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Year-end Report 2001

Sharp improvement in the fourth quarter

- Operating profit increased by EUR 240m to EUR 468m
- Profit excluding investment earnings up 10%
- Investment earnings up EUR 207m

Stable result under challenging market conditions in 2001

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

Significant strategic progress

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

“Having delivered promised merger synergies despite difficult market conditions the ambition is now set to harvest the full potential of working as an integrated group in order to achieve our ambitious long term goals. With a strong focus on conducting business locally we will further tap growth opportunities, streamline support processes and procedures and thereby improve efficiency and performance of the Group”, says Thorleif Krarup, Group CEO of Nordea.

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

Operational income statement

EURm	Q4 2001	Q3 2001	Change %	Full year 2001	Full year ¹ , 2000 ²	Change %
Net interest income	852	856	0	3,465	2,838	22
Commission income	363	314	16	1,397	1,454	-4
Trading	128	131	-2	543	415	31
Income from insurance	72	142	-49	524	451	16
Other	37	36	3	161	134	20
Income	1,452	1,479	-2	6,090	5,292	15
Personnel expenses	-562	-529	6	-2,188	-1,829	20
Other expenses	-476	-410	16	-1,701	-1,491	14
Expenses	-1,038	-939	11	-3,889	-3,320	17
Profit before loan losses	414	540	-23	2,201	1,972	12
Loan losses	-56	-213	-74	-373	-79	372
Profit from companies accounted for under the equity method	35	29	21	95	62	53
Profit excluding investment earnings	393	356	10	1,923	1,955	-2
Treasury	30	1		124	267	
Life insurance	45	-54		-7	61	
General insurance	43	-35		-13	81	
Other	-4	-5		48	164	
Investment earnings	114	-93		152	573	
Goodwill depreciation	-39	-35	11	-147	-93	58
Operating profit	468	228	105	1,928	2,435	-21
Loss on disposal of real estate holdings	-	-		-	-40	
Refund of surplus in pension fund	-	-		-	32	
Taxes	55	-65		-360	-691	
Minority interests	0	2		0	-3	
Net profit	523	165		1,568	1,733	-10

Ratios and key figures

Earnings per share, EUR	0.18	0.06	0.53	0.58
Share price ³ , EUR	5.97	5.34	5.97	8.10
Shareholders' equity per share ³ , EUR	4.00	3.77	4.00	3.74
Shares outstanding ⁴ , million	2,965	2,964	2,965	2,982
Return on equity, %	18.1	5.8	13.8	16.1
Return on equity excluding goodwill ⁵ , %	24.5	9.0	19.2	19.4
Lending ³ , EURbn	138	134	138	129
Deposits ³ , EURbn	83	81	83	79
Shareholders' equity ³ , EURbn	12	11	12	11
Total assets ³ , EURbn	242	231	242	224
Assets under management ³ , EURbn	105	87	105	105
Cost/income ratio, banking ⁶ , %	62	60	58	55
Combined ratio, general insurance, %	114	105	106	110
Tier 1 capital ratio ³ , %	7.3	6.9	7.3	6.8
Total capital ratio ³ , %	9.1	9.3	9.1	9.4
Risk-weighted assets ³ , EURbn	136	134	136	132

¹ Including Unidanmark Q1 pro forma.

² Profit 2000 excluding Nordea Bank Norway (formerly Christiania Bank og Kreditkasse).

³ End of period, including Nordea Bank Norway from Q4 2000.

⁴ Average number of shares Jan-Dec 2001 after full dilution was 2,990 million.

⁵ Excluding goodwill depreciation and excluding remaining goodwill, which has been deducted from shareholders' equity.

⁶ Before loan losses and goodwill depreciation.

Quarterly development

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

Note 1 Commission income, EURm

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

Note 2 Expenses, EURm

Personnel ²	567	535	560	545	482
Information technology ³	119	104	104	95	80
Marketing	39	25	25	29	41
Postage, telephone and office expenses	68	56	63	57	67
Rents, premises and real estate expenses	90	82	91	92	89
Other	166	149	132	137	156
Expenses	1,049	951	975	955	915
Of which investment activities	-11	-12	-9	-9	-8
Expenses	1,038	939	966	946	907

¹The following changes have been made compared to earlier reported figures. Sales commissions to brokers have been deducted from *Income from insurance*. Commission income received by Retail Banking from the insurance business has been eliminated.

²Profit related personnel expenses including profit-sharing system were EUR 115m in 2001 (EUR 140m).

³Refers to computer operations, service expenses and consulting fees. Total IT-related costs in 2001, including personnel etc were EUR 805m (EUR 670m).

⁴Profit 2000 excluding Nordea Bank Norway.

The Group

Result summary fourth quarter

Operating profit in the fourth quarter 2001 amounted to EUR 468m, and more than doubled compared to the third quarter. The increase was mainly due to a sharp improvement in investment earnings following the recovery in Nordic and international equity markets.

Profit excluding investment earnings amounted to EUR 393m, an increase of 10% compared to the third quarter. Total income was at the same level as in the previous quarter and was characterised by a stable development in net interest income, increased commission income and reduced income from insurance. Total expenses increased, mainly as a result of a higher level of activity than in the third quarter and the consolidation of Postgirot Bank from 1 December.

The net profit was positively influenced by tax revenue of EUR 55m. This revenue was primarily due to a loss carry forward in the former Merita Real Estate Ltd and in the parent company Nordea AB (publ), which could be utilised after positive tax rulings in combination with the change of the legal structure of the Group.

Development in the fourth quarter

The demand for credit from corporate customers and personal customers remained at a relatively high level despite continued uncertainty with respect to the overall macroeconomic development. Total lending increased by 3%, also reflecting a strengthening of the Swedish currency. Deposits from customers increased by 2%. For 2001 as a whole lending and deposits increased 7% and 5%, respectively.

Income

Net interest income amounted to EUR 852m (EUR 856m in the third quarter). The reduction in short-term interest rates for relevant currencies caused further downward pressure on deposit margins, whereas lending margins in aggregate remained largely unchanged. Margins on new loans to the corporate sector continued to increase, whereas the margins in the retail sector remained stable during the quarter.

