Nordea PRESS RELEASE

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Interim Report Second Quarter 2001

Profit and volume growth

- **Total operating profit up 22% to EUR 677m compared to first quarter. EUR 1,232m accumulated for the first half-year.**
- **Stable growth in operating profit excluding investment earnings, up 6% from first quarter to EUR 604m. Up 20% in first half-year compared to previous year.**
- **Net interest income continued to show stable progress.**
- **Increased commission income in second quarter.**
- **Net loan losses 0.18% (0.14% in first quarter), annualised.**
- **Earnings per share EUR 0.16, up from EUR 0.13 in first quarter.**
- **Deposits increased by 5% and lending by 3% during second quarter.**
- **Combined ratio 100% in second quarter, improved 6 percentage points from first quarter.**

Strategic progress

- **Acquisition of Swedish Postgirot strengthens market position.**
- **E-banking shows all time high in number of log-ons (18.4m) and payments (21.0m) an increase of 40% and 46%, respectively, since second quarter 2000.**
- **Rating – several upgradings**
- **All banks in the Group to be branded Nordea from December.**

"Nordea is showing strong financial growth in spite of a volatile market. In a very competitive situation we have been able to integrate all business units without losing customer focus or tempo. Going forward we believe that earnings excluding investment operations will be in line with the two previous quarters", says Thorleif Krarup, Group CEO Nordea.

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 2.4 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

Operational income statement

EURm	**Q2 2001**	Q1 2001	Change %	Jan-June 2001	Jan-June 2000[1,2]	Change %	Full year[1] 2000
Net interest income	**885**	872	1	1,757	1,348	30	2,838
Commission income	**370**	361	2	731	766	-5	1,454
Trading	**128**	156	-18	284	213	33	415
Income from insurance	**185**	134	38	319	220	45	451
Other	**52**	36	44	88	63	40	134
Income	**1,620**	**1,559**	**4**	**3,179**	**2,610**	**22**	**5,292**
Personnel expenses	**-556**	-541	3	-1,097	-897	22	-1,829
Other expenses	**-421**	-414	2	-835	-731	14	-1,491
Expenses	**-977**	**-955**	**2**	**-1,932**	**-1,628**	**19**	**-3,320**
Profit before loan losses	**643**	**604**	**6**	**1,247**	**982**	**27**	**1,972**
Loan losses	**-59**	-45	31	-104	-37	181	-79
Profit from companies accounted for under the equity method	**20**	11	82	31	32	-3	62
Operating profit excl investment earnings	**604**	**570**	**6**	**1,174**	**977**	**20**	**1,955**
Treasury	**25**	68	-	93	203	-	267
Life insurance	**19**	-17	-	2	48	-	61
General insurance	**11**	-32	-	-21	53	-	81
Other	**55**[3]	2	-	57	127	-	164
Investment earnings	**110**	**21**	**-**	**131**	**431**	**-**	**573**
Goodwill depreciation	**-37**	-36	3	-73	-49	49	-93
Operating profit	**677**	**555**	**22**	**1,232**	**1,359**	**-9**	**2,435**
Loss on disposal of real estate holdings	**-**	-	-	-	-40	-	-40
Refund of surplus in pension foundations	**-**	-	-	-	17	-	32
Taxes	**-193**	-157	23	-350	-360	-3	-691
Minority interests	**-1**	-1	0	-2	-2	0	-3
Net profit	**483**	**397**	**22**	**880**	**974**	**-10**	**1,733**

[1] Including Unidanmark Q1 pro forma.
[2] Profit Q1 – Q4 2000 excluding Christiania Bank og Kreditkasse (CBK).
[3] Of which final settlement Aleksia EUR 5m.

Ratios and key figures[1]

	Q2 2001	Q1 2001	Jan-June 2001	Jan-June 2000
Earnings per share, EUR	0.16	0.13	0.29	0.33
Share price[2], EUR	6.73	6.88	6.73	7.90
Shareholders' equity per share[2], EUR	3.76	3.62	3.76	3.60
Shares outstanding[2,3], millions	2,964	2,982	2,964	2,979
Return on equity, %	17.0	14.1	15.6	18.6
Return on equity excl goodwill[4], %	23.4	19.7	21.6	22.5
Lending[2], EURbn	135	131	135	109
Deposits[2], EURbn	81	77	81	65
Shareholders' equity[2], EURbn	11	11	11	11
Total assets[2], EURbn	233	233	233	192
Assets under management[2], EURbn	101	97	101	104
Cost/income ratio, banking[5], %	55	55	55	52
Combined ratio, general insurance, %	100	106	103	102
Tier 1 capital ratio[2], %	7.0	6.6	7.0	9.0
Total capital ratio[2], %	9.6	9.2	9.6	10.8
Risk-weighted assets[2], EURbn	135	136	135	110

[1] Profit Q1 – Q4 2000 excluding Christiania Bank og Kreditkasse (CBK).

[2] End of period, including CBK from Q4 2000.

[3] Average number of shares Jan-June 2001 after full dilution was 2,995 million.

[4] Excluding goodwill depreciation and excluding remaining goodwill, which has reduced shareholders' equity.

[5] Before loan losses and goodwill depreciation.

Quarterly development

EURm	Note	Q2 2001	Q1 2001	Q4 2000[3]	Q3 2000[3]	Q2 2000[3]
Net interest income		**885**	872	757	733	707
Commission income	1	**370**	361	368	320	386
Trading		**128**	156	94	108	72
Income from insurance		**185**	134	129	102	138
Other		**52**	36	36	35	29
Income		**1,620**	**1,559**	**1,384**	**1,298**	**1,332**
Personnel expenses		**-556**	-541	-478	-454	-458
Other expenses		**-421**	-414	-429	-331	-382
Expenses	2	**-977**	**-955**	**-907**	**-785**	**-840**
Profit before loan losses		**643**	**604**	**477**	**513**	**492**
Loan losses		**-59**	-45	-22	-20	-20
Profit from companies accounted for under the equity method		**20**	11	-1	31	23
Operating profit excl investment earnings		**604**	**570**	**454**	**524**	**495**
Treasury		**25**	68	34	30	105
Life insurance		**19**	-17	-2	15	3
General insurance		**11**	-32	-10	38	-17
Other		**55**	2	20	17	71
Investment earnings		**110**	**21**	**42**	**100**	**162**
Goodwill depreciation		**-37**	-36	-23	-21	-27
Operating profit		**677**	**555**	**473**	**603**	**630**
Loss on disposal of real estate holdings		**-**	-	-	-	-
Refund of surplus in pension foundations		**-**	-	8	7	9
Taxes		**-193**	-157	-149	-182	-163
Minority interests		**-1**	1	0	-1	0
Net profit		**483**	**397**	**332**	**427**	**476**

Note 1 **Commission income,** EURm

	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Brokerage	**60**	79	68	55	87
Asset Management/Mutual funds	**116**	113	130	122	128
Issue of securities	**20**	10	16	15	24
Lending	**91**	75	81	73	68
Deposits and payments	**127**	129	117	103	111
Foreign exchange	**8**	12	16	16	17
Other	**27**	20	16	13	15
Commission expenses	**-73**	-73	-74	-64	-66
Net commission income	**376**	365	370	333	384
of which investment activities	**-6**	-4	-2	-13	2
Commission income	**370**	**361**	**368**	**320**	**386**

Note 2 **Expenses,** EURm

	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Personnel[1]	**560**	545	482	459	460
Information technology[2]	**104**	95	80	49	68
Marketing	**25**	29	41	21	29
Postage, telephone and office expenses	**63**	57	67	49	56
Rents, premises and real estate expenses	**91**	92	89	75	73
Other	**143**	146	156	141	159
Expenses incl. investments	**986**	964	915	794	845
of which investment activities	**-9**	-9	-8	-9	-5
Expenses	**977**	**955**	**907**	**785**	**840**

[1] Of which profit related personnel expenses including profit-sharing system were EUR 70m, in 2001.

