,259	12,222
Provisions	39	1,166	672	10,293	5,752
Subordinated liabilities	40	6,545	4,099	57,805	35,103
Minority interests		56	51	497	440
Total liabilities		**213,359**	**98,451**	**1,884,237**	**842,989**
Shareholders' equity	41				
Share capital		1,182	1,099	10,438	9,410
Share premium account		4,269	983	37,700	8,417
Other restricted reserves		700	629	6,185	5,386
Unrestricted reserves		3,401	1,717	33,097	14,426
Net profit for the year		1,553	1,098	13,124	9,676
Total shareholders' equity		**11,105**	**5,526**	**100,544**	**47,315**
Total liabilities and shareholders' equity		**224,464**	**103,977**	**1,984,781**	**890,304**
Contingent liabilities	42	10,162	7,035	89,740	60,234
Commitments	43	526,143	379,532	4,646,518	3,249,752

Other notes

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Cash flow statement

	EURm Jan–Dec 2000	EURm Jan–Dec 1999	SEKm Jan–Dec 2000	SEKm Jan–Dec 1999
Net cash inflow/(outflow) from operating activities before changes in ordinary business assets and liabilities	2,492	1,933	21,092	17,043
Changes in ordinary business assets and liabilities	-33,089	-4,639	-280,035	-40,893
Net cash inflow/(outflow) from operating activities	-30,597	-2,706	-258,943	-23,850
Net cash inflow/(outflow) from capital expenditure and financial investments	-1,892	-2,246	-16,012	-19,798
Net cash inflow/(outflow) from financing	34,768	6,600	296,043	55,992
Increase/(decrease) in cash [1]	2,279	1,648	21,088	12,344
Cash and cash equivalents at beginning of period	3,552	1,904	30,408	18,064
Cash and cash equivalents at end of period	5,831	3,552	51,496	30,408

[1] Of which acquisitions of Unidanmark and CBK				
Unidanmark shares, paid in cash	-71	–	-626	–
CBK aquisition	-3,326	–	-29,373	–
Increase/(decrease) in cash	4,043	–	35,702	–

Notes to the financial statements

Note 1: Interest income and interest expenses

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Interest income				
Loans and advances to credit institutions	1,687	530	14,281	4,673
Lending	6,681	3,536	56,542	31,168
Interest-bearing securities				
Current assets	857	319	7,256	2,815
Financial fixed assets	350	333	2,960	2,932
Other	101	16	853	146
Total interest income	**9,676**	**4,734**	**81,892**	**41,734**
Interest expenses				
Deposits by credit institutions	1,802	716	15,251	6,312
Deposits	1,677	699	14,191	6,160
Debt securities in issue	2,731	1,315	22,973	11,590
Subordinated liabilities	344	191	2,909	1,687
Other	24	15	352	137
Total interest expenses	**6,578**	**2,936**	**55,676**	**25,886**
Net interest income	**3,098**	**1,798**	**26,216**	**15,848**

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Average interest rate on loans/deposits				
Lending				
Average volume	108,548	65,537	958,619	561,162
Average interest, %	6.1	5.4	6.1	5.4
Deposits and other borrowings from the public				
Average volume	68,436	42,503	604,380	363,933
Average interest, %	2.5	1.6	2.5	1.6

Average balance, Group	2000		1999	
	EURm	Interest %	EURm	Interest %
Assets, banking				
Loans and advances to credit institutions	22,508	7.5	10,483	5.1
Lending	108,548	6.2	65,537	5.4
Interest-bearing securities	25,654	4.7	13,399	4.9
Other interest-bearing assets	4,374	2.3	2,944	0.6
Total interest-bearing assets	161,084	6.0	92,363	5.1
Non-interest-bearing assets	15,731	–	8,105	–
Total assets, banking	**176,815**	**5.5**	**100,468**	**4.7**
Liabilities, banking and shareholders' equity				
Deposits by credit institutions	27,609	6.5	15,215	4.7
Deposits and other borrowings from the public	68,436	2.5	42,503	1.6
Debt securities in issue	47,739	5.7	24,696	5.3
Subordinated liabilities	5,097	6.7	3,433	5.6
Other interest-bearing liabilities	3,829	0.6	2,771	0.6
Total interest-bearing liabilities	152,710	4.3	88,618	3.3
Non-interest-bearing liabilities	14,877	–	6,495	–
Total liabilities, banking	**167,587**	**3.9**	**95,113**	**3.1**
Shareholders' equity	11,161		5,355	
Total liabilities, banking and shareholders' equity	**178,748**	**3.7**	**100,468**	**2.9**
Overall interest margin, %		**1.8**	**–**	**1.8**

Note 2: Dividends received

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Shares and participations	128 [1]	27	1,086 [1]	240
Total	**128**	**27**	**1,086**	**240**

[1] Including dividends from Svensk Exportkredit EUR 38m (SEK 320m) and from CBK EUR 20m (SEK 170m).

Note 3: Net commission income

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Commission income				
Securities	883	401	7,473	3,532
Lending	288	207	2,437	1,824
Deposits and payments	432	247	3,656	2,176
Other commission income	125	63	1,055	557
Total commission income	**1,728**	**918**	**14,621**	**8,089**
Commission expenses				
Payment transmission	121	70	1,026	613
Securities	76	13	647	116
Other commission expenses	67	13	556	117
Total commission expenses	**264**	**96**	**2,229**	**846**
Net commission income	**1,464**	**822**	**12,392**	**7,243**

Note 4: Net result from financial operations

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Realised gains/losses				
Shares/participations and other share-related instruments	167	166	1,416	1,457
Interest-bearing securities and other interest-related instruments	-66	24	-551	210
Debt redemption	–	–	–	–
	101	190	865	1,667
Unrealised gains/losses				
Shares/participations and other share-related instruments	-18	-8	-150	-68
Interest-bearing securities and other interest-related instruments	121	-148	1,021	-1,301
	103	-156	871	-1,369
Other	5	0	42	3
Foreign exchange gains/losses	174	71	1,465	625
Total	**383**	**105**	**3,243**	**926**

Note 5: Other operating income

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Divestment of shares and participations	45	18	381	157
Divestment of shares and participations, group undertakings	–	16	–	140
Divestment of property	17	–	139	–
Operating net income from property taken over for protection of claims	1	2	9	14
Income from property	87	169	735	1,494
Other	63	68	535	602
Total	**213**	**273**	**1,799**	**2,407**

Note 6: Personnel expenses

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Salaries and remuneration (specification below)	1,165	575	9,861	5,073
Pension costs (specification below)	143	59	1,213	521
Social insurance contributions	176	112	1,490	983
Allocation to profit-sharing foundation	45	35	378	309
Other personnel expenses	53	6	448	52
Total	**1,582**	**787**	**13,390**	**6,938**
Salaries and remuneration:				
To Boards of Directors and senior executives	6	5	49	40
To other employees	1,159	570	9,812	5,033
Total	1,165	575	9,861	5,073
Pension costs:				
Actuarial pension costs	15	17	131	152
Pension premiums	128	42	1,082	369
Total	143	59	1,213	521

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

The total pension costs for the year with regard to Board members and Group management amounted to EUR 5m. Total pension obligations regarding the above amount to EUR 10m.

Remuneration to Board of Directors

The Chairman of the Board up to the AGM 2000, Jacob Palmstierna, received a fixed fee of EUR 28,117.

Vesa Vainio, Vice Chairman up to the AGM 2000 and thereafter Chairman, received a fixed fee of EUR 144,639. In addition, Vesa Vainio received a salary as President of Merita Plc and remuneration for his service with the MeritaNordbanken Group altogether EUR 719,380 of which sum EUR 202,043 was performance-based salary from 1999. Moreover, Vesa Vainio had car and housing benefits. In respect of his former function as CEO of Merita, there is a pension obligation. He is entitled to a pension amounting to 60% of the salary for his lifetime.

Jørgen Høeg Pedersen, Vice Chairman up to 31 December 2000, received a fixed fee of EUR 62,034.

Other Board members not employed by Nordea each received EUR 29,540 as a fixed fee. The Board members also received fees for Board and Committee meetings. The total remuneration to Board members was EUR 518,494.

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

Remuneration to Group Management

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

The Group CEO (President of Nordea) during 2000, Hans Dalborg, was paid a salary of EUR 846,711, of which EUR 196,736 was performance-based salary pertaining to 1999. Hans Dalborg also had car and housing benefits.

Salaries totalling EUR 5.3m, of which EUR 0.8m was performance-based salary pertaining to 1999, were paid to the other members of Group Management. These executives had car and, in some cases, housing benefits.