All Nordic stock exchange indexes recovered during the quarter. Market indexes on average increased approximately 20%. In addition, turnover volumes showed a marked increase. Commission income increased to EUR 363m (EUR 314m), mainly as a result of higher commissions from brokerage and asset management activities. Assets under management increased by 15% in comparable terms from the third quarter reaching EUR 100bn. Including real estate assets in Life and newly recruited affluent customers from Retail Banking, total assets under management increased to EUR 105bn.

Commissions from payments continued the positive trend and increased by 7%.

Income from trading, mainly comprising income related to foreign exchange and derivatives trading with customers, was stable at a high level and amounted to EUR 128m (EUR 131m).

Income from insurance, excluding investment income, decreased to EUR 72m (EUR 142m) primarily as a result of a rebuilding of bonus buffers in the Life area as well as high claims in General Insurance in Denmark. The negative development in claims reflects an increase in provisions within personal injuries (motor insurance).

Other income, which primarily consists of property-related income, amounted to EUR 37m (EUR 36m).

Expenses

Expenses amounted to EUR 1,038m (EUR 939m). The increase compared to the third quarter reflects an overall higher level of activity during the quarter and the consolidation of Postgirot Bank from 1 December. The underlying costs in the fourth quarter were lower than the corresponding quarter 2000 adjusted for Nordea Bank Norway (formerly Christiania Bank) in 2000 and the consolidation of Postgirot Bank.

Loan losses

Loan losses amounted to EUR 56m (EUR 213m, of which EUR 100m was a general provision). EUR 64m of the general provision made in the third quarter has been applied in the fourth quarter, which means that underlying loan losses in the fourth quarter increased by EUR 22m, when excluding changes in country risk provisions.

The main loan losses during the quarter comprise a revaluation of residual risks in Nordic aircraft leasing transactions and a limited number of international commitments. At the end of the quarter, net doubtful loans net amounted to EUR 827m (EUR 853m), representing 0.6% (0.6%) of total lending.

Investment earnings

Investment earnings totalled EUR 114m (EUR -93m) in the fourth quarter. The recovery in Nordic as well as international equity markets resulted in gains on equity portfolios which more than outweighed the negative impact on fixed-income portfolios following increased medium- and long-term interest rates.

Postgirot Bank

Postgirot Bank has been consolidated in the accounts as from 1 December 2001 and has contributed positively to the Group's operating profit already from the start. Income including funding costs, was increased by EUR 29m and costs, including goodwill depreciation by EUR 27m. The purchase sum amounted to EUR 489m and goodwill was calculated to EUR 228m. As a result of larger potential cost synergies than initially anticipated and further identified cross-selling opportunities, the net synergies from the acquisition have been revised upwards. Total annual net synergies in 2004 are estimated at EUR 65m. The increased cost synergies follow further identified opportunities of integrating Postgirot Bank's operations and closing duplicate functions.

Full year 2001

Operating profit for the year 2001 amounted to EUR 1,928m (EUR 2,435m). The reduction of 21% was mainly due to considerably higher investment earnings in 2000 as a result of particularly strong capital markets in that year. Nordea Bank Norway, which was acquired in December 2000, is not included in the figures for 2000. Adjusted for Nordea Bank Norway, operating profit was reduced by 23%.

Profit excluding investment earnings and goodwill depreciation was at the same level as last year and amounted to EUR 1,923m (EUR 1,955m). Total income and expenses increased by 15% and 17%, respectively, primarily as a result of the acquisition of Nordea Bank Norway. Adjusted for this and the acquisition of Postgirot Bank in 2001, total income increased by 3% and expenses were unchanged. The slowdown in the global and Nordic economies resulted in increased loan losses amounting to EUR 373m (EUR 79m). Although considerably higher than last year's unsustainably low level, loan losses were still at a moderate level and below Nordea's maximum target level for average losses over a business cycle. Net losses corresponded to 0.29% (0.08%) of the total loan portfolio.

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

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

The cost/income ratio (banking) was 58% (55%). The increase was a result of considerably lower banking investment income than in the previous year. The cost/income ratio (banking), excluding investment income,

representing the efficiency of operations more correctly, decreased to 59% (61%) adjusted for acquisitions.

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

Credit quality

There has been a considerable slowdown in the global economy during 2001. The banking sector, mirroring the general business activity, was impacted by the slowdown. However, the uncertainty with respect to future development has been reduced during the fourth quarter, as the direct impact of the 11 September events has been limited to certain industries, only.

The main part of Nordea's loan portfolio has been relatively little affected by the deterioration of the global economy during the year, although loan losses increased in the second half of the year. Approximately 88% of the portfolio comprises lending within the Nordic region. Net doubtful loans have shown a decrease in the last two quarters and amounted to EUR 827m at the end of 2001 as compared to EUR 797m at the end of 2000. Accumulated provisions cover 73% of doubtful loans.

The composition of the loan portfolio with respect to customer groups is stable compared to year-end 2000. Approximately 61% of the portfolio comprises loans to companies and 37% to households and 2% to the public sector. Corresponding figures twelve months earlier were 60%, 38% and 2%.

Within the personal customer sector, 77% of the portfolio consists of mortgages as compared to 73% at the end of 2000. Other household lending includes consumer loans, overdraft facilities, car financing, credit cards etc. The higher proportion of mortgages means a strengthening of the average credit quality in this sector.

Real estate management is still the largest industry sector with a total exposure of EUR 20.0bn. Low interest rates and stable vacancy rates at a satisfactory level have contributed to a positive operating environment in the sector.

The exposure to the shipping sector has been reduced by EUR 1.6bn during the year to EUR 5.6bn. Despite depressed freight rates in several sub-segments, the quality of the portfolio has remained at a satisfactory level.

Loans to the telecom sector amount to EUR 7.2bn. Major Nordic operators and equipment manufacturers account for the majority of the exposure. Despite turbulence during the year, only limited credit problems have been experienced in this part of the portfolio. Nordea's exposure to newly started Internet-related companies is very low as this sector traditionally is equity financed.

The loan losses experienced during 2001 are related to a relatively limited number of commitments. Acquisition finance was the main troubled sector in 2001 and represented approximately one third of total loan losses. The acquisition finance activities have been restructured during 2001 and the credit exposure is limited compared to the overall corporate lending activities.