[2] Refers to computer operations, service expenses and consulting fees. Total IT-related costs, incl personnel etc were EUR 395m, in 2001.

[3] Profit Q2–Q4 2000 excluding Christiania Bank og Kreditkasse (CBK).

The Group

Result summary

Operating profit in the second quarter of 2001 amounted to EUR 677m, which represents a 22% increase compared to the first quarter this year.

Operations in the second quarter are characterised by stable growth in net interest income, maintained commission income despite continuing turbulence in the capital markets, and total expenses in line with the previous quarter.

Net profit for the quarter totalled EUR 483m, corresponding to earnings per share of EUR 0.16. Return on equity was 17.0%, or 23.4% excluding goodwill.

Operating profit excluding investment earnings, increased to EUR 604m in the second quarter, or 6% compared to the first quarter. Total income excluding investment earnings increased by 4%, whereas corresponding costs increased by 2%.

Investment earnings increased to EUR 110m in the second quarter from EUR 21m in the previous quarter. Non-recurring gains totalling EUR 97m were included in investment earnings, as compared to EUR 68m in the first quarter. Adjusted for these gains the operating profit increased by 19%.

Development in the second quarter

The demand for credit in the Nordic region remains good despite increased uncertainty as to the overall macroeconomic development. Total lending increased by 3% during the second quarter, to EUR 135bn. Total deposits from customers increased by 5% to EUR 81bn. From year-end lending increased 5% and deposits increased 3%.

Net interest income, excluding investment earnings, increased to EUR 885m (EUR 872m in the first quarter of 2001) following growth in lending and deposit volumes. Overall margins were in essence at the same level as in the previous quarter. Lending margins to corporate customers tend to increase in connection with a more uncertain macroeconomic situation. The cost for the deposit guarantee in Sweden was at the same level as in the first quarter, but approximately EUR 10m lower each quarter this year than the average level per quarter last year.

The Nordic stock exchange indexes increased somewhat during the second quarter. However, both turnover volumes and number of transactions showed a marked decrease compared to the first quarter. Nordea's assets under management at the end of June amounted to EUR 101bn, compared to EUR 97bn at the end of the first quarter. Despite the reduced level of overall activity in the Nordic equity capital markets, net commission income increased somewhat compared to previous quarters and amounted to EUR 370m (EUR 361m). This was mainly due to sustained commissions from asset management and increased payments and lending commissions.

Income from trading, mainly comprising income from foreign exchange and derivatives trading with customers, amounted to EUR 128m (EUR 156m). Trading income was lower than in the first quarter, which was characterised by high volatility leading to a particularly large business volume.

Income from insurance, excluding investment income, increased by EUR 51m to EUR 185m in the second quarter, mainly caused by premium growth and lower claims within general insurance.

Other income, which primarily consists of property-related income, was EUR 52m (EUR 36m).

Expenses amounted to EUR 977m (EUR 955m). The cost level was largely in line with the previous quarter and illustrates a high level of activity during the quarter with respect to both customer-related activities and integration progress.

Following further loan loss provisions on certain previously troubled commitments, mainly within acquisition finance, net loan losses amounted to EUR 59m (EUR 45m). Net loan losses correspond to 0.18% (0.14%) of total loans, annualised. At the end of the quarter, doubtful loans amounted to EUR 918m (EUR 841m), on a net basis, representing 0.7% (0.6%) of total lending.

Comparison with the first half year 2000

For the first six months, operating profit totalled EUR 1,232m. This is 9% lower than for the corresponding period last year. The reduction is primarily a result of particularly high investment earnings last year. Christiania Bank (CBK), which was acquired in December 2000, is not included in the figures for 2000. Adjusted for CBK the operating profit fell 10%.

Income increased by 22% compared to last year. Expenses increased by 19%. Adjusted for CBK income and expenses increased 9% and 3%, respectively.

For the first half-year net profit amounted to EUR 880m, corresponding to EUR 0.29 per share (EUR 0.58 for the full year 2000).

Operating profit excluding investment earnings for the first half of 2001 increased by 20% to EUR 1,174m. Adjusted for CBK the increase was 14%. In addition to the contribution from CBK, the improvement is the result of well-maintained customer focus, despite high level of activity related to integration issues, and continued realisation of merger synergies.

Investment earnings

Investment earnings totalled EUR 110m in the second quarter, an increase of EUR 89m compared to the first quarter. Although equity markets were relatively turbulent during the quarter, stock exchange indexes were somewhat higher at 30 June 2001 than at the end of the preceding quarter, leading to equity gains. This more than outweighed losses on the fixed-income portfolios following interest rate increases for key currencies.

Nordea sold its shares in the Swedish company Atle in May. The profit from the sale represents a gain of EUR 57m in the second quarter.

Final settlement for the sale of Finnish real estate company Aleksia was achieved during the second quarter, resulting in a gain of EUR 5m. In addition to the final settlement an agreement with the Finnish insurance company Ilmarinen was reached regarding future gains from development projects and sale of real estate. This agreement resulted in a gain of EUR 35m.

Tax dispute CBK

The Norwegian Supreme Court in June 2001 pronounced judgement in the tax action brought by CBK against the Norwegian government regarding the tax treatment of the preference capital the Bank received in 1991. The Court found that the disputed amount of EUR 340m should not be counted as taxable income. As a result goodwill related to the acquisition of CBK has been adjusted by EUR 95m.

Credit quality

The overall quality of the loan portfolio is in essence unchanged compared to previous quarters, although net loan losses were somewhat higher than in the first quarter of this year.

The composition of the portfolio with respect to customer groups is stable compared to the end of 2000. Approximately 63% of the loans are to companies and 37% to households. The distribution by industry shows only minor changes, and within the household sector 75% of the loans are mortgages.

Total exposure to the telecommunication sector is stable, and slightly below EUR 8bn. The credit quality of the customers within this sector is considered to be good. Nordea’s exposure to the newly started Internet-related companies is very low as this sector traditionally has been equity financed.

The loan losses experienced over the first six months are related to a limited number of commitments and do not reflect a general trend of reduced debt servicing ability across the customer base as a whole. This is also evidenced by the fact that doubtful loans gross at EUR 3,040m is slightly below the corresponding figure for the year-end and end of the first quarter.

Nordea has implemented a uniform credit policy and an integrated credit-granting process throughout the Group. Going forward special emphasis will be put on correct pricing of credit risk. Nordea expects lending margins to widen to reflect the changing credit quality in a possible downward trend.