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 of payment. 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 pay 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 Hans Dalborg, the former Group CEO, a pension equal to 75% of the salary is paid from the age of 60 to age 65, and thereafter a maximum of 65% of compensation up to 130 base amounts (in Sweden) and 32.5% of the rest.

For the other Swedish members of Group Management, a pension amounting to 70% of the salary is paid up to age 65. Thereafter pension is paid in accordance with occupational pension plans. The Finnish Group Management members receive 60% of the salary for their lifetime. Other Danish Group Management members receive 50% of the salary for their lifetime and Norwegian Group Management members receive 70% of the salary for their lifetime.

Loans to Board and Group Management members

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

Average number of employees in the Group

Full-time equivalents	2000	1999
Merita Bank Group	11,564	11,730
Nordbanken Group	7,196	6,753
Tryg-Baltica Group	2,913	–
Unibank Group	9,820	–
Other companies	725	819
Total average	**32,218**	**19,302**
Of whom,		
women	20,507	. .
men	11,711	. .
Of whom: outside Sweden	24,784	12,519
Total, end of period, including CBK (2000)	39,068	18,897

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.

Note 7: Other administrative expenses

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Information technology	239 [1]	139	2,023 [1]	1,222
Marketing	93	66	786	578
Postage and telephone	114	74	969	655
Other administrative expenses [2]	303	189	2,557	1,666
Compensation to Sweden Post	86	80	729	709
Rents	153	89	1,296	783
Real estate expenses	81	95	686	838
Sundry expenses	90	39	762	348
Total	**1,159**	**771**	**9,808**	**6,799**

[1] Refers to computer operations, service and maintenance expenses and consultant fees. Total IT-cost amounted to EUR 670m (SEK 5,670m).

[2] Fees and remuneration to auditors	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
KPMG				
Auditing assignments	2	2	16	15
Other assignments	2	2	17	21
PriceWaterhouseCoopers				
Auditing assignments	0	0	3	1
Other assignments	0	–	4	–
Deloitte & Touche				
Auditing assignments	0	–	3	–
Other assignments	1	–	5	–
Total	5	4	48	37

Note 8: Depreciation and write-down of tangible and intangible fixed assets

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Tangible fixed assets				
Furniture, fixtures and equipment	77	73	655	643
Buildings	67	51	571	448
Intangible fixed assets				
Group goodwill				
Unibank	35	–	317	–
Insurance companies	31	–	274	–
Christiania Bank	–	–	–	–
Kansallisbank	13	13	107	112
Other group goodwill	14	26	119	233
Other intangible assets	7	4	63	36
Total depreciation	244	167	2,106	1,472
– of which goodwill in insurance activities	-31	–	-274	–
– of which goodwill in profit from companies accounted for under the equity method	-3	-11	-26	-98
Total	**210**	**156**	**1,806**	**1,374**

Note 9: Loan losses, net

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Lending				
Write-downs	652	257	5,522	2,265
Recoveries	-584	-231	-4,947	-2,036
Total	**68**	**26**	**575**	**229**
Specifications				
Individually appraised receivables				
Losses incurred during the year	751	803	6,353	7,078
Amount of previous provisions used during the year	-701	-788	-5,931	-6,947
The year's write-down for possible loan losses	567	219	4,794	1,927
Recovery of previously incurred losses	-82	-43	-692	-375
Reversal of previous provisions	-437	-142	-3,696	-1,247
The year's costs for individually appraised receivables, net	98	49	828	436
Receivables appraised by category				
Write-downs on losses incurred	19	21	163	184
Recovery of previously incurred losses	-14	-13	-116	-117
Reversal/provision for possible loan losses	-18	-11	-149	-97
The year's costs for receivables appraised by category, net	-13	-3	-102	-30
Country risks				
Provision/reversal, country risk	-18	-20	-156	-177
Contingent liabilities				
The year's net cost for redemption of guarantees and other contingent liabilities	1	0	5	0
Total	68	26	575	229

Note 10: Change in value of property taken over for protection of claims

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Realised change in value				
Property taken over	0	0	-1	4
Other property taken over	–	2	–	14
	0	2	-1	18
Unrealised change in value				
Property taken over	0	-2	-2	-15
Other property taken over	11	-4	99	-37
	11	-6	97	-52
Total	**11**	**-4**	**96**	**-34**

Note 11: Profit from companies accounted for under the equity method

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Group undertakings	10	48	85	427
Associated companies	50	49	422	436
Total	**60**	**97**	**507**	**863**

Note 12: Operating profit, insurance

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
General Insurance				
Earned premiums, net of reinsurance	1,364		11,542	
Technical interest, net of reinsurance	117		994	
Claims incurred, net of reinsurance	-1,140		-9,649	
Insurance operating expenses, net of reinsurance	-370		-3,129	
Technical result	-29		-242	
Investment activities				
Interest etc	143		1,210	
Realised and unrealised investment gains	68		577	
Investment expenses	-6		-50	
Technical interest transferred to the general insurance technical account	-123		-1,041	
Total profit on investment activities	82		696	
Profit before tax, General Insurance	**53**	..	**454**	..
Life Insurance and Pensions				
Earned premiums, net of reinsurance	2,755		23,313	
Financial interest, net of reinsurance	779		6,590	
Claims incurred and benefits paid and change in provisions	-3,079		-26,056	
Change in bonus equalisation provisions	-341		-2,882	
Insurance operating expenses, net of reinsurance	-102		-863	
Technical result	12		102	
Investment activities				
Interest etc	692		5,860	
Realised and unrealised investments gains	244		2,069	
Investment expenses	-11		-95	
Pension return tax etc	-83		-706	
Investment return transferred to the life insurance technical account	-781		-6,613	
Total profit on investment activities	61		515	
Profit before tax, Life Insurance and Pensions	**73**	..	**617**	..
Operating profit before group adjustments	**126**	..	**1,071**	..
Group adjustments (goodwill depreciation)	-32	..	-271	..
Operating profit, insurance	**94**	..	**800**	..

Note 13: Pension adjustments

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Actuarial pension costs	15	17	131	152
Pension benefits paid	-32	-32	-268	-281
Allocations/compensation	74	81	629	708
Special wage tax	–	0	–	-1
Miscellaneous	–	-1	–	-5
Total	**57**	**65**	**492**	**573**

Note 14: Tax on profit for the year

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Income tax [1)]	470	282	3,986	2,479
Deferred tax	221	-77	1,870	-675
Total	**691**	**205**	**5,856**	**1,804**
[1)] Of which income tax expense pertaining to				
Prior years	-1	15	-6	130
Associated undertakings	9	1	76	6

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 2000	EURm 1999	SEKm 2000	SEKm 1999
Current assets				
Eligible government securities	1,599	2,212	14,123	18,937
Other eligible securities	1,142	852	10,084	7,297
Financial fixed assets				
Eligible government securities	1,432	1,867	12,648	15,986
Other eligible securities	–	–	–	–
Total	**4,173**	**4,931**	**36,855**	**42,220**
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	3,167	2,643	27,971	22,633
1–5 years	729	1,892	6,434	16,198
5–10 years	252	394	2,228	3,368
More than 10 years	25	2	222	21
Total	4,173	4,931	36,855	42,220
Average remaining maturity, years	1.2	1.7	1.2	1.7

Information on issuer category is provided in note 22.

Note 17: Loans and advances to credit institutions

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Financial fixed assets				
Central bank	326	12	2,880	104
Other Swedish banks	891	2,584	7,869	22,128
Foreign banks	19,899	5,804	175,737	49,696
Other credit institutions	495	695	4,370	5,951
Subtotal	21,611	9,095	190,856	77,879
Of which Portfolio Schemes (note 24)	-267	–	-2,362	–
Total	**21,344**	**9,095**	**188,494**	**77,879**
Maturity information				
Remaining maturity (book value)				
Maximum 3 months	16,847	7,533	148,779	64,502
3 months–1 year	1,528	884	13,492	7,569
1 year–5 years	1,431	255	12,641	2,183
More than 5 years	1,805	423	15,944	3,625
Total	21,611	9,095	190,856	77,879
Average remaining maturity, years	0.9	0.6	0.9	0.6

Note 18: Lending

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Financial fixed assets	128,617	68,210	1,135,851	584,050
Total	**128,617**	**68,210**	**1,135,851**	**584,050**
Financial leasing agreements, gross investments	2,860	2,587	25,255	22,155
Financial income not accrued	460	359	4,066	3,077
Maturity information				
Remaining maturity (book value)				
Payable on demand				
Maximum 3 months	32,468	18,377	286,732	157,349
3 months–1 year	14,877	12,235	131,386	104,764
1 year–5 years	40,444	23,721	357,172	203,109
More than 5 years	40,828	13,877	360,561	118,828
Total	128,617	68,210	1,135,851	584,050
Average remaining maturity, years	3.3	2.5	3.3	2.5

Note 19: Problem loans

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Non performing loans with interest reported on an accruals basis [1)]	78	8	685	72
Doubtful loans, gross, with interest reported on a cash basis	3,053	2,252	26,963	19,287
Provisions for doubtful loans	-2,256	-1,460	-19,921	-12,503
Doubtful loans, net	797	792	7,042	6,784
Loans with interest deferments	29	13	258	108
Problem loans, total [2)]	**826**	**805**	**7,300**	**6,892**
Provision for country risks	143	158	1,262	1,357
Receivables covered by the country risk provision	1,723	1,351	15,219	11,570
Less provision for country risks	-113	-131	-997	-1,124
Net	1,610	1,220	14,222	10,446
Country risk provision related to guarantees reported as provisions (note 39)	30	27	266	233

1) Refers to non-performing loans on which the value of collateral covers the outstanding principal and accrued interest by an adequate margin.