Merger integration progress

Nordea was created through cross-border mergers gradually bringing operations of four major Nordic financial institutions into one group. The first phase of this process – the merger integration – has developed as planned and the announced pre-tax synergies amounting to EUR 360m will be realised by the end of next year.

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

During the year EUR 159m of the restructuring reserve has been utilised. The remaining reserve at the end of 2001 amounted to EUR 103m including an additional reserve of EUR 43m related to the acquisition of Postgirot Bank.

In December all retail operations were renamed Nordea whereby the entire Group now operates under one common brand. The name change has been well received. Awareness of the Nordea name has increased significantly during the year. More than 80% of the population in the Nordic countries is now familiar with the Nordea name.

The name change has been accompanied by a thorough internal process involving every employee in a dialogue addressing the implication of the Nordea values. The process of building a strong Nordea brand will continue in the coming years.

Second wave of integration

Based on the experience gained so far in the merger integration process Nordea has launched a second wave of integration.

This is a Group change programme consisting of a limited number of high impact initiatives. The target of the integration programme is to create additional annual synergies of the same magnitude as the merger synergies by fully exploiting the benefits of operating as one integrated Group in a cross-border environment. The benefits will be realised gradually over a three-year period.

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

These initiatives will demand investments and result in fewer employees. Investments will be expensed on a running basis throughout the programme.

The programme will aim to simplify, unify, speed up and re-engineer internal processes. The second wave of integration will seek to consolidate and share group infrastructure cross-border and cross-business areas in order to increase benefits from scale.

Initiatives already started or to be launched shortly include:

- Unifying all finance processes by establishing a common general ledger system, a common data warehouse solution and a finance shared services centre organisation.
- A trading infrastructure program to enable all customer transactions (FX/Money Market and derivatives) to be carried through in one common system.

Among initiatives in planning phase are:

- Structural changes within Retail Banking aiming at a consolidation of business support functions into a Nordic organisation.
- Consolidation of IT production aiming at the lowest IT operational costs per transaction in the region and at the same time significantly reducing the overall cost level.
- Establishing a common procurement and support function servicing the entire Group. This will include possible e-based solutions and external partnerships.

Strategic alternatives for General Insurance

The reorganisation of the General Insurance activities into a separate legal subgroup has continued during the fourth quarter. Good progress has been made on the separation of the life and general insurance business with respect to operational, regulatory and tax issues. Nordea's ambition is to reduce its ownership stake in General Insurance to a minority position.

Shareholders' equity and capital ratio

Shareholders' equity amounted to EUR 11.8bn at the end of the year. The fair value in the Group's pension foundations covering pension commitments not recognised in the balance sheet showed a surplus of EUR 0.1bn. The recovery in the equity markets during the fourth quarter meant that no net contribution to the Swedish pension foundation was required for the year.

At year-end Nordea's Tier 1 capital ratio was 7.3%, and the total capital ratio was 9.1%.

The Nordea share

The share prices for Nordic financial institutions have improved during the fourth quarter, but are still considerably lower than at the end of 2000. The Nordea share closed the year at SEK 55.50, which was 22.4%

lower than 12 months previously. Total shareholder return for 2001, including dividends paid during the year, was negative by 19.8%.

Repurchase of own shares

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

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

Annual General Meeting (AGM)

The annual general meeting of shareholders will be held on 24 April 2002 in Aula Magna, Stockholm University, Stockholm at 3.00 pm (CET). Shareholders will also be able to participate in the general meeting in premises in Copenhagen (Scandic Hotel Copenhagen) and in Helsinki (at 4.00 pm local time in Finlandia Hall).

Dividend

The Board of Directors has proposed to the AGM a dividend of EUR 0.23 per share, corresponding to a pay-out ratio of 44% of the net profit. The proposal represents an increase of 4.1% in the dividend compared to last year's dividend payment of SEK 2.00 per share based on the exchange rate SEK/EUR at the time of payment.

The proposed record date for the dividend is 29 April and dividend payments are scheduled to be made on 7 May 2002.

Outlook

At the start of 2002 the macroeconomic situation is more subdued than it was at the beginning of 2001. There is an expectation of growth in the Nordic region in 2002 and thereby Nordea expects a growth, even if moderate, in the business volume and also in revenues.

In order to adjust to the changed business environment, Nordea will maintain a sharp focus on cost development. Loan loss provisions are expected to be higher than the average of the last three years due to cyclical developments. The target over a business cycle, maximum 0.40% of loans and guarantees, remains unchanged and for 2002 loan losses are expected to stay below that level.

Results by business area fourth quarter 2001

Profit by business area¹

EURm	Business areas					Group Treasury	Other	Total
	Retail Banking	Corporate and Institutional Banking	Asset Management & Life		General Insurance ²			
			Asset Management	Life ²				
Customer responsible units:								
Income	1,094	320	69	13	67	16	-127	1,452
Expenses	-633	-171	-44	-34	-109	-8	-39	-1,038
Loan losses	-95	-11	-	-	-	-	50	-56
Equity method	-	4	-	-	-	-	31	35
Profit excluding investment earnings	366	142	25	-21	-42	8	-85	393
Investment earnings	-	-	-	15	43	30	26	114
Goodwill	-	-	-	-	-	-	-39	-39
Operating profit 2001: Q4	366	142	25	-6	1	38	-98	468
2001: Q3	425	-5	17	-24	-24	21	-182	228
2001: Q2	463	94	20	14	36	35	15	677
2001: Q1	454	145	28	-14	-31	80	-107	555
2000: Q4	345	86	27	-3	-23	34	7	473
Return on equity, %	18	16	-	-	-	-	-	18.1
Cost/income ratio, banking, %	58	53	64	-	-	17	-	62
Combined ratio, %	-	-	-	-	114	-	-	114
Product responsible units:								
Income			133	0				
Expenses			-78	-41				
Investment earnings				45				
Product result 2001: Q4			55	4				
2001: Q3			50	-49				
2001: Q2			65	42				
2001: Q1			75	-14				
2000: Q4			73	-2				

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

¹ Business area reporting excludes Nordea Bank Norway in 2000.