Acquisition of Postgirot Bank

On 31 July 2001 Nordea and Swedish Post announced an agreement for Nordea’s acquisition of Postgirot Bank. Nordea will, through this transaction, strengthen its competitiveness in important growth areas such as payments and cash management, and consolidate its position as the leading financial services group in the Nordic and Baltic Sea area. The acquisition provides excellent opportunities for cross-selling to Postgirot Bank’s 1.3 million customers, of whom approximately 70% is not Nordea customers today.

The agreed purchase price is EUR 440m (SEK 4.1bn) plus the net profit generated from 1 January 2001 until completion of the transaction. The acquisition is subject to approvals from the Swedish Financial Supervisory Authority and the EU Commission. Closing of the transaction is expected within 6 months.

Integration progress

The business areas Asset Management and Corporate and Institutional Banking adopted the Nordea brand early this year. Investment Banking changed its name from ArosMaizels to Nordea Securities in May this year.

Nordea announced in June that all banking operations will change name to Nordea in December this year.

Unibank in Denmark, Merita Bank in Finland, K-Bank in Norway, and Nordbanken in Sweden will consequently change their names. The decision to apply unified Nordea branding is based on careful commercial analyses. The analyses confirmed that integration is progressing ahead of schedule.

Other integration achievements and initiatives during the quarter include:

- The Polish life insurance company was renamed Nordea Zycie.
- General insurance products were made available through the Solo service in Finland.
- Decision was made to align the legal structure to the business structure, thereby enhancing transparency and strategic flexibility.

At the end of the second quarter accumulated realised synergies from the integration of Unidanmark and Christiania Bank had increased to approximately EUR 75m. At the end of 2001, Nordea expects that synergies amounting to EUR 145m out of total announced annual pre-tax synergies of EUR 360m will have been realised.

IT integration
About one third of IT investments this year will be related to integrating IT systems.

A strategy of full integration for truly Nordic activities such as Asset Management and Corporate and Institutional Banking has been chosen, whereas a step by step strategy is implemented for retail oriented activities.

The common cross-border technical infrastructure is based on a middle-layer architecture, utilising proven technology mainly in the form of software solutions.

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

Integration projects have been initiated for all business areas, and completion is expected within 18 months.

Annual General Meeting
The Annual General Meeting of Shareholders was held on 10 April 2001. Kjell Aamot was elected new Board member for a period of one year, and Harald Arnkværn was elected new Board member for a period of two years.

The General Meeting decided, based on certain conditions, to authorise the Board of Directors to acquire Nordea’s own shares limited to a total holding of 10% of all shares.

The AGM confirmed the proposed dividend of SEK 2 per share corresponding to a total dividend of EUR 675m.

Shareholders’ equity & capital ratio
Shareholders’ equity amounted to EUR 11.1bn at the end of June. The fair value of assets in the Group’s pension foundations and pension fund exceeded pension commitments by EUR 0.2bn. No refund of surplus was made during the quarter.

Following the authorisation of the Annual General Meeting in April 2001 the Board of Directors of Nordea on 25 April 2001 decided to purchase shares in the company for the purpose of achieving a hedge regarding the Group's share-related incentive programme.

The intended purpose was accomplished by repurchasing a total amount of 17,000,000 shares on the Stockholm Stock Exchange. The shares were purchased on 25 and 26 April at an average price of SEK 63.48 per share.

As per 30 June 2001 Nordea’s Tier 1 capital ratio was 7.0% and the Total capital ratio was 9.6%. The calculation includes the net profit for the first six months of 2001, less dividend calculated based on Nordea’s stated dividend policy.

The Nordea share
The share prices for Nordic financial institutions have been largely unchanged during the second quarter 2001. The Nordea share traded at SEK 58.00 on 20 August 2001, which corresponds to a reduction of 18.9% compared to year-end 2000.

Rating
CBK, comprising Nordea’s Norwegian banking operations, was upgraded by Moody’s in July, and now holds a Aa3 long-term rating, which is the same rating held by the other bank entities in the Group. Moody’s stated that the upgrade was based on the significant degree of post-merger integration of CBK.

In August Fitch upgraded all banks in the Nordea Group. Long-term and short-term ratings were upgraded to AA- and F1+, respectively. According to Fitch the upgrades reflect the steady progress of Nordea’s pan-Nordic strategy.

Outlook
Macroeconomic prospects are more uncertain than previously, with recent reductions in growth expectations and relatively turbulent equity markets. Still, there is currently an expectation of growth in all four Nordic economies, and the demand for credit continues to be at a relatively high level. The outlook for growth in the business volume for Nordea’s main products and services is therefore considered satisfactory within an acceptable risk and profitability profile. Increasing volumes and continuous work on risk management request more resources but a sharp focus will be maintained on cost development.

Operating profit excluding investment earnings for the two upcoming quarters is expected to be in line with the two previous quarters. Investments earnings will in principle follow the market development.

Results by business area second quarter 2001

Profit by business area[1]	Business areas								
EURm	Retail Banking	Corporate and Institutional Banking	Asset Manage-ment	Investment Banking[2]	Life Insurance and Pensions[3]	General Insurance[3]	Treasury	Other	Total
Customer responsible units:									
Income	1,101	275	60	42	18	121	18	-15	1,620
Expenses	-599	-126	-40	-41	-21	-96	-8	-46	-977
Loan losses	-23	-60	-	-	-	-	-	24	-59
Equity method	-	4	-	-	-	-	-	16	20
Profit excl investment earnings	**479**	**93**	**20**	**1**	**-3**	**25**	**10**	**-21**	**604**
Investment earnings	-	-	-	-	17	11	25	57	110
Goodwill	-	-	-	-	-	-	-	-37	-37
Operating profit 2001: Q2	**479**	**93**	**20**	**1**	**14**	**36**	**35**	**-1**	**677**
2001: Q1	458	140	28	5	-14	-31	80	-111	555
2000: Q4	345	74	27	12	-3	-23	34	7	473
2000: Q3	423	119	25	2	22	45	34	-67	603
2000: Q2	351	114	29	22	9	5	99	1	630
Return on equity, %	26	12	-	-	-	-	-	-	17.0
Cost/income ratio, banking, %	54	46	67	98	-	-	22	-	55
Combined ratio, %	-	-	-	-	-	100	-	-	100
Product responsible units:									
Income			133	33	64				
Expenses			-68	-48	-41				
Investment earnings			-	-	19				
Product result 2001: Q2			65	-15	42				
2001: Q1			75	10	-14				
2000: Q4			68	20	-2				
2000: Q3			75	22	15				
2000: Q2			69	31	8				

[1] Business area reporting excludes CBK in 2000.
[2] Product result within Investment Banking refers to Equities excluding Corporate Finance.
[3] Income is reported as net of premiums, technical interest, claims, benefits and provisions. Income from insurance, EUR 185m in the Group income statement, includes income from product earnings in Life Insurance and Pensions (EUR 64m), income from customer responsible units in General Insurance (EUR 121m), and group adjustments of EUR 0m.

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.

Customer responsibility is fundamental within Nordea. 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 results, which include 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 the 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 the autumn of 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. 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 funding costs for the cash acquisition of CBK, 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.

Retail Banking

- **Operating profit up 5% compared to the first quarter**
- **Continuous improvement in cost/income ratio**
- **Return on equity still at a high level of 26%**
- **Electronic services continue to expand**

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

Market conditions

Market conditions in the second quarter were as in the first quarter characterised by a cautious attitude towards investing in mutual funds, and a shift away from equity products to bond and cash products.