2) Corresponding pro forma figures for Dec 1999, doubtful loans, gross, EUR 3,367m, provisions for doubtful loans, EUR 2,439m, doubtful loans, net, EUR 928m and loans with interest deferments, EUR 25m.

Note 20: Property taken over for protection of claims

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Current assets				
Book value/market value				
Shares and participations	11	27	101	229
Land and buildings (specified below)	18	33	155	282
Other	1	–	8	–
Total	**30**	**60**	**264**	**511**
Net return				
Land and buildings				
Rental income	2	3	20	30
Operating expenses	-1	-2	-11	-19
Operating net income	1	1	9	11
Percentage of average book value				
Land and buildings	0.9	1.2		
Shares and participations	0.3	2.3		
Other	0.0	–		
Total	0.5	1.4		

Note 21: Bonds and other interest-bearing securities

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Current assets				
Issued by public entities	4,492	655	39,672	5,608
Issued by other lenders	16,219	4,750	143,233	40,671
Financial fixed assets				
Issued by public entities	540	512	4,768	4,383
Issued by other lenders	4,094	3,412	36,159	29,215
Subtotal	25,345	9,329	223,832	79,877
Of which, Portfolio Schemes (note 24)	-1,576	–	-13,922	–
Total	**23,769**	**9,329**	**209,910**	**79,877**
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	14,314	3,294	126,412	28,198
1–5 years	6,520	5,631	57,578	48,218
5–10 years	1,303	398	11,510	3,411
More than 10 years	3,208	6	28,332	50
Total including Portfolio Schemes	25,345	9,329	223,832	79,877
Average remaining maturity, years	2.6	1.9	2.6	1.9

Note 22: Total holdings of interest-bearing securities, notes 16 and 21

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Current assets				
Eligible government securities etc	6,091	2,867	53,796	24,545
Bonds and other securities	17,361	5,602	153,316	47,968
Total	23,452	8,469	207,112	72,513
Financial fixed assets				
Eligible government securities etc	1,972	2,379	17,416	20,369
Bonds and other securities	4,094	3,412	36,159	29,215
Total	6,066	5,791	53,575	49,584
Total book value before the deduction for Portfolio Schemes (note 24)	**29,518**	**14,260**	**260,687**	**122,097**
Total face value [1]	29,612	14,173	261,515	121,352
Difference between book and face value:				
Book value higher than face value	160	63	1,411	539
Book value lower than face value	-66	-150	-583	-1,284
Net	94	-87	828	-745
Maturity information				
Remaining fixed-interest period (book value)				
Maximum 1 year	17,481	5,937	154,384	50,831
1–5 years	7,248	7,523	64,011	64,416
5–10 years	1,556	792	13,738	6,779
More than 10 years	3,233	8	28,554	71
Total	29,518	14,260	260,687	122,097
Average remaining fixed-interest period, years	2.4	1.9	2.4	1.9
Issuer categories				
Current assets				
Book value				
Swedish government	940	1,441	8,305	12,342
Swedish municipalities	21	98	182	841
Swedish mortgage institutions	1,680	2,211	14,840	18,935
Other Swedish issuers				
Non-financial companies	503	357	4,445	3,056
Financial companies	121	769	1,065	6,587
Foreign governments	5,151	260	45,491	2,220
Other foreign issuers	15,036	3,333	132,784	28,532
Total	23,452	8,469	207,112	72,513

[1] Face value is the settlement amount on the maturity date.

Note 22: Total holdings of interest-bearing securities, notes 16 and 21 (continued)

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Fair value				
Swedish government	940	1,441	8,305	12,342
Swedish municipalities	21	98	182	841
Swedish mortgage institutions	1,680	2,212	14,840	18,936
Other Swedish issuers				
Non-financial companies	488	357	4,309	3,056
Financial companies	139	771	1,224	6,604
Foreign governments	5,151	259	45,491	2,220
Other foreign issuers	15,035	3,314	132,776	28,369
Total	23,454	8,452	207,127	72,368
Amortised cost				
Swedish government	922	1,445	8,144	12,371
Swedish municipalities	21	98	182	842
Swedish mortgage institutions	1,674	2,229	14,783	19,083
Other Swedish issuers				
Non-financial companies	501	360	4,428	3,081
Financial companies	119	767	1,053	6,567
Foreign governments	5,169	256	45,652	2,191
Other foreign issuers	15,007	3,343	132,518	28,620
Total	23,413	8,498	206,760	72,755
Financial fixed assets				
Book value/amortised cost				
Swedish government	599	935	5,291	8,007
Swedish municipalities	6	6	50	50
Swedish mortgage institutions	2,165	1,787	19,116	15,302
Other Swedish issuers				
Non-financial companies	0	0	0	0
Financial companies	0	0	0	1
Foreign governments	3,296	3,063	29,118	26,224
Total	6,066	5,791	53,575	49,584
Fair value				
Swedish government	631	958	5,576	8,202
Swedish municipalities	6	6	50	50
Swedish mortgage institutions	2,187	1,771	19,316	15,167
Other Swedish issuers				
Non-financial companies	0	0	1	0
Financial companies	0	0	0	1
Foreign government	3,324	3,066	29,354	26,250
Total	6,148	5,801	54,297	49,670

Note 23: Shares and participations

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Current assets				
Trading portfolio (including portfolio schemes)	2,192	101	19,351	863
Shares taken over for protection of claims	11	18	100	150
Other shares [1]	489	479	4,318	4,109
Fixed assets				
Other shares and participations [1]	79	60	698	509
Subtotal	2,771	658	24,467	5,631
Of which Portfolio Schemes (note 24)	-1,839	–	-16,240	–
Total	**932**	**658**	**8,227**	**5,631**
Listed shares (including portfolio schemes)	2,538	556	22,413	4,756
Unlisted shares	233	102	2,054	875
Total	2,771	658	24,467	5,631

[1] For a specification, see page 140.

Note 24: Investments, customers bearing the risk

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999

Unibank'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 2000	EURm 1999	SEKm 2000	SEKm 1999
Assets				
Loans and advance to credit institutions	267		2,362	
Bonds and other interest-bearing securities	1,576		13,922	
Shares and participations	1,839		16,240	
Prepaid expenses and accrued income	3		23	
Other assets, banking	52		457	
Total assets	**3,737**	**–**	**33,004**	**–**
Liabilities				
Deposits	3,557		31,413	
Other liabilities, banking	27		240	
Accrued expenses and prepaid income	153		1,351	
Total liabilities	**3,737**	**–**	**33,004**	**–**
Return to participants in portfolio schemes	121	–	1,020	–

Note 25: Shares in associated undertakings

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Fixed assets				
Financial institutions	126	27	1,115	238
Other	294	304	2,592	2,594
Total	**420**	**331**	**3,707**	**2,832**
Of which, listed shares	–	48	–	410

For a specification, see page 141.

Note 26: Shares in group undertakings

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Fixed assets				
Shares, financial institutions	–	–	–	–
Other	35	335	311	2,867
Total	**35**	**335**	**311**	**2,867**
Of which, listed shares	–	–	–	–

For a specification, see page 142.

Note 27: Intangible assets

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Intangible assets				
Group goodwill				
Unibank [1]	514	–	6,270	–
Insurance companies	556	–	5,651	–
Christiania Bank	1,326	–	11,714	–
Kansallisbank	63	76	557	648
Other group goodwill	26	27	230	238
Other	37	39	319	326
Total	**2,522**	**142**	**24,741**	**1,212**

[1] See note 41 page 133.