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

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

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

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

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

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

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

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

Retail Banking

- **Increased sales led to significant increase in net commissions**
- **Slight decrease in net interest income due to lower short-term interest rates**
- **Electronic services continue to expand**
- **The acquisition of Postgirot Bank in Sweden was completed by Nordea in December**
- **Operating profit EUR 366m**

Retail Banking develops, markets and distributes a broad range of financial products and has customer responsibility for personal and corporate customers.

Market conditions

Customer demand for savings products improved somewhat after the decline in the third quarter.

Demand for loans and for other financial services, especially e-banking, was maintained at a high level in the fourth quarter.

Business development

The total loan volume at the end of December 2001 amounted to EUR 101bn, around half of which comprised personal customer and corporate mortgages. The growth in loan volume for the year was 7%. The deposit volume at the end of December amounted to EUR 60bn. This is an increase of 5% in 2001. Growth figures are calculated including Retail Banking Norway.

Lending to personal customers increased by EUR 1.3bn to EUR 49.1bn in the fourth quarter. Deposits from personal customer increased by EUR 0.9bn to EUR 36.9bn at the end of the year.

Lending to corporate customers increased by EUR 1.1bn to EUR 51.4bn in the fourth quarter, and deposits increased by EUR 0.6bn to EUR 22.8bn.

Lending margins have been stable over the quarter, while deposit margins have decreased due to the reduction in short-term interest rates.

In the fourth quarter sales of investment funds increased to EUR 1.3bn compared to EUR 0.4bn in the previous quarter.

Retail Banking continues to see strong sales in the growing range of e-banking products. At the end of December the Group had 256,000 customers signed up for equity trading on-line. The target of 2.7 million e-banking customers was achieved by the end of 2001. A new target of 3.2 million customers is set for the end of 2002. The objective is to improve customer satisfaction further and reduce the cost base by increased use of e-banking services.

Result

Net interest income in the fourth quarter decreased by 3%. Volume growth contributed positively, diminishing the negative effect of decreased deposit margins in the wake of reduced short-term interest rates. Average market rates in the fourth quarter were reduced by as much as 0.9 percentage point compared to those of the third quarter in Denmark and Finland. Net commission income and other income increased by 22% as a result of the development in the financial markets.

Costs were 6% higher than in the third quarter. The cost increase of EUR 36m is related to IT-costs, marketing costs, and incremental costs for the Euro-conversion in Finland. The cost development may in general be attributed to seasonal factors. The cost/income ratio for the fourth quarter was 58%, up from 57% in the third quarter.

The loan losses in the fourth quarter amounted to EUR 95m. EUR 24m related to Nordic aircraft leasing in Nordea Finance, with the residual of EUR 71m relating to the ordinary credit portfolio in Retail Banking. The loan losses for the full year amounted to 0.17% of total loans and guarantees.

Return on equity was 18% in the fourth quarter and 21% for the full year 2001.

New services and major events

Personal customers

- Nordea's acquisition of Postgirot Bank in Sweden has added 600,000 new personal customers.
- Nordea's cross-border service enhanced. Service to open Nordea accounts in other Nordic countries.

Corporate customers

- Product package for Nordic corporate customers, which includes transaction account with overdraft facilities, cash-management solution and information system through electronic banking solutions.
- The acquisition of Postgirot Bank added 340,000 new corporate customers to the customer base.

Electronic Banking

- Cash management and corporate payments: Enhanced cash management services and international payments by electronic banking in Denmark.
- E-commerce services: Solo Market in Norway and e-payment in Estonia.
- Improved mobile telephone banking services.

Operating profit by market

EURm	Total		Retail Denmark		Retail Finland		Retail Norway		Retail Sweden		Poland & Baltic	
	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001
Net interest income	761	783	208	214	226	245	106	98	214	221	7	6
Net commissions & other income	333	273	90	71	87	68	41	39	112	93	3	2
Total income	1,094	1,056	298	285	313	313	147	137	326	314	10	8
Total expenses	-633	-597	-167	-165	-167	-153	-103	-91	-186	-183	-9	-7
Profit before loan losses	461	459	131	120	146	160	44	46	140	131	1	1
Loan losses	-95 ¹	-34	-28	-17	-12	-11	-11	-2	-20	-4	0	0
Operating profit	366	425	103	103	134	149	33	44	120	127	1	1
Cost/income ratio, %	58	57	56	58	53	49	70	66	57	58	95	84
Return on equity, %	18	22	18	18	30	35	6	14	20	21	10	7

¹EUR 24m refers to Nordic aircraft leasing transactions and is not allocated to individual markets

Volumes

EURbn	Total		Retail Denmark		Retail Finland		Retail Norway		Retail Sweden		Poland & Baltic	
	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001
Lending	101.0	99.5	26.4	26.3	21.4	21.2	17.2	16.6	35.5	34.9	0.5	0.5
Deposits	60.2	59.0	13.5	13.5	21.0	20.0	9.1	9.1	16.2	16.1	0.4	0.4

Key figures per quarter

	Full year 2001	Q4 ² 2001	Q3 2001	Q2 2001	Q1 2001	Q4 ¹ 2000
Operating profit, EURm	1,708	366	425	463	454	345
Return on equity, %	21	18	22	24	25	20
Cost/income ratio, %	57	58	57	56	56	58
Customer base: personal customers, million	8.9	8.9	8.9	8.9	8.9	8.4
corporate customers, million	0.6	0.6	0.6	0.6	0.6	0.6
Number of employees (full-time equivalents)	22,700	22,700	22,700	22,600	22,600	20,000

¹ Nordea Bank Norway is not included in the 2000 figures.

² Excluding Postgirot Bank.

Corporate and Institutional Banking

- **Good business flow with Nordic corporate customers**
- **Lower loan losses**
- **Operating profit EUR 142m**

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

Nordea Securities, which offers a full range of investment banking services, is included in the business area from 1 November 2001. To secure the right framework for independent advice and proper conduct in terms of customer confidentiality, Nordea Securities' activities are organised in a separate legal entity.

Market conditions

The market outlook stabilised during the fourth quarter. Equity markets picked up and Nordic indexes on average increased by approximately 20%. The level of activity also improved, but turnover volumes were still below those experienced one year earlier. Liquidity in derivatives markets improved from the low level in the third quarter. Demand for bank financing remained relatively strong.

Business development

Corporate Division's business flow continued to be good in the fourth quarter, with notable successes achieved in Sweden in terms of new mandates.