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

Business development

Lending to households expanded from EUR 46.0bn to EUR 47.1bn in the second quarter. Deposits from households increased from EUR 34.6bn in March to EUR 35.6bn in June.

Lending to corporate customers expanded from EUR 48.3bn at the end of March to EUR 50.0bn at the end of June, while deposits increased over the same period from EUR 21.7bn to EUR 22.2bn.

Lending margins have been stable over the quarter, while deposit margins have decreased slightly.

The total loan volume at the end of June 2001 amounted to EUR 97bn, around half of which comprised household and corporate mortgages. The loan growth over the last 12 months has been 9%. The deposit volume at the end of June amounted to EUR 58bn. This is an increase of 1% over the last 12 months. Growth figures are calculated including CBK.

In spite of the cautious customer attitude to investments the selling of mutual funds in the second quarter amounted to EUR 1.0bn with particular focus on interest-rate products.

Retail Banking continues to sell strongly in the growing range of e-banking products. By 30 June 2.4 million customers had subscribed to the Group’s net banking services, and the targeted number for the beginning of 2002 is 2.7 million. At the end of June the Group had 234,000 customers who were able to trade equities over the Internet.

Netbank activity continues to grow at a rapid pace. The number of log-ons was 18.4 million in the second quarter, representing a growth rate of close to 40% compared to the second quarter of 2000. The number of netbank bill payments over the same period showed a growth of 46% to a level of 21.0 million.

Result

Operating profit in the second quarter of 2001 was EUR 479m, up by EUR 21m compared to the first quarter 2001. Total income increased by 3% to EUR 1,101m. Net interest income increased slightly due to growth in loan and deposit volumes. Net commission income and other income also increased, although income from mutual funds and trading was still influenced by reduced customer demand for mutual funds, especially equity funds.

The cost/income ratio for the second quarter was 54%, down from 56% in the first quarter. Loan losses increased from EUR 16m to EUR 23m, which still represents a low level.

Return on equity increased somewhat to 26%.

New services and major events

- The Retail banks in the four Nordic countries will from December 2001 operate under the Nordea brand. The decision to join the retail banks under the common name Nordea is a signal that the integration of the four nationwide banks in Finland, Sweden, Denmark and Norway has progressed faster and better than predicted.
- Merita General Insurance began the selling of householders' comprehensive insurance to Merita Bank's customers through the Solo portal. Later this year customers will also be able to buy general insurance through Merita branches. More products will be added to the service range during this autumn.
- Internet banking services:
  - Solo was launched in Latvia. The services target private individuals but are also expected to attract many small businesses.
  - International equity trading and text version of Solo for Personal Digital Assistants - PDA’s - in Finland.
  - Day trading of equities, handling of foreign documents and external Solo terminals in Sweden.
  - New version of Solo Netbank in Denmark.
- Mobile banking services:
  - MasterCard account balance available via mobile telephone in Finland.
- E-commerce services:
  - E-payment and e-invoice was launched in Norway. Thereby the Solo Market has been

- launched in all of the four Nordic countries. The objective for the first 12 months in Norway is 100 agreements.
- Cash management and corporate payments:
  - New Unitel release with Internet communication and program download in Denmark.
  - New version of Axess (2.4) in Sweden.
- The work on creating the Next Generation Solo - featuring more individually tailored services for both private and corporate customers as well as a common technical platform for the Nordea Group - has been started.
- The Danish finance companies Unileasing, Unifinans and Unifactoring were merged as Nordea Finance Denmark and integrated into Nordea Finance.
- The merger of Nordea's two Polish banks is in progress.

Operating profit by market

	Total		Retail Denmark		Retail Finland		Retail Norway		Retail Sweden		Poland & Baltic	
EURm	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001
Net interest income	798	774	235	217	250	245	94	94	212	212	6	6
Net commissions & other income	303	292	84	64	74	76	39	37	102	113	4	2
Total income	**1,101**	**1,066**	**319**	**281**	**324**	**321**	**133**	**131**	**314**	**325**	**10**	**8**
Total expenses	-599	-592	-178	-170	-157	-146	-77	-85	-180	-185	-7	-6
Profit before loan losses	**502**	**474**	**141**	**111**	**167**	**175**	**56**	**46**	**134**	**140**	**3**	**2**
Loan losses	-23	-16	-5	-9	-9	-4	-4	-4	-2	1	-2	0
Operating profit	**479**	**458**	**136**	**102**	**158**	**171**	**52**	**42**	**132**	**141**	**1**	**2**
Cost/income ratio, %	54	56	56	61	48	45	59	65	57	57	69	76
Return on equity, %	26	25	24	18	39	45	16	14	23	25	6	21

Volumes

	Total		Retail Denmark		Retail Finland		Retail Norway		Retail Sweden	
	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001
Lending, EURbn	97.0	94.7	26.2	25.7	20.9	20.4	15.5	14.8	34.4	33.9
Deposits, EURbn	57.8	56.2	13.5	12.8	20.0	19.1	8.6	8.4	15.7	16.0

Key figures per quarter

	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Operating profit, EURm	**479**	458	345	423	351
Return on equity, %	**26**	25	20	27	24
Cost/income ratio, %	**54**	56	58	53	58
Customer base: personal customers, million	**8.9**	8.9	8.4	8.3	8.3
corporate customers, million	**0.6**	0.6	0.6	0.6	0.6
Number of employees (full-time equivalents)	**22,000**	22,200	19,300	19,200	19,200
CBK is not included in the 2000 figures					

Corporate and Institutional Banking

- **Stable core earnings**
- **Increased provisions for loan losses**
- **Continued high activity in Markets**

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.

Market conditions

The less positive business environment at the end of 2000 and in the first quarter has continued in the second quarter, with a more uncertain macroeconomic outlook. Some sectors, such as shipping, remain strong, though. Notwithstanding the somewhat mixed developments, business activity has been relatively strong in Corporate and Institutional Banking.

Lending margins to corporate customers tend to increase in connection with a more uncertain macroeconomic situation.

Business development

The Corporate division has continued to show a positive development with a steady flow of ordinary business, largely unsupported by very large one-off transactions.

The Shipping, Offshore and Oil Services division has seen an active first half of 2001, with a record volume of new transactions. The trend is, as in many other industries, towards larger transactions requiring more substantial underwriting capacity. Considerable success has been achieved in syndicating the shipping transactions.

The Markets division experienced continued high activity and strong earnings in the second quarter. Debt issuance activities were carried out for, among others, TDC, Sonera, Kone, and Assa Abloy. Nordea Markets was also joint lead manager on the EUR 5bn Republic of Finland 5% 2007 issue.

Lower turnover in the equity markets affected custody services, with the number of transactions handled by Nordea about 13% lower than in the first quarter. Nordea's capability to offer e g remote broker services in all Nordic countries is a competitive advantage. Several mandates have been won during the first half of 2001.

The merger of Nordea’s partly owned International Moscow Bank (IMB) with Bank Austria Creditanstalt, Russia is progressing, and will be completed before the end of 2001.

The slowdown of exports and imports will affect volumes in trade finance and export finance negatively.

Result

The underlying business in Corporate and Institutional Banking shows stable development. The total income declined somewhat as income in the Markets division decreased slightly compared to the very high level in the first quarter.