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Goodwill				
Aquisition value at 1 January	164	139	1,404	1,193
Purchases during the year	2,460	25	24,198	211
Depreciation according to plan for the year	-90 [1]	-28	-791 [1]	-257
Accumulated depreciation according to plan in prior years	-60	-33	-514	-261
Translations difference	11	–	125	–
Planned residual value/book value	2,485	103	24,422	886
Other intangible assets, book value	37	39	319	326
Total	**2,522**	**142**	**24,741**	**1,212**

[1] Excluding depreciation from companies accounted for under the equity method EUR 3m (SEK 26m).

Note 28: Tangible assets

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Current assets	19	33	163	282
Fixed assets	2,134	3,000	18,851	25,686
Total	**2,153**	**3,033**	**19,014**	**25,968**
Current assets				
Taken over for protection of claims [1)]				
Land and buildings	18	33	155	282
Other	1	–	8	–
Total	19	33	163	282
Fixed assets				
Equipment				
Acquisition value at 1 January	786	655	6,939	5,607
Purchases during the year	244	222	2,140	1,901
Divestments/disposals	-115	-91	-1,012	-780
Transfer between asset items	-23	-73	-202	-628
Depreciation according to plan for the year	-77	-77	-684	-663
Accumulated depreciation of divested/disposed equipment during the year	33	9	289	76
Write-downs and reversal of write-downs made during the year	0	0	0	1
Accumulated depreciation according to plan in prior years	-514	-373	-4,543	-3,189
Planned residual value/book value	334	272	2,927	2,325
Excess depreciation during the year	–	–	–	–
Accumulated excess depreciation in prior years	–	–	–	–
Land and buildings				
Acquisition value at 1 January	4,194	4,379	37,033	37,492
Purchases during the year	991	314	8,748	2,688
Divestments during the year	-2,479	-425	-21,891	-3,648
Transfer between asset items	496	-107	4,380	-903
Depreciation according to plan for the year	-67	-51	-593	-433
Write-downs and reversal of write-downs during the year	2	-30	15	-259
Accumulated depreciation of buildings sold during the year	70	48	618	414
Accumulated depreciation according to plan in prior years	-574	-567	-5,023	-4,851
Accumulated write-downs in prior years	-844	-844	-7,456	-7,230
Accumulated revaluations in prior years	11	11	95	95
Reversed revaluations	–	0	–	-4
Planned residual value/book value	1,800	2,728	15,924	23,361

1) See note 20 for Property taken over for protection of claims.

Note 29: Prepaid expenses and accrued income

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Accrued interest income	2,241	1,007	19,793	8,620
Other accrued income	296	309	2,620	2,648
Prepaid expenses	34	22	293	190
Total	**2,571**	**1,338**	**22,706**	**11,458**

Note 30: Other assets

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Derivatives				
Interest rate	4,073	1,963	35,973	16,812
Foreign exchange	4,361	1,007	38,513	8,623
Other	124	32	1,094	280
Claims on securities settlement proceeds	198	280	1,749	2,400
Deferred tax	134	194	1,186	1,664
Tax	16	8	141	68
Other	963	398	8,501	3,407
Total	**9,869**	**3,882**	**87,157**	**33,254**

Note 31: Balance sheet, insurance activities [1]

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Assets				
Intangible assets	5		40	
Investments				
Real estate holdings	1,853		16,364	
Shares in group and associated undertakings	0		1	
Shares	6,235		55,058	
Interest-bearing financial instruments	9,987		88,192	
Other	24		220	
Investments, policyholders bearing the risk				
Real estate holdings	–		–	
Shares in group and associated undertakings	6		51	
Shares	2,565		22,661	
Interest-bearing financial instruments	186		1,640	
Other	12		106	
Receivables and bank balances	855		7,551	
Other assets	253		2,244	
Total assets	**21,981**	**–**	**194,128**	**–**
Shareholders' equity, provisions and liabilities				
Shareholders' equity	1,187		10,489	
Subordinated loans	175		1,548	
Technical provisions	16,914		149,369	
Technical provisions, policyholders bearing the investment risk	2,769		24,455	
Other liabilities	936		8,267	
Total shareholders' equity, provisions and liabilities	**21,981**	**–**	**194,128**	**–**

[1] Exluding Livia, see note 49.

Note 32: Assets pledged

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Assets pledged for own liabilities				
Property mortgages	1	190	7	1,631
Leasing agreements	256	273	2,262	2,334
Securities etc	6,748	6,028	59,598	51,614
Other pledged assets	569	81	5,026	694
Total	**7,574**	**6,572**	**66,893**	**56,273**
The above pledges pertain to the following liability items				
Deposits by credit institutions	5,847	5,551	51,636	47,531
Deposits	807	613	7,129	5,247
Debt securities in issue	82	147	724	1,261
Other liabilities and commitments	18	20	154	172
Total	**6,754**	**6,331**	**59,643**	**54,211**

Note 33: Loans from credit institutions

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Central bank of Sweden	1,358	0	11,990	2
Other Swedish banks	1,003	3,463	8,859	29,653
Foreign banks	25,785	8,822	227,716	75,535
Other credit institutions	663	1,069	5,853	9,155
Total	**28,809**	**13,354**	**254,418**	**114,345**
Of which, group undertakings	–	–	–	–
Maturity information				
Remaining maturity (book value)				
Payable on demand	2,655	1,135	23,451	9,725
Maximum 3 months	21,036	9,060	185,775	77,567
3 months –1 year	4,420	2,745	39,031	23,507
1 year – 5 years	570	146	5,034	1,247
More than 5 years	128	268	1,127	2,299
Total	28,809	13,354	254,418	114,345
Average remaining maturity, years	0.3	0.4	0.3	0.4

Note 34: Deposits

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Total	**78,879**	**42,074**	**696,607**	**360,263**

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 Unibank of EUR 3,557m (SEK 31,413m) are also included in Deposits (note 24).

Note 35: Other borrowings from the public

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Total	**1,932**	**1,924**	**17,063**	**16,473**
Maturity information				
Remaining maturity (book value)				
Payable on demand	4	215	33	1,839
Maximum 3 months	889	1,459	7,848	12,490
3 months–1 year	461	208	4,074	1,777
1 year–5 years	95	42	842	367
More than 5 years	483	–	4,266	–
Total	1,932	1,924	17,063	16,473
Average remaining maturity, years	2.2	0.2	2.2	0.2

Note 36: Debt securities in issue

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Debt securities in issue				
Certificates of deposit	22,817	14,025	201,503	120,085
Commercial papers	1,037	1,222	9,157	10,461
Retail bonds	81	444	713	3,801
Other bonds	32,223	12,076	284,573	103,412
Other				
Cashier's cheques etc	251	327	2,221	2,798
Total	56,409	28,094	498,167	240,557
Maturity information				
Remaining maturity (book value)				
Payable on demand	251	327	2,221	2,798
Maximum 1 year	29,194	18,703	257,817	160,149
1–5 years	13,402	8,884	118,358	76,072
5–10 years	1,297	180	11,459	1,538
More than 10 years	12,265	–	108,312	–
Total	56,409	28,094	498,167	240,557
Average remaining maturity, years	3.3	1.0	3.3	1.0

Note 37: Other liabilities

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Derivatives				
Interest rate	3,964	1,877	35,003	16,076
Foreign exchange	4,487	878	39,630	7,518
Other	100	68	886	586
Liabilities on securities settlement proceeds	224	241	1,977	2,068
Sold, not held, securities	201	1,595	1,776	13,657
Customer withholding taxes	40	25	354	211
Postal and bank giro	109	76	961	651
Accounts payable	108	68	954	579
Tax liabilities	94	9	830	76
Other	6,695	1,919	59,118	16,412
Total	**16,022**	**6,756**	**141,489**	**57,834**

Note 38: Accrued expenses and prepaid income

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Accrued interest expenses	1,848	766	16,322	6,560
Other accrued expenses	706	517	6,237	4,428
Prepaid income	193	144	1,700	1,234
Total	**2,747**	**1,427**	**24,259**	**12,222**

Note 39: Provisions

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Deferred tax liabilities	633	438	5,593	3,747
Reserve for restructuring costs	219	33	1,934	282
Country risks, guarantees	30	44	266	379
Pensions	165	18	1,457	154
Rental liabilities	12	17	104	149
Other	107	122	939	1,041
Total	**1,166**	**672**	**10,293**	**5,752**

Pension liabilities is mainly covered by insurance policies. In Sweden the liabilities are mainly covered by allocation to pension foundation. Some pension commitments (mainly CBK) are recorded as liabilities in the balance sheet.