The deal flow in Shipping, Offshore and Oil Services remained strong throughout the year, even though market conditions deteriorated after the summer.

In International Division, business volumes with financial institutions increased towards year-end. In the international branches, the business flow was stable.

Business activity in Markets Division remained at a high level in the fourth quarter. In the last part of the quarter, customer demand decreased somewhat.

Custody Services' business increased from the quite low levels recorded in the third quarter, both with regards to volume of transactions and assets under custody.

Trade finance business was stronger than expected in the fourth quarter, given the sharp slowdown in international trade during the year. Also, export and project finance business was strong towards the end of the year.

Investment Banking improved its market shares on the stock exchanges in Oslo and Stockholm, and maintained leading positions in Copenhagen and Helsinki. The activity in the IPO market remained weak. The M&A markets developed in a satisfactory manner. During the fourth quarter, Investment Banking completed ten M&A transactions representing a value of approximately EUR 6bn and was involved in three equity capital market transactions with a total value of approximately EUR 1bn.

Result

Total income increased by EUR 20m compared to the third quarter, with positive income development in Corporate Division, and a certain recovery of equity market-related income in Custody Services. The income in Markets Division was at a satisfactory level, but somewhat lower than in the third quarter.

Total expenses increased by EUR 18m compared to the third quarter, of which EUR 9m is related to non-recurring cost items in Investment Banking. IT development cost increased according to plan during the fourth quarter. Underlying costs remained stable.

Operating profit amounted to EUR 142m, which is EUR 147m higher than in the third quarter. The main reason for the improvement was reduced provisions for problem loans, with net loan losses dropping from EUR 164m during the third quarter to EUR 28m during the fourth quarter. From the general provision of EUR 75m booked in the third quarter, EUR 39m was allocated to specific customers during the fourth quarter. New losses mainly derived from non-Nordic related corporate lending and certain companies in energy and shipping.

Operating profit by main areas

EURm	Total		Corporate division		Shipping, Offshore and Oil Services division		International Division ¹		Investment Banking ¹		Other		Markets ²	
	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001
Net interest income	116	110	70	60	29	29	18	19	-	-	-1	2
Other income	204	190	89	79	11	15	31	24	30	27	43	45
Total income	320	300	159	139	40	44	49	43	30	27	42	47	99	110
Total expenses	-171	-153	-65	-59	-10	-7	-23	-21	-39	-28	-34	-38	-49	-48
Profit before loan losses	149	147	94	80	30	37	26	22	-9	-1	8	9	50	62
Loan losses	-28	-164	-33	-33	-9	-9	-4	-7	-	-	18	-115	-	-
Country risk	17	11	-	-	-	-	17	11	-	-	0	0	-	-
Equity method	4	1	-	-	-	-	2	0	-	-	2	1	-	-
Operating profit	142	-5	61	47	21	28	41	26	-9	-1	28	-105	50	62
Lending, EURbn	30.9	30.6	18.3	18.2	7.2	7.2	4.4	4.2	-	-	1.0	1.0	-	-

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

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

Key figures per quarter

	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000 ¹
Operating profit, EURm	376	142	-5	94	145	86
Return on equity, %	11	16	0	11	16	9
Cost/income ratio, %	51	53	51	53	48	53
Number of employees (full-time equivalents)	3,700	3,700	3,700	3,900	3,800	3,100

¹ Nordea Bank Norway is not included in the 2000 figures.

Asset Management & Life

- **Customer acquisition in Nordic Private Banking adds to assets under management**
- **Continued good inflow from European Fund Distribution**
- **Quarter-end assets under management up but average for fourth quarter still below third quarter in comparable terms**
- **Shift towards fixed income partly reversed but transaction income still low**
- **Rebuilding of bonus buffers in the Life operations**

Market conditions

While equity markets staged a rebound in the weeks after 11 September, a sustained positive trend has yet to be observed. The Nordic stock exchanges on average rose by approximately 20% during the fourth quarter.

Business development

Assets under management rose by 15% in comparable terms from the end of the third quarter, reaching EUR 100bn at the end of the fourth quarter. Including real estate assets in Life and affluent customers recruited from Retail Banking into Nordic Private Banking during the year, total assets under management increased to EUR 105bn.

The improvement in market sentiment was not sufficient to fully reverse the shift from equity-based to fixed income products, which took place in previous quarters. This continued to put pressure on income, even if some improvement was apparent. While the rising market meant that assets under management at the end of the fourth quarter were higher than at the end of the third quarter, average assets under management (in comparable terms) during the fourth quarter were lower, also holding back earnings growth.

Investment Management

In the fourth quarter there was a net outflow of EUR 0.8bn. The main explanation for this is to be found in a certain reallocation of assets by clients, rather than termination of mandates. During the quarter 23 new mandates were won, while 12 were terminated. New mandates came from Europe and North America as well as the Nordic countries. Assets under management at the end of the fourth quarter amounted to EUR 72bn. The average gross margin (including both external and internal assets) in the fourth quarter increased to 22 basis points on an annualised basis, up from 18 basis points in the third quarter.

Investment Funds

At EUR 1.3bn, net inflow into Nordea's funds in the fourth quarter was considerably better than in the previous quarter. Nordea's market share of inflows also improved in the fourth quarter. The Group's share of the total combined Nordic fund stocks amounted to 20.3% at the end of the quarter, up slightly on third quarter. Average margin in the fourth quarter rose to 101 basis points (annualised) from 97 basis points in the third quarter.

Market shares in fourth quarter 2001

	Nordic	Denmark	Finland	Norway	Sweden
Net inflow	27.7%	47.1%	- ¹	- ¹	7.4%
AuM	20.3%	26.5%	28.3%	8.8%	18.6%

¹ In Norway and Finland Nordea had a net outflow in the fourth quarter of 2001

Market share data is affected both by flows of institutional money into investment funds and by the relative resilience and subsequent recovery of the Danish market.

European Private Banking

The fourth quarter saw an improvement compared to the previous quarter, reflecting more positive customer attitudes. Clients positioning themselves for an upturn in the market led to an increase in trading related income. Net sales in European Fund Distribution continued to be satisfactory and an important driver for the total net inflow of EUR 0.3bn. Reflecting this, and the improvement in financial markets, assets under management increased to EUR 6.6bn, up EUR 0.8bn from the previous quarter.