Operating profit amounted to EUR 93m which is a 34% decline compared to the first quarter. Return on equity dropped to 12%. The cost/income ratio was 46%. The reason for the decline in operating profit was mainly increased provisions for problem loans, referring largely to certain previously troubled commitments within acquisition finance. Net loan losses in the second quarter on customer exposures were EUR 50m. An increase of the country risk reserve with EUR 10m during the period was made due to higher business volumes and downgrading of certain countries.

Integration continues according to plan

The organisation is now managed fully according to functional lines. In order to avoid double representation, all duplicate Nordic offices have now been closed. Remaining integration issues are concentrated to IT, with projects ongoing.

There is a continued strong focus on improving Nordic capabilities in cash management, as regards e g electronic banking systems and cash pooling solutions.

Institutional customers, mainly with a global reach, have expressed high overall satisfaction with Nordea in a recent survey, with Nordea being perceived as the pre-eminent bank in the Nordic region. Furthermore, a customer survey confirms Nordea Market’s leading position in fixed income services.

Operating profit by main areas

EURm	Total Q2 2001	Total Q1 2001	Corporate division Q2 2001	Corporate division Q1 2001	Shipping, Offshore and Oil Services division Q2 2001	Shipping, Offshore and Oil Services division Q1 2001	International Division Q2 2001	International Division Q1 2001	Markets[1] Q2 2001	Markets[1] Q1 2001
Total income	275	292	146	143	47	41	52	58	96	114
Total expenses	-126	-125	-55	-58	-7	-8	-22	-22	-47	-50
Profit before loan losses	**149**	**167**	**91**	**85**	**40**	**33**	**30**	**36**	**49**	**64**
Loan losses	-50	-24	-2	8	-12	16	-11	0	-	-
Country risk	-10	-6	-	-	-	-	-10	-6	-	-
Equity method	4	3	-	-	-	-	4	3	-	-
Operating profit	**93**	**140**	**89**	**93**	**28**	**49**	**13**	**33**	**49**	**64**
Lending, EUR bn	31.6	30.2	18.8	17.5	7.3	7.5	4.5	5.1	-	-

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

Key figures per quarter

	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Operating profit, EURm	**93**	140	74	119	114
Return on equity, %	**12**	15	9	15	15
Cost/income ratio, %	**46**	43	48	49	50
Number of employees (full-time equivalents)	**3,100**	3,100	2,600	2,700	2,700

CBK is not included in the 2000 figures

Asset Management

- **Continued volatility in financial markets affected assets under management (AuM) and result**
- **AuM up 4% to EUR 101bn in the second quarter**
- **Net inflow of assets limited and dominated by fixed income**
- **Transaction and front-end income subdued as customers adopt wait-and-see attitude to markets**
- **Danish Investment Funds operation won Sharpe Award for best fund provider in 2000**

Asset Management includes the Group's activities within institutional investment management, private banking and mutual funds.

Market conditions
Starting in the autumn last year, financial markets have experienced considerable volatility, and the negative development in the telecom and Internet sectors in particular had a strongly negative effect on the Nordic markets.

Business development
Total assets under management increased by 4% to EUR 101bn in second quarter from EUR 97bn in the first quarter. This is in spite of the sharply negative performance of the Swedish and Finnish technology shares, to which Nordea's customers have significant exposure.

In May, Nordea Funds was voted the most trusted provider in an independent survey by the Finnish market research institute Taloustutkimus, while in Sweden seven Nordea funds achieved five stars from the Win rating agency. In June Nordea's Danish Investment Funds operation won the daily Børsen's annual Sharpe Award for best fund provider in Denmark.

Investment Management
Investment Management gained a number of new mandates outside the Nordic region in the second quarter, confirming Nordea's position as a player in the European and North American institutional markets. Net inflow of new assets during the quarter totalled EUR 1.4bn. Assets under management totalled EUR 74.9bn at the end of June, including a major part of assets in Nordea's mutual funds. The average gross margin during the first half of 2001 was 21 bp on an annualised basis.

This margin includes income related to assets managed for Group internal mutual funds, life insurance companies and pension pools.

Mutual Funds
In the second quarter the demand for mutual funds was somewhat stronger than in the first quarter, especially in the Swedish market. The positive development of sales in the European market through intermediaries also continued in the second quarter. Net inflow to mutual funds totalled EUR 1.4bn in the second quarter, and total assets under management amounted to EUR 36.0bn at the end of the quarter.

Nordea retained its market share in mutual funds in Denmark and increased it marginally in Norway and Finland. The market share in Sweden was down 1.1 percentage points of which 0.5 percentage points is explained by the inclusion of hedge funds in the Swedish market data. The market share of net inflows in Sweden was negatively influenced by an internal move of client funds.

	Nordic	Denmark	Finland	Norway	Sweden
Net inflow	17.1%	21.7%	31.3%	50.6%	9.3%
AuM	20.1%	26.4%	29.1%	9.4%	18.4%

Gross margins in mutual funds were fairly stable in the second quarter, after a slight weakening in the first quarter, being a consequence of change in asset mix. The average margin for mutual funds in the first half of 2001 was 103 bp on an annualised basis.

European Private Banking
Customers of European Private Banking appear to be awaiting the development of financial markets, leading to lower income from transactions. Performance on client portfolios was satisfactory with the majority doing better than market average. The net inflow totalled EUR 0.2bn and assets under management amounted to EUR 6.1bn at the end of the quarter, up EUR 0.3bn compared to first quarter.

Nordic Private Banking
Nordic Private Banking also experienced that customers are biding their time pending new developments in financial markets, leading to lower commission income. In addition, assets under management continued to suffer from the traditional exposure of Finnish and Swedish private banking customers to domestic technology shares. Assets under management amounted to EUR 16.2bn at the end of the second quarter, up EUR 0.3bn from the end of the first quarter.

Results
Operating profit for Asset Management's customer responsible units ended at EUR 20m in the second quarter, down EUR 8m from the first quarter. Subdued transaction and front-end income are the main reasons for the reduction. Product result (including mutual funds) ended at EUR 65m, down EUR 10m from the first quarter. Total operating costs were kept at the same level as in the first quarter.

Volumes and margins

	Total		Denmark		Finland		Norway		Sweden	
	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001	Q2 2001	Q1 2001
Mutual funds, EURbn	36.0[1]	33.2	9.8	9.1	4.2	3.8	1.7	1.6	18.2	17.2
Investment Management, EURbn	42.2	41.6								
Private Banking, EURbn	22.3	21.7								
Total, EURbn	100.5	96.5								
Mutual fund margins, %[2]	1.03[3]		0.40	0.40	1.33	1.39	1.08	1.07	1.14	1.14
Investment Management margins, %	0.21[3]									

[1] Including EUR 2.1bn and EUR 1.5bn outside the Nordic countries for the second quarter and the first quarter respectively.

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

[3] Jan-June 2001

Key figures per quarter

	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Operating profit, customer responsible units, EURm	**20**	28	27	25	29
Cost/income ratio, %	**67**	62	58	57	56
Product result, EURm	**65**	75	68	75	69
Assets under management, EURbn	**101**	97	105[1]	107	104
Number of employees (full-time equivalents)	**800**	800	800	800	800

CBK is not included in the 2000 figures

[1] Including EUR 3.1bn in CBK.