	Foundation assets fair value		Pension liabilities	
EURm	2000	1999	2000	1999
Pension foundations	1,494	1,594	1,129	1,100
Of which, related to the parent company	–	–	–	–

Note 40: Subordinated liabilities

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Dated subordinated debenture loans	4,703	2,286	41,540	19,574
Undated subordinated debenture loans	1,101	1,124	9,721	9,627
Hybrid capital loans	741	689	6,544	5,902
Other subordinated liabilities	–	–	–	–
Total	**6,545**	**4,099**	**57,805**	**35,103**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lende 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 2000	EURm 1999	SEKm 2000	SEKm 1999
Restricted				
Share capital	1,182	1,099	10,438	9,410
Share premium account	4,269	983	37,700	8,417
Reserve for unrealised gains [1)]	12	3	108	25
Restricted reserves	688	626	6,077	5,361
Unrestricted				
Unrestricted reserves	1,480	773	13,073	6,224
Retained profits	1,921	944	20,024	8,202
Net profit for the year	1,553	1,098	13,124	9,676
Total	**11,105**	**5,526**	**100,544**	**47,315**
[1)] Of which, pertaining to				
Interest-bearing securities	23	0	201	2
Equity-related instruments	4	4	38	34
Currency-related instruments	-10	–	-87	–
Allocations (deferred tax)	-5	-1	-44	-11
Accumulated reserve for unrealised gains	12	3	108	25

Movements in shareholders' equity, 2000

Group, EURm	Restricted Share capital	Restricted Share premium account	Restricted Other	Unrestricted Retained profits and other reserves	Unrestricted Net profit for the year	Share-holders' equity
Balance at beginning of year	1,099	983	629	2,815		5,526
Dividend				-427		-427
Reduction of share capital and share premium account	-244	-983		1,227		–
Share exchange	352	4,254				4,606
Unification including conversion of convertible loans	1	15	0	10		26
Own shares [1]				-93		-93
Change in reserve for unrealised gains for the year			9	-9		–
Transfers between restricted and retained profits			121	-121		–
Currency translation adjustment for the year	-26		-59	-1		-86
Net profit for the year					1,553	1,553
Balance at year-end	**1,182**	**4,269**	**700**	**3,401**	**1,553**	**11,105**

Following Finland's entry into the European Monetary Union in 1999, the Nordea Group's reporting currency has been the euro and for legal reasons the Swedish krona. Under Swedish legislation, companies can use the euro as the sole currency for accounting and financial reporting.

At the Annual General Meeting in April 2000 it was decided that as of 1 January 2001 the share capital of Nordea AB (publ) was to be denominated in euros. Accordingly, the shareholders' equity, liabilities as well as assets of the parent company are now reported in euros. The translation from Swedish kronor is based on an exchange rate fixed by the European Central Bank (8.8313). The value of shares in subsidiaries has also been converted into euros on the basis of this exchange rate. With the fixing of the exchange rate, it has been possible to determine the final acquisition value of the shares in Unidanmark. This has affected (reduced) the goodwill arising in connection with the merger with Unidanmark. Goodwill has also been affected (increased) as deferred tax in Tryg-Baltica is not discounted but reported at the nominal amount in the Nordea Group's accounts. Overall, this implies that the goodwill amount is reduced by EUR 229m net. Future goodwill depreciation relating to the merger with Unidanmark compared with 2000 will thus be reduced by EUR 11m annually.

Group, SEKm	Restricted Share capital	Restricted Share premium account	Restricted Other	Unrestricted Retained profits and other reserves	Unrestricted Net profit for the year	Share-holders' equity
Balance at beginning of year	9,410	8,417	5,386	24,102		47,315
Dividend				-3,659		-3,659
Reduction of share capital and share premium account	-2,091	-8,417		10,508		–
Share exchange	3,108	37,568				40,676
Unification including conversion of convertible loans	11	132	0	84		227
Own shares [1]				-822		-822
Change in reserve for unrealised gains for the year			82	-82		–
Transfers between restricted and retained profits			1,067	-1,067		–
Currency translation adjustment for the year			-350	4,033		3,683
Net profit for the year					13,124	13,124
Balance at year-end	**10,438**	**37,700**	**6,185**	**33,097**	**13,124**	**100,544**

[1] Shares owned by Unidanmark group at time of the merger.

Note 42: Contingent liabilities

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Guarantees				
Loan guarantees	3,052	3,509	26,949	30,048
Other guarantees	6,166	1,606	54,450	13,753
Documentary credits				
Unutilised irrevocable import documentary credits and confirmed export documentary credits	691	215	6,103	1,844
Other contingent liabilities	253	1,705	2,238	14,589
Total	**10,162**	**7,035**	**89,740**	**60,234**

Note 43: Commitments

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Future payment obligations	0	–	2	–
Other interest rate, equity and foreign exchange derivatives	499,117	364,010	4,407,852	3,116,843
Credit commitments	10,596	7,304	93,573	62,540
Unutilised portion of approved overdraft facilities	14,600	8,218	128,933	70,369
Other commitments	1,830	–	16,158	–
Total	**526,143**	**379,532**	**4,646,518**	**3,249,752**

Note 44: Capital adequacy

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Capital base, after proposed distribution of profits				
Tier 1 capital	8,969	5,671	79,211	48,555
Supplementary capital	5,075	2,688	44,814	23,019
Less unconsolidated shareholdings and subordinated debenture holdings in other financial institutions	-1,622	-151	-14,319	-1,295
Total capital base [1]	**12,422**	**8,208**	**109,706**	**70,279**
Risk-weighted amount for credit and market risks				
Credit risks as specified below	124,770	65,336	1,101,877	559,444
Market risks as specified below	7,405	3,116	65,395	26,678
Total risk-weighted amount	**132,175**	**68,452**	**1,167,272**	**586,122**
Tier 1 capital ratio, %	**6.8**	**8.3**		
Total capital ratio, %	**9.4**	**12.0**		

[1] See note 40; Hybrid capital loans are included to Tier 1 capital and supplementary capital includes the undated subordinated loans and the dated subornidated loans after deduction for remaining maturity.

Specification of risk-weighted amounts, credit risks

EURm, end of 2000

Risk-weighting by category	Items in the balance sheet Reported	Items in the balance sheet Risk-weighted	Off-balance-sheet items Nominal	Off-balance-sheet items Adjusted	Off-balance-sheet items Risk-weighted	Total risk-weighted
A 0%	76,354	–	70,463	–	–	–
B 20%	23,680	4,736	49,193	3,215	643	5,379
C 50%	37,930	18,965	2,799	239	120	19,085
D 100%	86,500	86,500	25,058	13,806	13,806	100,306
Total	**224,464**	**110,201**	**147,513**	**17,260**	**14,569**	**124,770**

SEKm, end of 2000

Risk-weighting by category	Items in the balance sheet Reported	Items in the balance sheet Risk-weighted	Off-balance-sheet items Nominal	Off-balance-sheet items Adjusted	Off-balance-sheet items Risk-weighted	Total risk-weighted
A 0%	676,777	–	622,277	–	–	–
B 20%	209,128	41,826	434,439	28,392	5,678	47,504
C 50%	334,968	167,484	24,720	2,111	1,056	168,540
D 100%	763,907	763,907	221,295	121,926	121,926	885,833
Total	**1,984,780**	**973,217**	**1,302,731**	**152,429**	**128,660**	**1,101,877**

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 2000	SEKm 2000
Interest rate risks		
Specific risks	2,411	21,290
General risks	1,886	16,657
Share price risks	949	8,384
Settlement risks	46	409
Counterparty risks	2,113	18,655
Exchange rate risks	–	–
Total	**7,405**	**65,395**

Note 45: Derivatives

EURm	Reported in the balance sheet			Not reported in the balance sheet	
	Total	Book value		Fair value	
	nom amount	Positive	Negative	Positive	Negative
Interest rate derivatives					
Interest rate swaps	270,621	3,594	-3,581	533	-490
FRAs	351,219	245	-253	40	-41
Interest rate futures	22,589	15	-25	–	-6
Options written	13,788	8	-50	0	-15
Options bought	12,660	52	-8	14	–
Total	670,877	3,914	-3,917	587	-552
Total, SEKm	5,924,710	34,563	-34,593	5,186	-4,878
Equity derivatives	359	14	-13	0	0
Options written	636	53	-41	32	-60
Options bought	1,563	39	-53	158	-32
Total	2,558	106	-107	190	-92
Total, SEKm	22,589	937	-946	1,667	-814
Currency and interest rate swaps	18,724	1,149	-786	435	-507
Currency forwards	246,363	4,053	-4,355	942	-1,062
Options written	8,180	2	-111	–	-4
Options bought	7,285	110	-7	9	–
Total	280,552	5,314	-5,259	1,386	-1,573
Total, SEKm	2,477,641	46,929	-46,446	12,253	-13,889
Total derivatives, EURm	**953,987**	**9,334**	**-9,283**	**2,163**	**-2,217**
Total derivatives, SEKm	8,424,940	82,429	-81,985	19,106	–19,581