Nordic Private Banking

Market conditions for Nordic Private Banking were similar, with increased activity improving income and thus profits. During the year, formal private banking agreements were finalised with a substantial number of existing Nordea customers within the affluent segment. This, in combination with the positive development in financial markets, brought assets under management to EUR 22.1bn at the end of the quarter from EUR 13.7bn at the end of the previous quarter.

Life

Net written premiums increased by EUR 320m compared to the previous quarter, and totalled EUR 778m in the fourth quarter.

Investment return (exclusive unit-linked business) was 13.2% (annualised) in the fourth quarter. Increased income during the quarter has to a large extent been allocated to different types of bonus buffers, hence reducing operating profit. As a consequence of restructuring costs related to the merger of Vesta Liv and Norske Liv, operating cost increased somewhat in the quarter.

Result

The improvement in the financial markets influenced the fourth quarter result positively. Both operating profit and product result improved in the combined business area, compared to the third quarter.

Within Asset Management, volume-based income was slightly reduced, whereas transaction-based income increased somewhat. Despite an increase in operating

expenses, the product result amounted to EUR 55m, up 10% on the previous quarter.

Income in Life improved significantly in the fourth quarter. However, a rebuilding of bonus buffers limited the product result for that part of the business area to EUR 4m, which was still considerably up from EUR –49m in the third quarter.

Volumes and margins

EURbn	Total		Denmark		Finland		Norway		Sweden	
	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001	Q4 2001	Q3 2001
Investment funds	35.7 ¹	30.6 ¹	10.1	8.3	4.1	3.9	1.5	1.4	17.5	15.1
Investment Management	39.1	37.1								
Private Banking	28.7	19.5								
Real estate	1.7	-								
Total	105.2	87.2								
Investment fund margins, % ²	1.01	0.97	0.55	0.50	1.33	1.32	0.99	1.01	1.18	1.14
Investment Management margins, %	0.22	0.18								

¹ Including EUR 2.5bn and 1.9bn outside the Nordic countries for the fourth and third quarter, respectively.

² For Denmark net margins are reported, whereas in the other markets, gross margins (before costs of fund management) are reported.

Key figures per quarter – Asset Management activities

EURm	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 ¹ 2000
Revenues	528	133	117	133	145	140
of which allocated to Retail Banking	215	45	48	59	63	61
Expenses	-223	-63	-52	-54	-54	-52
Distribution expenses in Retail Banking	-60	-15	-15	-14	-16	-15
Product result	245	55	50	65	75	73
Operating profit, customer responsible units	90	25	17	20	28	27
Cost/income ratio, % - CRUs	64	64	69	67	58	58
Assets under management, EURbn	105 ²	105 ²	87	101	97	105 ³
Number of employees (full-time equivalents)	830	830	800	800	800	800

¹ Nordea Bank Norway is not included in the 2000 figures.

² EUR 1.7bn refers to the inclusion of real estate investments in Life.

³ Including EUR 3.1bn in Nordea Bank Norway

Key figures per quarter – Life activities

EURm	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 ¹ 2000
Premiums written, net of reinsurance	2,666	778	458	746	684	710
Technical result	-10	-41	5	23	3	0
Investment earnings on shareholders' equity	-7	45	-54	19	-17	-2
Product result	-17	4	-49	42	-14	-2
of which customer responsible units	-30	-6	-24	14	-14	-2
Equities	5,001	5,001	4,384	5,455	5,023	5,934
Bonds	11,205	11,205	10,813	10,636	10,503	8,750
Property	1,740	1,740	1,663	1,502	1,463	1,152
Unit-linked	3,378	3,378	2,952	3,353	3,116	3,149
Total investments	21,324	21,324	19,812	20,946	20,105	18,985
Investment return, % p.a. ²	-0.7	13.2	-12.4	6.8	-10.0	10.8
Technical provisions	20,534	20,534	19,120	20,027	19,122	19,273
Bonus buffers	1,776	1,776	1,563	2,185	2,198	2,811
Number of employees (full-time equivalents)	802	802	827	835	856	880

¹ Excluding the life insurance group in Nordea Bank Norway and Heros life.

² Exclusive of unit linked business.

General Insurance

- **Gross premiums increased by 5% in the fourth quarter**
- **Increased market share in Norway**

General Insurance comprises the activities within direct general insurance and reinsurance.

The reorganisation of the General Insurance activities into a separate legal subgroup has continued during the fourth quarter. Good progress has been made on the separation of the life and general insurance business with respect to both operational, regulatory and tax issues. Nordea's ambition is to reduce its ownership stake in General Insurance to a minority position.

Market conditions

Reinsurance terms have been changed significantly as a result of the terrorist attack in the USA. Premiums have increased by 30% - 40% and certain risks such as terrorism are no longer included in the reinsurance programmes. Because of the price increase insurance companies tend to reduce their reinsurance protection by increasing the retention rate. As a consequence of this increase of risk, companies have to increase their equalisation provisions. The changed terms in the reinsurance market, including no cover of certain insurance risks, will have a direct effect on the corporate customer segment in particular. Within selected segments and selected customer groups there are premium increases to be expected. This is a result of the increasing reinsurance prices and the continuously increasing claims expenses within personal injuries (motor insurance), workmen's compensation insurance and health insurance in Norway.

On the other hand, the rising prices will affect the reinsurance business and substantial growth is expected in premium income in 2002.

Business development

Market share in the Norwegian market increased to 19% and the premium growth and the expense ratio for the fourth quarter are both satisfactory. Market share in Denmark has been maintained at 21%. In Denmark a new hospital insurance scheme has been launched. With hospital insurance customers now have a free choice between the private hospitals in all the Nordic countries. In Denmark personal as well as corporate customers have been given the opportunity via the Internet to get an overview of their own insurance details. The new services are developed for the benefit of all customers of Nordea who hold a policy with General Insurance. Customers with both bank and insurance products have via Internet access to information about their insurance matters.

General Insurance has developed a new advisory service "Tryghedsrådgiveren" available to everybody on the Internet. The service gives an overview of the types of

insurance schemes available and what they cover. On the basis of information about the customer's personal profile advice is given about which insurance and pension products the customer should have.