Institutional Investment Management and Private Banking are customer responsible units, CRU, and results from these operations are only accounted for in Asset Management. Mutual Funds is a Product unit, and result from this operation is also included in operating profit for Retail Banking.

Investment Banking

- **Equities commission income significantly reduced due to negative market trend**
- **High level of activity in Nordic M&A business**
- **Leading positions by market shares on the Helsinki and Copenhagen stock exchanges**

Nordea offers a full range of investment banking services through Nordea Securities.

Market Development

Turnover on the Nordic stock exchanges has generally decreased in 2001, following the negative trend in the stock markets.

Equity Market Development	Market volume		Market index
	Q2 2001 EURbn	Change vs. Q1 %	Q2 2001 %
Denmark	23	-20	+7
Finland	51	-18	+1
Norway	20	2	+1
Sweden	116	-19	+5

The activity in the IPO market has decreased to a low level. The total issue agenda is likely to remain weak for the rest of the year. The Nordic M&A markets have developed well, but transactions are on average smaller, reflecting lower value expectations and higher risk awareness.

Business development

Nordea Securities' market shares January–June 2001 on the Nordic stock exchanges were:

Copenhagen	17.1 %
Helsinki	13.1 %
Oslo	5.7 %
Stockholm	3.3 %

During the second quarter 2001 market shares in Copenhagen and Helsinki were maintained and improved, respectively, while market shares in Oslo and Stockholm decreased, compared to the first three months of the year. During the second quarter Nordea Securities was involved in three equity capital market transactions with a total transaction value slightly above EUR 300m.

The integration process of Nordea Securities has on the whole been successful, however the accompanying high staff turnover and a temporary slowdown in business development has affected the results negatively.

Nordea Securities will exploit the downturn in the market and the legal restructuring of the Group to fully realise merger synergies. A reduction in the cost base will be made, with due consideration to protecting the long-term growth ambitions of the business area. Building up and investing in relevant competence will continue, and is considered a key to achieving the goal of becoming a leading Nordic investment bank.

Results

Equities:

In the second quarter 2001 revenues decreased significantly, compared to the previous quarter. This is primarily a result of reduced activity in the market.

The result for the equity operations in the second quarter of 2001 showed a small loss, adjusted for non-recurring items.

Product result, Equities, includes the result for the equities business within Retail Banking, which contributed with EUR 8m to the loss for the quarter.

Corporate Finance:

Total revenues in the second quarter increased significantly compared to the previous quarter, mainly as a result of considerable activity within M&A and other advisory services. Despite the difficult market conditions, the Corporate Finance business performed largely as expected, and the order book going forward is satisfactory.

Key figures per quarter

	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Revenue, Equities, EURm	**20**	30	35	26	36
Revenue, Corporate Finance, EURm	**22**	9	26	4	31
Operating profit, EURm	**1**	5	12	2	22
Cost/income ratio, %	**98**	92	78	91	62
Product result, Equities	**-15**	10	20	22	31
Number of employees (full-time equivalents)	**640**	640	500	450	450

CBK is not included in the 2000 figures

Life Insurance and Pensions

- **Product result EUR 42m for the second quarter 2001**
- **Increase in premiums in Denmark of 101% in one year, 29% net of insurance portfolio acquisition**
- **Decrease in premiums in Sweden and Finland primarily on unit-linked sales due to turbulence in stock markets.**
- **Favourable development in profit on investment activities in the second quarter 2001 due to share price increases**

The business area provides life insurance and pension products and services, including risk cover, long-term savings and investment products.

Market conditions

In Sweden, Norway and Finland the market for unit-linked products has decreased significantly compared with 2000, due to the decline in stock prices over the last year. On the other hand, the market for guaranteed products has increased in Sweden and Norway.

In Denmark, the life insurance and pensions market for both unit-linked and guaranteed products has increased in 2001 compared to 2000.

Business development

- In Denmark Tryg-Baltica Life Group has won a tender for taking over NESA & IFV's Pensionskasse, a pension fund with approximately 700 members. This has increased assets under management in the second quarter of 2001 by EUR 186m.
- In Denmark the annual customer survey carried out in March 2001 showed a significant increase in customer loyalty and satisfaction.
- In Finland Merita Life continues to be the market leader with a market share of 46% for individual savings and 24% for individual pensions, despite the decrease in premiums in 2001.
- Nordea Life & Pensions S.A. (Luxembourg) has launched a unit-linked savings product targeting Nordic expatriates living in Spain.

Premiums in Denmark, net of the premiums from the take-over of NESA & IFV's Pensionskasse, rose by 29% compared to the first half of 2000. Especially sales of guaranteed products through Retail Banking and of unit-linked products showed a strong increase.

In Norway premiums rose by 26% in Vesta Life compared to the first half of 2000. The comparative figures do not comprise the CBK Life Group, which was acquired at the end of 2000.

In Finland premiums decreased by 50% and in Sweden by 37% compared to the first half of 2000, as unit-linked sales suffered from the decline in stock markets.

Result

The results generated by Life Insurance and Pensions are calculated in accordance with the practice in each country regarding the distribution of profits between policyholders and shareholders.

Operating profit for customer responsible units and the product result for the second quarter 2001 improved to EUR 14m and EUR 42m, respectively, compared to losses of EUR 14m and EUR 14m in the first quarter of 2001. The results in the second quarter were positively affected by share price increases.

Investment return at market value for the second quarter totalled 7.6% pa compared to –14.2% pa for the first quarter. The investment return in each country varied between 12.4% and 3.2% pa. The total return on equities was 13 percentage points above the MSCI European Index, which rose by 1% pa in the second quarter of 2001. Investment assets under management totalled EUR 20.9bn at 30 June 2001.

Key figures per quarter

EURm	Customer responsible units Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Product responsible units Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Gross premiums written	**396**	272	278	205	163	**746**	684	710	584	778
Technical result	**-3**	3	1	4	5	**23**	3	0	0	5
Investment earnings	**17**	-17	-4	18	4	**19**	-17	-2	15	3
Operating profit/ product result	**14**	**-14**	**-3**	**22**	**9**	**42**	**-14**	**-2**	**15**	**8**
Return on equity, % pa	**8**	-6	-2	11	5					
Shares	**4,020**	3,632	4,806	5,268	5,300	**5,455**	5,023	5,934	6,403	5,958
Bonds	**6,328**	6,235	5,339	5,645	5,171	**10,636**	10,503	8,750	8,975	8,428
Property	**914**	891	887	1,008	994	**1,502**	1,463	1,152	1,196	1,184
Unit-linked	**1,000**	966	953	392	380	**3,353**	3,116	3,149	2,607	2,425
Investments	**12,262**	11,724	11,985	12,313	11,845	**20,946**	20,105	18,985 [1]	19,181	17,995
Investment return, % pa[2]	**7.6**	-12.6	-10.3	14.3	0.5	**7.6**	-14.2	-10.8 [1]	9.7	-4.0
Technical provisions	**11,650**	11,098	11,238	11,444	11,019	**20,027**	19,122	19,273	18,077	17, 324
Number of employees (full-time equivalents)	**570**	580	580	350	400	**835**	850	880	470	470

[1] Excluding the life insurance group in CBK and Heros Life.

[2] Before interest allocation to technical result.

Customer responsible units include Tryg-Baltica Livkoncernen, Vesta Liv, Vesta Link, Nordea Zycie and Nordea Life & Pension in the Isle of Man and Luxembourg.