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 2000	EURm Book value	EURm For adjustment to fair value	SEKm Book value	SEKm For adjustment to fair value
Loans and advances to credit institutions	21,344	192	188,494	1,696
Lending	128,617	326	1,135,851	2,879
Interest-bearing instruments	27,942	164	246,765	1,448
Shares and participations	932	84	8,227	741
Investments, customers bearing the risk	3,737	–	33,004	–
Group and associated undertakings	455	–	4,018	–
Intangible assets	2,522	–	24,741	–
Tangible assets	2,153	–	19,014	–
Other assets, banking	14,781	–	130,539	–
Assets, insurance	21,981	125	194,128	1,104
Total assets	**224,464**	**891**	**1,984,781**	**7,868**
Deposits by credit institutions	28,809	247	254,418	2,181
Deposits and other borrowings from the public	80,811	55	713,670	486
Debt securities in issues	62,954	133	555,972	1,175
Other liabilities, banking	19,991	–	176,538	–
Liabilities, insurance	20,794	113	183,639	998
Total liabilities	**213,359**	**548**	**1,884,237**	**4,840**
Derivatives, net		-54		-475
Net adjustment to fair value		**289**		**2,553**

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 2000. 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 surplus value, net, does not include the surplus value in pension foundations.

It should be noted that the calculation is not a market valuation of Nordea.

Note 47: Assets and liabilities in currencies

31 December 2000, EURbn	Euro	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and advances to credit institutions	2.3	1.5	1.4	1.9	6.9	7.6	21.6
Lending	29.2	38.6	30.0	16.4	14.1	0.3	128.6
Interest-bearing securities	7.6	9.1	7.3	1.9	2.7	0.9	29.5
Other assets	6.9	10.9	17.1	5.2	2.9	1.8	44.8
Total assets	46.0	60.1	55.8	25.4	26.6	10.6	224.5
Liabilities							
Deposits by credit institutions	2.8	5.1	2.4	1.4	15.9	1.2	28.8
Deposits/borrowings from the public	26.5	13.1	18.4	12.0	8.7	2.1	80.8
Interest-bearing securities	10.8	16.8	12.0	1.5	23.8	-1.9	63.0
Other liabilities and equity	3.6	15.2	10.3	11.7	0.2	10.9	51.9
Total liabilities and equity	43.7	50.2	43.1	26.6	48.6	12.3	224.5
Positions not reported in the balance sheet	-3.1	-9.6	-12.5	1.5	22.1	1.6	–
Net position, currencies	**-0.8**	**0.3**	**0.2**	**0.3**	**0.1**	**-0.1**	**–**

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 49: Livförsäkrings AB Livia, unconsolidated group undertaking

	EURm 2000	EURm 1999	SEKm 2000	SEKm 1999
Income statement				
Earned premiums, net of reinsurance	155	136	1,308	1,200
Financial interest, net of reinsurance	48	232	404	2,043
Claims incurred and benefits paid and change in provisions	-232	-194	-1,962	-1,706
Change in bonus equalisation provisions	40	-165	341	-1,457
Insurance operating expenses, net of reinsurance	-11	-9	-91	-80
Technical result	0	0	0	0
Investment activities				
Interest etc	61	49	513	435
Realised and unrealised investment gains	0	194	3	1,707
Investment expenses	-2	-2	-16	-14
Pension return tax etc	-11	-9	-97	-84
Investment return transferred to the life insurance technical account	-48	-232	-403	-2,044
Total profit on investment activities	0	0	0	0
Profit before tax	**0**	**0**	**0**	**0**
Tax	–	–	–	–
Net profit for the year	**0**	**0**	**0**	**0**
Balance sheet				
Assets				
Intangible assets				
Investments				
Real estate holdings	65	50	570	431
Shares	602	610	5,317	5,221
Interest-bearing financial instruments	930	888	8,217	7,605
Investments, policyholders bearing the risk	–	–	–	–
Receivables and bank balances	68	28	602	241
Other assets	35	24	307	200
Total assets	**1,700**	**1,600**	**15,013**	**13,698**
Shareholders' equity, provisions and liabilities				
Shareholders equity	9	10	80	83
Technical provisions	1,678	1,580	14,820	13,529
Other liabilities	13	10	113	86
Total policyholders' equity, provisions and liabilities	**1,700**	**1,600**	**15,013**	**13,698**
Average number of employees	51	37		

Notes:
Livia is 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 2000	EURm Book value	EURm Market value	SEKm Book value	SEKm Market value	Voting power of holding %
Current assets					
Other shares					
Atle AB	8	55	71	486	7
Orkla AS	33	53	291	468	0
Kiinteistösijoitus Oyj Citycon	42	42	371	371	43
Sponda Oyj	39	39	344	344	12
Other, listed	127	143	1,121	1,263	–
Bastionen A/S	24	24	212	210	21
Sponsor Fund I Ky	21	21	185	185	46
Other, non-listed	195	195	1,723	1,724	–
Total	**489**	**572**	**4,318**	**5,051**	
Fixed assets					
Other shares and participations					
OM Gruppen AB	35	75	309	662	3
Köbenhavns Fondbörs A/S	1	1	9	9	11
HEX Oy	5	5	44	44	12
Other, non-listed	38	38	336	336	–
Total	**79**	**119**	**698**	**1,051**	**–**

Specification to Note 25: Shares in associated undertakings

31 December 2000	Domicile	EURm Book value	SEKm Book value	Voting power of holding %
Credit institutes				
Eksportfinans	Norway	77	683	27
Luottokunta	Finland	28	246	27
International Moscow Bank	Russia	13	115	21
BWP-Unibank	Poland	4	39	45
Eurocard	Finland	3	23	31
Visa Norge	Norway	1	9	20
Total		126	1,115	
Other				
Nordisk Renting	Sweden	80	707	40
Oy Realinvest	Finland	72	636	49
Dividum	Finland	59	521	47
VPC	Sweden	28	247	25
Axcel IKU Invest	Denmark	11	96	33
PBS Holding	Denmark	9	75	28
Automatia Pankkiautomaatit	Finland	7	62	33
Bankgirocentralen BGC	Sweden	5	44	27
Suomen Asiakastieto	Finland	4	35	32
Other		19	169	
Total		294	2,592	
Total		**420**	**3,707**	

The statutory information is available on request from Nordea Group Accounting.

Specification to Note 26: Shares in group undertakings

The specification includes major group undertakings. The full specification and statutory information is available on request from Nordea Group Accounting.

31 December 2000	Domicile	Book value EURm	Equity [1] EURm	Book value SEKm	Equity [1] SEKm	Voting power of holding %
Nordea Companies Finland (NCF)	Finland	3,107	5,861	27,442	51,762	100,0
Nordea Companies Denmark (NCD)	Denmark	4,677	3,394	41,302	29,974	100,0
Banking, Nordic countries						
Christiania Bank og Kreditkasse	Norway	3,315	2,118	29,277	18,702	100,0
Merita Bank	Finland	1,491	2,349	13,165	20,746	100,0
Nordbanken	Sweden	1,413	2,249	12,477	19,362	100,0
Unibank	Denmark	2,595	2,595	22,916	22,883	100,0
Other banks and credit institutes						
Bank Komunalny	Poland	40		352		94,0
NB Industrikredit	Sweden	193		1,703		100,0
Merita Finance	Finland	236		2,086		100,0
Nordea Finance Latvia	Latvia	2		16		100,0
Nordea Finance Lit	Lithuania	2		15		100,0
Nordbanken Finans	Sweden	116		1,024		100,0
Norgeskreditt	Norway	247		2,183		100,0
K-Finans	Norway	15		134		100,0
Unifactoring	Denmark	8		71		100,0
Unifinans	Denmark	29		258		100,0
Unikredit Realkreditaktieselskab	Denmark	675		5,959		100,0
Unileasing	Denmark	97		858		100,0
Insurance						
Christiania Forsikring	Norway	47		414		100,0
Fondforsikring	Norway	7		59		100,0
Livsförsäkring AB Livia [2]	Sweden	9		80		100,0
Livia II	Sweden	31		270		100,0
Merita Life Assurance	Finland	93		821		100,0
Norske Liv	Norway	48		422		100,0
Tryg-Baltica	Denmark	931	931	8,219	8,219	100,0
Vesta Forsikring	Norway	330		2,916		100,0
Other						
ArosMaizels Investment Bank	Denmark	35		309		100,0
ArosMaizels	Sweden	23		201		100,0
ArosMaizels	Great Britain	13		112		100,0
ArosMaizels Corporate Finance	Finland	7		60		100,0
ArosMaizels Equities	Finland	6		57		80,0
K-Fondene	Norway	3		27		100,0
K-Kapitalförvaltning	Norway	3		22		100,0
Merita Asset Management	Finland	3		29		100,0
Merita Fund Management	Finland	4		36		100,0
Nordbanken Kapitalförvaltning	Sweden	10		87		100,0

Shares in group undertakings		EURm	SEKm	
Huoneistokeskus	Finland	18	160	100,0
Livia [2]	Sweden	9	80	100,0
Other		8	71	
Total		35	311	

[1] Shareholder's equity after dividend.
[2] Unconsolidated group undertaking, see note 49.