Following the announcement of the strategic plans to change the ownership structure of General Insurance, Standard & Poor's decided to downgrade the subsidiaries Tryg-Baltica international (reinsurance) and Dansk Kaution (credit and bond insurance) to BBB from A-, until the ownership structure has been settled. Tryg-Baltica international is moreover on A.M. Best's "placed under review" until the ownership structure has been settled. The rating A- has been maintained.

Result

Gross earned premiums increased in the fourth quarter of 2001 and are still at a high level. The growth in premium income is primarily attributable to reinsurance and direct commercial insurance in Norway.

The claims ratio was 88% in the fourth quarter of 2001, an increase of 10 percentage points on the third quarter of 2001. The negative development in the claims reflects a large increase in provisions within personal injuries (motor insurance) in Denmark. The increase is necessary as a result of both a rise in the number of motor cars damaged involving personal injuries, and an increase in the average claims expenses as the loss of work capacity ratio rose from 25% to 65% on average.

The personal insurance market in Norway experienced weaker growth than in 2000. Particularly the number and extent of house fires and water damage grew substantially.

Despite investments in Poland and Finland and rising commission costs, the expense ratio has been reduced by more than 1 percentage point compared to 2000 where the expense ratio was 27%. The increase in the fourth quarter to 27% from 24% in the third quarter is due to seasonal changes. The expense ratio in the fourth quarter 2000 amounted to 30%.

The total investment return was 4.7% in 2001. The return in Denmark was on par with the benchmark, while return in Norway outperformed the benchmark by 3 percentage points.

Key figures per quarter

EURm	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000
Gross earned premiums	1,845	494	470	453	428	429
Technical result	-5	-42	11	25	1	-13
Investment earnings	-13	43	-35	11	-32	-10
Operating profit	-18	1	-24	36	-31	-23
Combined ratio, %	106	114	105	100	106	110
Core operating ratio, % ¹	0	-10	3	7	0	-4
Operating ratio, % ²	-1	0	-6	10	-9	-6
Return on equity, %	-18	8	-18	26	-21	-4
Shares	437	437	372	444	412	427
Bonds	1,790	1,790	1,628	1,518	1,438	1,754
Property	430	430	426	407	412	409
Investments	2,657	2,657	2,426	2,369	2,262	2,590
Investment return, % pa ³	4.7	2.9	-2.8	4.8	1.2	9.4
Number of employees (full-time equivalents)	4,290	4,290	4,280	4,220	4,210	4,250

¹ Technical result/premiums on own account.

² Operating profit/premiums on own account.

³ Before interest allocation to technical result.

Group Treasury

- **Volatile financial markets**
- **Rebound in equity markets**
- **Positive effects from funding**

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

Market conditions

In the fourth quarter, the financial markets were influenced by the aftermaths of the terrorist attack in the USA.

Global short-term money markets rates continued to move lower with assistance from the Federal Reserve. The Federal Reserve cut the funds rate three times in the fourth quarter by a total of 125 basis points to 1.75%. In the Euro area, the ECB lowered the rate more moderately by 50 basis points to 3.25%.

In the Nordic area, the central banks in Norway and Denmark lowered the repo rates, by 50 basis points and 5 basis points, respectively.

In the beginning of November the positive stock market development led to a strong rise in government bond yields globally. Over the quarter government bond yields in the Euro area increased 20-40 basis points. The Nordic stock market indexes improved on the average 20% from the end of the third quarter.

Business development

During the quarter Nordea issued a three-year EUR 1bn public FRN of the EMTN programme. Issuer was Nordea Bank Sweden AB (publ). The issue was well received and oversubscribed at launch. The issue served to secure additional long-term funds, to establish the first liquid benchmark transaction for Nordea and to diversify the investor base.

Nordea Hypotek was active in issuing in the Swedish market during the quarter, taking advantage of favourable funding levels. Total issuance volume amounted to SEK 11.9bn.

Nordea Kredit also saw increased issuance volumes. Major roll over activity in October supported an increase in total loan volume. In December the company passed DKK 100bn in outstanding loans.

At the end of December, the price risk involved in Group Treasury's interest rate positions calculated as a parallel shift assuming a change in market interest rates of 100 basis points was EUR 157m as opposed to EUR 140m at the end of the third quarter.

The risk related to equities, measured as VaR, was EUR 40m at the end of the quarter. In the beginning of the quarter, the VaR was EUR 35m including real estate shares.

Result

Investment earnings totalled EUR 30m in the fourth quarter, an increase of EUR 29m compared to the third quarter. The fixed-income portfolio suffered from rising interest rates in the two-year segment. On the bond market two-year bond rates in the USA and Euro area were increased by 20-30 basis points. The income from equities improved in the fourth quarter and amounted to EUR 34m as opposed to a loss of EUR -60m in the third quarter. The improvement was a result of the general recovery in equity markets.

The operating profit related to Internal Bank activities was EUR 8m during the quarter.

Integration process

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

Operating profit by main area

EURm	Total		Investment and Risk Trading				Group Funding	
	Q4 2001	Q3 2001	Fixed-income Portfolios		Equity Portfolios		Q4 2001	Q3 2001
			Q4 2001	Q3 2001	Q4 2001	Q3 2001		
Income	-	-	0	65	34	-60	16	25
Expenses	-	-	-2	-2	-2	-2	-8	-5
Profit excluding investment earnings	8	20	-	-	-	-	8	20
Investment earnings	30	1	-2	63	32	-62	-	-
Operating profit	38	21						

Key figures per quarter

	Full year 2001	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 ¹ 2000
Operating profit, EURm	174	38	21	35	80 ²	34
Cost/income ratio, %	19	17	23	22	11	22
Bonds, EURbn	13.4	13.4	11.9	11.7	12.9	12.9
Shares, EURbn ³	0.6	0.6	0.6	0.7	0.8	0.9
Investments	14.0	14.0	12.5	12.4	13.7	13.8
Number of employees (full-time equivalents)	101	101	103	106	105	105

¹ Nordea Bank Norway is not included in the 2000 figures.

² Including a reclassification gain of EUR 68m.

³ Including private equity funds and shares in real estate companies.