Product responsible units include all Life Insurance and Pension companies in Nordea, also unconsolidated Livia.

General Insurance

- **Growth in gross premiums**
- **Continued decline in expense ratio**
- **Claims ratio, net of reinsurance down to 74.2%**
- **General insurance in Finland over the Internet**

General Insurance comprises Nordea's activities within direct general insurance and reinsurance.

Market conditions

Market conditions were stable with little or no change in critical business factors. The level of claims as an average for industry was generally stable.

Business development

The personal customer base expanded as a result of the loyalty programme (full-scale customers). In Norway the number of corporate customers has increased.

In Denmark the success of the bancassurance concept has enabled nearly 700,000 personal customers to access the same services through both bank and insurance sales channels. The success from Denmark is expected to be repeated in Norway where Vesta and K-Bank are collaborating on a similar concept.

In Finland Nordea introduced general insurance in June, and the first policies have been written through the Internet.

The growth in premiums experienced by Tryg-Baltica International is partly attributable to the A- ("strong") rating assigned by Standard & Poor's.

The implementation of a new CRM system in Denmark has significantly enhanced the IT platform supporting the multi-channel strategy. In Norway a similar system is being implemented.

Portfolio and sales per employee are growing, as reflected by lower expense ratios across all business units.
In Denmark the *www.netservice.tryg.dk* website gives corporate customers access to their own insurance details, and the B2B Internet-based solution for selling buildings insurance when a property is sold is a major success.

Result

The technical result developed favourably, compared to the first quarter 2001.

Gross earned premiums and earned premiums, net of reinsurance, rose 5%. The positive development has been realised in Norwegian general insurance and Tryg-Baltica International. A major part of the premium growth is attributable to premium rate increases, particularly within Tryg-Baltica International.

The combined ratio was 100%, an improvement of 6 percentage points compared to the first quarter of 2001. The claims ratio was 74.2% compared to 78.9% in the first quarter. Notwithstanding that claims are affected by run-off losses (Denmark) relating to previous underwriting years (personal liability motor insurance) and run-off gains (Norway), as well as an overall higher claims level (Norway), the pattern is on balance positive. Expenses are in line with the first quarter of 2001 and reflect increased efficiency. Claims include provisions of EUR 6m for the equalisation reserve for future storms and large claims.

The profit on investment activities for the second quarter 2001 was affected by rising equity prices and amounted to EUR 11m compared to a loss in the first quarter of EUR 32m.

Operating profit was EUR 36m in the second quarter of 2001 compared to a loss of EUR 31m for the first quarter, and return on equity rose to 26%.

Key figures per quarter

EURm	**Q2 2001**	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Gross earned premiums	**453**	428	429	395	389
Technical result	**25**	1	-13	7	22
Investment earnings	**11**	-32	-10	38	-17
Operating profit	**36**	**-31**	**-23**	**45**	**5**
Combined ratio, %	**100**	106	110	107	102
Core operating ratio, %[1]	**7**	0	-4	2	7
Operating ratio, %[2]	**10**	-9	-6	13	1
Return on equity, %	**26**	-21	-4	31	4
Shares	**444**	412	427	498	514
Bonds	**1,518**	1,438	1,754	1,711	1,713
Property	**407**	412	409	407	404
Investments	**2,369**	2,262	2,590	2,616	2,631
Investment return, % pa[3]	**4.8**	1.2	9.4	10.0	-0.5
Number of employees (full-time equivalents)	**4,220**	4,210	4,250	4,250	4,270

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

Treasury

- **Operating profit EUR 35m**
- **Volatile financial markets**
- **Reduced risk exposure**
- **Gain of EUR 57m from sale of Atle shares**

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

Market conditions

During the second quarter stock markets remained volatile as the markets, after a weak first week of April, moved higher during much of April and into late May. From late May stock markets lost most of the gains achieved and the end result was minor gains in most equity markets.

Interest rate developments in the second quarter varied considerably for key currencies. USD 3-month deposit rates fell about 100 bp whereas the 3-month deposit rates in euro fell 25 bp as a result of the ECB rate cut in the beginning of May. In the bond market 2-year bond rates in the US and the Euro area were more or less unchanged during second quarter, but 10-year rates increased by around 50 bp in both the US and the Euro area.

In the Nordic region the Swedish market under performed with the 2-year spread between Sweden and the Euro area moving up around 90 bp from a level of –20 bp to 70 bp over the Euro area. This was the result of somewhat higher than expected inflation figures in Sweden and a weak currency.

Business development

The interest rate risk was reduced during the quarter to a price risk of EUR 127m at the end of the quarter as a result of reduced portfolios and hedging activities. At the beginning of the quarter the corresponding risk was EUR 215m.

The risk related to equities, measured as VaR, was EUR 39m at the end of the quarter. In the beginning of the quarter the VaR was EUR 45m.

Result

Treasury's operating profit was EUR 35m. The result is influenced by a gain of EUR 57m, resulting from the sale of shares in Atle.

The bond portfolio was negatively influenced by the increase in longer-term bond rates and the widening spread between Sweden and the Euro area.

The equity portfolio was positively influenced by the modest improvement in equity markets during the second quarter compared to the first quarter.

The Group's funding activities were positively influenced by the fall in money market rates during the quarter.

Integration process and merger synergies

During the second quarter Treasury has concentrated on a project aimed at achieving synergies from integrating overall funding operations in the Group. Synergies amounting to EUR 10m have been achieved during the quarter. In total synergies of EUR 13m have been realised this year. In the second half of 2001 Treasury will initiate a project aimed at establishing a uniform IT platform for its activities.

Operating profit by main area

EURm	Total Q2 2001	Total Q1 2001	Fixed income Portfolios Q2 2001	Fixed income Portfolios Q1 2001	Equity Portfolios Q2 2001	Equity Portfolios Q1 2001	Internal Bank Q2 2001	Internal Bank Q1 2001
Income	45	90	-62	105[1]	89	-34	18	19
Expenses	-10	-10	-2	-2	0	-1	-8	-7
Operating profit	**35**	**80**	**-64**	**103**	**89**	**-35**	**10**	**12**

[1] Including a reclassification gain of EUR 68m.

Key figures per quarter

	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000
Operating profit	**35**	80	34	34	99
Bonds, EURbn	**11.7**	12.9	12.9	12.4	12.6
Shares, EURbn	**0.4**	0.4	0.4	0.4	0.4
Investments	**12.1**	13.3	13.3	12.8	13.0
Number of employees (full-time equivalents)	**106**	105	105	110	108

CBK is not included in the 2000 figures

Wednesday 22 August 2001

Thorleif Krarup
Group Chief Executive Officer

- A conference call with management will be arranged on 22 August 2001 at 5:00 pm, local time Stockholm
- Please dial + 46 8 5005 2550,10 minutes in advance
- This interim report is available on the Internet
- A slide presentation is available on the Internet

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Next reporting date: The interim report for the third quarter of 2001 will be published on 30 October 2001.