Nordea AB (publ) 2000
Board of Directors' report 2000

Nordea AB (publ) is the parent company of the Nordea Group.

Corporate registration number: 556547-0977.

The registered office of the company is in Stockholm.

In 2000 Nordea AB (publ) (Nordea) became the sole owner of Nordea Companies Finland (NCF) Plc (previously Merita-Nordbanken Plc). As at 31 December 2000 Nordea also owned 99.5% of Nordea Companies Denmark (NCD) A/S (previously Unidanmark A/S). The compulsory redemption of the remaining shares was completed in January 2001.

Earnings and financial position
The net profit of Nordea for the year amounted to SEK 14,864m compared with SEK 1,485m in 1999. The company's equity capital amounted to SEK 78,532m at the year-end.

Personnel
The average number of employees in financial year 2000 was one. As from 1 January 2001 the new CEO of the Nordea Group became the President of the parent company.

Share capital and number of shares
The share capital of Nordea at year-end 2000 amounted to SEK 10,438m represented by 2,982,258,840 shares, nominal value SEK 3.50.

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 Nordea 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, Nordea's share capital was EUR 1,181,921,794.07 and the nominal value per share is EUR 0.39632 in rounded figures [1)].

Shareholders and share data
Information about the Nordea share is found on page 12.

Convertible bonds
Each convertible bond in the convertible bond loan issued by Nordea 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, Nordea 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 2000, the number of shares may increase by a maximum of 20,166,045 through conversion.

Notice of Annual General Meeting
The Annual General Meeting (AGM) of Nordea AB (publ) will be held on Tuesday 10 April 2001 at 2:00 p.m. Swedish time in Aula Magna, Stockholm University, Frescativägen 10, Stockholm, with the possibility to participate via video simulcast in Copenhagen at 2:00 p.m. Danish time in SAS Radisson Hotel, Amager Boulevard 70, and in Helsinki at 3:00 p.m. Finnish time in Finlandia Hall, Congress Wing, Mannerheimintie 13 e.

Notification of participation
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 30 March 2001 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.

Shares registered in VPC AB in Sweden
Notification of participation shall be made at the latest on 5 April 2001 at 1:00 pm to Nordea AB (publ), Group Corporate Law H 50, 105 71 Stockholm, or by telephone +46 8 614 97 10 or fax +46 8 614 87 70, or on the Internet at: **www.nordea.com**

Request for re-registration of shares held in trust shall be made to the trustee in good time in order to be completed by 30 March 2001.

Finnish Depositary Receipts in Finland
Request for re-registration of Finnish Depositary Receipts and notification of participation shall be made at the latest on 29 March 2001 at 4:00 pm to Merita Bank Plc, 2590 Issue Services, 00020 Nordea-Merita, or by telephone +358 9 165 88229 or +358 9 165 88230, or fax + 358 9 637 256, or on the Internet at: **www.nordea.com**

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 29 March 2001 at 12:00 to one of Unibank's offices, or to Unibank A/S, Direktionssekretariatet, Box 850, 0900 Copenhagen C, or on the Internet at: **www.nordea.com**

At notification all shareholders are requested to state in which place participation will take place. Shareholders, who have their shares registered in more than one country, should state this at the time of notification.

Dividend and record date
The Board of Directors proposes to the AGM that a dividend of SEK 2.00 per share shall be paid for 2000 and that 17 April 2001 shall be the record date for dividend. If the AGM approves of the Board's proposal, then the dividend will be expected to be distributed by VPC AB on 20 April 2001.

1) The share capital was increased to EUR 1,181,925,126.33 on 20 February 2001 represented by 2,982,267,248 shares.

Income statement

	Note	SEKm 2000	SEKm 1999
Operating income			
Operating expenses			
Personnel expenses	2	-14	-0
Other operating expenses	3, 4	-152	-26
Operating loss		**-166**	**-26**
Net result from financial operations			
Dividend income, received	3	2,657	1,473
Dividend income, anticipated	3	12,470	–
Interest income	3	95	69
Interest expenses	3	-186	-26
Commission expenses	3	-6	–
Profit after financial items		**14,864**	**1,490**
Profit before tax		**14,864**	**1,490**
Tax for the year		0	-5
Net profit for the year		**14,864**	**1,485**

Balance sheet

	Note	SEKm 2000	SEKm 1999
Assets			
Fixed assets			
Financial fixed assets			
Shares in subsidiaries	5	68,744	27,465
Long-term receivables	6	1,132	1,114
Total fixed assets		**69,876**	**28 579**
Current assets			
Short-term receivables	6	12,531	48
Short-term investment	6	–	1,000
Bank deposits		260	407
Total current assets		**12,791**	**1,455**
Total assets		**82,667**	**30,034**
Shareholders' equity and liabilities			
Shareholders' equity	7		
Restricted shareholders' equity			
Share capital		10,438	9,410
Share premium account		37,700 [1]	8,417
Unrestricted shareholders' equity			
Unrestricted reserves		13,073	6,224
Retained profits		2,457	972
Net profit for the year		14,864	1,485
Total shareholders' equity		**78,532**	**26,508**
Liabilities			
Subordinated liabilities	8	967	1,114
Other liabilities	9	3,168	2,412
Total liabilities		**4,135**	**3,526**
Total shareholders' equity and liabilities		**82,667**	**30,034**
Memorandum items			
Collateral pledged (bank funds) in connection with compulsory redemption proceedings		–	214
Contingent liabilities		–	9
Other commitments (redemption offer, convertible bonds in Merita Plc)		–	115

[1] Including paid in but not registered equity from conversion of convertible bonds in late December 2000 of SEK 0.4m.

Cash flow statement

	SEKm 2000	SEKm 1999
Ordinary business		
Profit after financial items	14,864	1,490
Adjustment for items not included in cash flow	-14,557	2,117
Adjustment for items included in cash flow for financing operations	-2,657	-1,473
Income taxes paid	-10	-16
Cash flow from ordinary business before changes in ordinary business assets and liabilities	-2,360	2,118
Change in ordinary business assets	1,212	778
Change in ordinary business liabilities	55	18
Cash flow from ordinary business	**-1,093**	**2,914**
Cash flow from investment operations	**2,036**	**-1,776**
Cash flow from financial operations	**-876**	**-977**
Cash flow for the year	**67**	**161**
Liquid assets at the beginning of the year	193	32
Liquid assets at the end of the year	260	193

Additional information

Liquid assets include bank deposits (excluding funds in restricted accounts)	31 Dec 2000	31 Dec 1999	31 Dec 1998
	260	193	32

Pledged bank deposits in restricted accounts representing collateral as a result of compulsory redemption	31 Dec 2000	31 Dec 1999	31 Dec 1998
	–	214	207

Interest and dividend payments	**2000**	**1999**
Interest received	92	51
Interest paid	182	14
Dividends received	2,657	1,473
Dividends paid	3,659	2,091

Significant transactions that did not entail payments
As mentioned in last year's annual report the financial accounts for 1999 reflected both significant changes in the company's capital structure and a new issue of convertible bonds that were used in exchange for convertible bonds issued by Merita Plc.

On two occasions in the financial year 2000 new issues in kind were made to facilitate acquisition of shares in Nordea Companies Denmark (NCD) A/S (formerly Unidanmark A/S). As a consequence shareholders' equity was increased by SEK 40,676m. Moreover, conversions of convertible bonds during 2000 have increased shareholders' equity by SEK 144m.

In 2000 anticipated dividends totalling SEK 12,470m have been recorded.

None of these transactions have affected the company's cash flow in 1999 and 2000.

Notes to the financial statements

Note 1: Accounting policies

The accounts for the year have been prepared in accordance with the Swedish Annual Accounts Act.

Costs arising in connection with exchange offers as well as acquisition and redemption of shares in subsidiares have been capitalised. The redemption of the remaining shares in Nordea Companies Denmark (NCD) A/S has been taken into account.