Thursday 21 February 2002

Thorleif Krarup
Group Chief Executive Officer

- A conference call with management will be arranged on 21 February 2002 at 5:00 pm, local time Stockholm. (Please dial + 46 8 5005 2550, 10 minutes in advance.)
- This year-end report is available on the Internet.
- A slide presentation is available on the Internet.

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Financial calendar:

The Annual General Meeting will be held on 24 April.

The interim report for the first quarter 2002 will be published on 24 April.

Capital markets day will be arranged in London on 29 April

The interim report for the second quarter 2002 will be published on 22 August.

The interim report for the third quarter 2002 will be published on 22 October.

The full Annual Report will be available in English on the Internet around 1 March.

This report is published in four additional language versions; Danish, Finnish, Norwegian and Swedish. In the event of any inconsistencies between those language versions and this English version, the English version shall prevail.

Statutory income statement

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

Notes

Note 1	Net result from financial operations, EURm	2001	2000
	Shares/participations and other share-related instruments	59	149
	Interest-bearing securities and other interest-related instruments	106	55
	Other	2	5
	Foreign exchange gains/losses	182	174
	Total	349	383
Note 2	Loan losses, net, EURm	2001	2000
	<i>Individually appraised receivables</i>		
	Losses incurred during the period	532	751
	Previous provisions utilised	-448	-701
	Provisions for possible loan losses	845	567
	Recovery of previously incurred losses	-108	-82
	Reversal of previous provisions	-489	-437
		332	98
	<i>Receivables appraised by category</i>		
	Losses incurred during the period	17	19
	Recovery of previously incurred losses	-15	-14
	Reversal/provision to reserves for possible loan losses	14	-18
		16	-13
	Country risk	12	-18
	Contingent liabilities	2	1
	Total loan losses, net	362	68
	Change in valuation of property taken over for protection of claims	11	11
	Loan losses, operational income statement	373	79

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

Accounting principles

Accounting principles and methods of calculation are unchanged compared to the annual accounts 2000.

In Q1 2001 interest-bearing securities previously classified as financial fixed assets have been reclassified a current assets. The reclassification implied a gain of EUR 68m.

Exchange rates applied

EUR 1 = SEK	2001	2000
Income statement (average)	9.2684	8.4631
Balance sheet (at end of period)	9.3012	8.8313
EUR 1 = DKK		
Income statement (average)	7.4515	7.4532
Balance sheet (at end of period)	7.4365	7.4631
EUR 1 = NOK		
Income statement (average)	8.0516	8.1044
Balance sheet (at end of period)	7.9515	8.2335
EUR 1 = FIM 5.94573 (fixed rate)		

Statutory balance sheet, end of period

EURbn	Dec 2001	Dec 2000
Loans and advances to credit institutions	24	23
Lending	138	129
Interest-bearing securities	33	28
Shares	1	1
Shares in group and associated undertakings	1	1
Intangible assets	3	3
Land and buildings	2	2
Other assets, banking ¹	16	15
Assets, insurance ¹	24	22
Total assets	242	224
¹ Investments, customers and policyholders bear the whole risk	6	6
Deposits by credit institutions	30	29
Deposits	83	79
Other borrowings from the public	5	2
Debt securities in issue	61	56
Other liabilities, banking	23	19
Liabilities, insurance	22	21
Subordinated liabilities	6	7
Minority interests	0	0
Shareholders' equity	12	11
Total liabilities and shareholders' equity	242	224

Movements in shareholders' equity, EURm

	2001
Shareholders' equity at 1 January	11,105
Dividend	-675
Conversion of convertible loans	2
Own shares ¹	-41
Currency translation adjustment	-140
Net profit for the period	1,568
At end of period	11,819

¹ Number of own shares at the end of Dec 17.9 million.

Capital adequacy	Dec 2001	Dec 2000
Tier 1 capital, EURm	9,900	8,969
Capital base, EURm	12,353	12,422
Risk-weighted assets (banking), EURbn	136	132
Tier 1 capital ratio, %	7.3	6.8
Total capital ratio, %	9.1	9.4

Notes

Derivatives EURm, Dec 2001	Interest rate derivatives		Equity derivatives		Foreign exchange derivatives	
	Market value	Book value	Market value	Book value	Market value	Book value
Positive values	5,335	5,089	249	116	3,564	3,313
Negative values	5,634	5,315	168	97	3,020	2,717

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

Problem loans, EURm	Dec 2001	Sep 2001	Jun 2001	Mar 2001	Dec 2000
Doubtful loans, gross	3,086	3,120	3,040	3,059	3,053
Provisions for bad and doubtful loans	-2,259	-2,267	-2,122	-2,218	-2,256
Doubtful loans, net	827	853	918	841	797
Loans with interest deferments	28	29	35	35	29
Problem loans, total	855	882	953	876	826
Provisions/doubtful loans, gross, %	73	73	70	73	74
Doubtful loans, net/lending, %	0.6	0.6	0.7	0.6	0.6
Property taken over for protection of claims					
Land and buildings	13	17	12	12	18
Shares and participations	35	33	19	8	11
Other	1	1	8	5	2
Total	49	51	39	25	31

Nordea AB (publ)

Nordea AB (publ) is the parent company of the Nordea Group.

EURm	2001	2000
Income statement		
Operating income	2	-
Operating expenses:		
Personnel expenses	-14	-2
Other operating expenses	-36	-17
Operating loss	-48	-19
Net result from financial operations:		
Dividend income, received	400	301
Dividend income, anticipated	1,000	1,412
Group contributions	412	-
Interest income	22	11
Interest expenses	-24	-21
Commission expenses	-3	-1
Other financial items	14	-
Profit after financial operations	1,773	1,683
Allocation to profit equalisation reserve	-67	-
Pension adjustment	0	-
Profit before tax	1,706	1,683
Tax for the year	-62	0
Net profit for the year	1,644	1,683
Balance sheet, end of period		
Assets:		
Shares in subsidiaries	9,307	7,794
Long-term receivables	183	132
Current assets	1,850	1,448
Total assets	11,340	9,374
Shareholders' equity and liabilities:		
Shareholders' equity	9,727	8,892
Untaxed reserves	67	-
Provisions	8	-
Subordinated liabilities	111	113
Other liabilities	1,427	369
Total shareholders' equity and liabilities	11,340	9,374