Note 2: Personnel expenses

Salaries and fees to members of the Board of Directors were SEK 7.8m (SEK 0.1m). Other fees were SEK 0.1m (–). Social security charges totalled SEK 0.5m (SEK 0.0m). Pension costs were SEK 5.9m (–).

There are no loans outstanding to the CEO or members of the Board of Directors.

For complete information about remuneration and commitments pertaining to severance payments, pensions or similar compensation to the President and members of the Board of Directors, see note 6 in the Group accounts.

Note 3: Intra-Group transactions

In 2000 interest income, interest expenses, and received as well as anticipated dividends pertained to transactions with Group companies with the exception of interest expenses amounting to SEK 60.3m (SEK 18.6m) essentially pertaining to the convertible debenture loan. Commission expenses to same extent, SEK 4.8m (–) pertained to Group company transactions. When it comes to other operating expenses SEK 2.5m (SEK 3.1m) consisted of intra-Group transactions.

Note 4: Auditing expenses

During the financial year 2000, remuneration, considering provisions, to the company's auditors amounted to SEK 1.3m (SEK 1.4m). This amount also includes expenses for the auditor appointed by the Swedish Financial Supervisory Authority. For additional information see note 7 in the group account.

Note 5: Shares

31 December 2000	Number of shares	Nominal value	Book value	Market value	Voting rights, %
Nordea Companies Finland (NCF) Plc [1]					
Common shares	1,120,000,000	Total	Total	–	100
Preferred shares	280,000,000	EUR 2,355m	SEK 27,442m	–	100
Nordea Companies Denmark (NCD) A/S [1]	70,221,343	DKK 7,022m	SEK 41,302m	–	99.5 [2]
Nordic Baltic Holding (NBH) AB [1]	1,000	SEK 0.1m	SEK 0.1m	–	100

[1] Company	Registered	Registration number
Nordea Companies Finland (NCF) Plc	Helsinki	725.985
Nordea Companies Denmark (NCD) A/S	Copenhagen	13824746
Nordic Baltic Holding (NBH) AB	Stockholm	556592-7950

[2] At year-end 2000 before the compulsory redemption was completed in January 2001.

Note 6: Receivables

31 December	SEKm 2000	SEKm 1999
Financial fixed assets		
Debenture loan NCF	1,132	1,114
Current assets		
Short-term investment with Nordbanken AB (publ)	–	1,000
Short-term receivables with group undertakings	12,470	–
Tax receivable	16	6
Other current receivables	17	16
Prepaid expenses and accrued interest	28	26
Total	**13,663**	**2,162**

Note 7: Movements in shareholders' equity

SEKm	Share capital [1]	Share premium account	Unrestricted equity	Total
At beginning of year	9,410	8,417	8,681	26,508
Reduction of share capital and share premium account	-2,091	-8,417	10,508	–
New issues in kind	3,108	37,568		40,676
New issues, conversion of convertible bonds	11	132		143
Dividend			-3,659	-3,659
Net profit for the year			14,864	14,864
At the end of the year	**10,438**	**37,700**	**30,394**	**78,532**

[1] The company's share capital on 31 December 2000 was SEK 10,437,905,940 (2,982,258,840 shares with a nominal value of SEK 3.50).

Additional paid in capital as at 31 December 2000 due to conversion of convertible bonds in late December 2000 was SEK 0.4m which will be split between the share capital and the share premium account after being registred as a new issue.

Note 8: Subordinated liabilities

31 December	SEKm 2000	SEKm 1999
Convertible bond loan	967	1,114
Total nominal value: EUR 112,882,739.96		

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 9: Other liabilities

31 December	SEKm 2000	SEKm 1999
Long term liabilities	6	–
Current liabilities to group undertakings [1]	2,818	222
Other current liabilities	282	43
Accrued expenses	62	2,147
Total	**3,168**	**2,412**

[1] Credit lines authorised in 2000 by:
Nordbanken AB (publ): DKK 1,000m, EUR 300m, SEK 2,600m
Merita Bank Plc: EUR 300m, not utilised at year-end 2000

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:

	SEKm
Unrestricted reserves	13,073
Retained profit	2,457
Net profit for the year	14,864
Total	**30,394**

The Board of Directors and the CEO propose that these earnings be distributed as follows:

	SEKm
Dividends paid to shareholders,	
SEK 2.00 per share	5,965
To be carried forward	24,429
Total	**30,394**

The Group's distributable earnings amount to SEK 46,221m. After the proposed distribution of earnings, the Group's unrestricted shareholders' equity will amount to SEK 40,257m.

26 February 2001

Vesa Vainio,
Chairman

Hans Dalborg,
Vice Chairman

Dan Andersson

Edward Andersson

Rune Brandinger

Bertel Finskas

Lene Haulrik

Claus Høeg Madsen

Bernt Magnusson

Jørgen Høeg Pedersen

Timo Peltola

Kaija Roukala-Hyvärinen

Thorleif Krarup
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 2000. 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, 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 2001

KPMG

Caj Nackstad Authorised Public Accountant	Olle Gunnarsson Authorised Public Accountant (Appointed by the Swedish Financial Supervisory Authority)

A year of higher ratings

In June Moody's Investors Service upgraded the long-term ratings of Merita Bank, Nordbanken and Unibank to Aa3 from A1 due to the merger between MeritaNordbanken and Unidanmark. In September Standard & Poor's Ratings Group upgraded the long-term ratings of Merita Bank and Nordbanken to A+ from A and assigned an A+ long-term rating to Unibank. Subsequently Merita Bank, Nordbanken and Unibank have all the same ratings.

In October, after the announcement that Nordea would acquire Christiania Bank og Kreditkasse, all rating institutions confirmed the ratings of the operating banks within the Group. On 17th of October 2000 Moody's placed under review for possible upgrade the A2 long-term ratings of Christiania Bank and Norgeskreditt.

In January 2001, Moody's finalised its reviewing process and upgraded Christiania Bank to A1 from A2. The outlook for Christiania Bank and Norgeskreditt are both confirmed positive.

	Moody's		S&P		Fitch		A.M. Best
	Short term	Long term	Short term	Long term	Short term	Long term [1]	
Merita Bank	P-1	Aa3	A-1	A+	F1	A+	
Nordbanken	P-1	Aa3	A-1	A+	F1	A+	
Unibank	P-1	Aa3	A-1	A+	F1	A+	
Christiania Bank	P-1	A1 [1]	A-1		F1	A+	
Nordbanken Hypotek	P-1	Aa3	A-1				
Unikredit		Aa2					
Norgeskreditt	P-1	A2 [1]					
Insurance financial strength ratings							
Dansk Kaution [2]				A [1]			
Tryg-Baltica International [3]							A- (excellent)
Tryg-Baltica International (UK) [4]							A- (excellent)
Tryg-Baltica Forsikring [5]		A2					

[1] Positive outlook.
[2] Dansk Kautionsforsikrings-Aktieselskab.
[3] Tryg-Baltica Forsikring, internationalt forsikringsselskab A/S.
[4] Tryg-Baltica International (UK) Ltd.
[5] Tryg-Baltica Forsikring A/S (General Insurance company).

Notice of the Annual General Meeting

The Annual General Meeting (AGM) of Nordea AB (publ) will be held on Tuesday 10 April 2001 at 2:00 p.m. Swedish time in Aula Magna, Stockholm University, Frescativägen 10, Stockholm, with the possibility to participate via video simulcast in Copenhagen at 2:00 p.m. Danish time in SAS Radisson Hotel, Amager Boulevard 70, and in Helsinki at 3:00 p.m. Finnish time in Finlandia Hall, Congress Wing, Mannerheimintie 13 e.

Shareholders who wish to participate must have their shares registered in their own names not later than Friday 30 March 2001, and must also notify Nordea AB (publ) of their participation not later than Thursday 29 March 2001 (Danish and Finnish shareholders) and Thursday 5 April 2001 (Swedish shareholders). For further information see page 143.

Financial reports 2001

Nordea will publish the following financial reports during 2001:

January – March	April 25
January – June	August 22
January – September	October 30

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

The annual reports of Christiania Bank, Merita Bank, Nordbanken, Tryg-Baltica, Unibank and Vesta can also be ordered online.

The annual reports and other financial reports published by the Nordea Group may be ordered via Investor Relations:

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The Annual Report 2000

This Annual Report covers Nordea AB (publ) and pertains to the operations of the Nordea Group, whose legal structure is presented on page 81. The original annual report is written in Swedish. This is an English version thereof. Printed versions of the report are also available in Danish, Finnish and Norwegian.

In this Annual Report, the Nordea Group presents income statements and other financial data quoted in euro (EUR). Certain data are also given in Swedish kronor (SEK).

Most of the illustrations were taken form the Group's marketing and advertising materials and present typical, though not actual, situations.

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