Review report of the auditors

We have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorised Public Accountants FAR. A review is significantly limited in relation to an audit. Nothing has emerged to indicate that the interim report does not comply with the requirements stipulated in the Securities and Clearing Operations Act and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 22 August 2001
KPMG

Caj Nackstad
Authorised Public Accountant

Appointed by the
Financial Supervisory Authority

Olle Gunnarsson
Authorised Public Accountant

Statutory income statement

EURm	Note	Jan-June 2001	Jan-June 2000
Interest income		5,966	4,581
Interest expenses		-4,093	-3,079
Net interest income		1,873	1,502
Dividends received		44	114
Net commission income		741	761
Net result from financial operations	1	176	236
Other operating income		181	122
Total operating income		**3,015**	**2,735**
General administrative expenses:			
Personnel expenses		-948	-774
Other expenses		-663	-575
Depreciation according to plan		-133	-104
Total operating expenses		**-1,744**	**-1,453**
Profit before loan losses		**1,271**	**1,282**
Loan losses, net	2	-106	-37
Change in value of property taken over for protection of claims	2	2	0
Profit from companies accounted for under the equity method		31	30
Operating profit, banking		**1,198**	**1,275**
Operating profit, insurance	3	**17**	**73**
Total operating profit		**1,215**	**1,348**
Loss on disposal of real estate holdings		-	-40
Pension adjustments		17	28
Taxes		-350	-360
Minority interests		-2	-2
Net profit from the Unidanmark Group for Q1 2000		-	-180
Net profit		**880**	**794**

Notes

Note 1 **Net result from financial operations**, EURm

	Jan-June 2001	Jan-June 2000
Shares/participations and other share-related instruments	44	127
Interest-bearing securities and other interest-related instruments	33	40
Other	1	0
Foreign exchange gains/losses	98	69
Total	176	236

Note 2 **Loan losses, net**, EURm

	Jan-June 2001	Jan-June 2000
Individually appraised receivables		
Losses incurred during the period	265	290
Previous provisions utilised	-232	-284
Provisions for possible loan losses	312	262
Recovery of previously incurred losses	-47	-40
Reversal of previous provisions	-216	-173
	82	55
Receivables appraised by category		
Losses incurred during the period	9	9
Recovery of previously incurred losses	-7	-7
Reversal/provision to reserves for possible loan losses	9	0
	11	2
Country risk	13	-26
Contingent liabilities	0	6
Total loan losses, net	106	37
Change in valuation of property taken over for protection of claims	-2	0
Loan losses, operational income statement	104	37

Note 3	**Operating profit, insurance**, EURm	Jan-June 2001	Jan-June 2000
	General Insurance		
	Earned premiums, net of reinsurance	733	657
	Technical interest	58	56
	Claims incurred, net of reinsurance	-572	-560
	Insurance operating expenses, net of reinsurance	-193	-175
	Technical result	26	-22
	Investment activities		
	Interest etc	68	66
	Realised and unrealised investment gains	-23	47
	Investment expenses	-3	-2
	Technical interest transferred to insurance activities	-63	-58
	Total profit on investment activities	-21	53
	Profit before tax, General Insurance	**5**	**31**
	Life Insurance and Pensions		
	Premiums written, net of reinsurance	1,355	1,552
	Investment return	-149	878
	Claims incurred and benefits paid and change in provisions	-1,522	-2,147
	Change in bonus equalisation provisions	416	-225
	Insurance operating expenses, net of reinsurance	-74	-47
	Technical result	26	11
	Investment activities		
	Interest etc	425	361
	Realised and unrealised investment gains	-615	648
	Investment expenses	-10	-5
	Pension return tax etc	53	-73
	Investment return transferred to insurance activities	149	-881
	Total profit on investment activities	2	50
	Profit before tax, Life Insurance and Pensions	**28**	**61**
	Operating profit before group adjustments	**33**	**92**
	Group adjustments (goodwill depreciation)	-16	-19
	Operating profit, insurance	**17**	**73**

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 as current assets.

Exchange rates applied

EUR 1 = SEK	Jan-June 2001	Jan-June 2000	Jan-Dec 2000
Income statement (average)	9.0526	8.3858	8.4631
Balance sheet (at end of period)	9.2125	8.4210	8.8313
EUR 1 = DKK			
Income statement (average)	7.4601	7.4510	7.4532
Balance sheet (at end of period)	7.4444	7.4610	7.4631
EUR 1 = NOK			
Income statement (average)	8.0981	8.1383	8.1044
Balance sheet (at end of period)	7.8865	8.1850	8.2335

EUR 1 = FIM 5.94573 (fixed rate)

Statutory balance sheet, end of period

EURbn	June 2001	Dec 2000
Loans and advances to credit institutions	21	23
Lending	135	129
Interest-bearing securities	28	28
Shares	1	1
Shares in group and associated undertakings	0	1
Intangible assets	2	3
Land and buildings	2	2
Other assets, banking[1]	21	15
Assets, insurance[1]	23	22
Total assets	**233**	**224**
[1] Investments, customers and policyholders bear the whole risk	6	6
Deposits by credit institutions	34	29
Deposits	81	79
Other borrowings from the public	2	2
Debt securities in issue	56	56
Other liabilities, banking	20	19
Liabilities, insurance	22	21
Subordinated liabilities	7	7
Minority interests	0	0
Shareholders' equity	11	11
Total liabilities and shareholders' equity	**233**	**224**

Movements in shareholders' equity, EURm

	Jan-June 2001
Shareholders' equity at 1 January	11,105
Dividend	-675
Own shares	-98
Currency translation adjustment	-76
Net profit for the period	880
At end of period	11,136

Capital adequacy

	June 2001	Dec 2000
Tier 1 capital, EURm	9,446	8,969
Capital base, EURm	12,973	12,422
Risk-weighted assets (banking), EURbn	135	132
Tier 1 capital ratio, %	7.0	6.8
Total capital ratio, %	9.6	9.4

Notes

Derivatives

EURm, 30 June 2001	Interest rate derivatives Market value	Interest rate derivatives Book value	Equity derivatives Market value	Equity derivatives Book value	Foreign exchange derivatives Market value	Foreign exchange derivatives Book value
Positive values	4,358	4,230	277	199	7,386	7,224
Negative values	4,373	4,286	174	103	5,927	5,691

Cash flow statement, EURm

	Jan-June 2001	Jan-June 2000
Net cash inflow/(outflow) from operating activities before changes in ordinary business assets and liabilities	1,109	728
Changes in ordinary business assets and liabilities	-4,745	-25,338
Net cash inflow/(outflow) from operating activities	-3,636	-24,610
Net cash inflow/(outflow) from capital expenditure and financial investments	4,252	-62
Net cash inflow/(outflow) from financing	-931	23,509
Increase/(decrease) in cash	-315	-1,163
Cash and cash equivalents at beginning of period	5,831	3,552
Cash and cash equivalents at end of period	5,516	2,389

Problem loans, EURm

	June 2001	Mar 2001	Dec 2000
Doubtful loans, gross	3,040	3,059	3,053
Provisions for bad and doubtful loans	-2,122	-2,218	-2,256
Doubtful loans, net	918	841	797
Loans with interest deferments	35	35	29
Problem loans, total	**953**	**876**	**826**
Provisions/doubtful loans, gross, %	69.8	72.5	73.9
Doubtful loans, net/lending, %	0.7	0.6	0.6
Property taken over for protection of claims			
Land and buildings	12	12	18
Shares and participations	19	8	11
Other	8	5	2

Nordea AB (publ)

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

EURm	Jan-June 2001	Jan-June 2000	Full year 2000
Income statement			
Operating income		-	
Operating expenses:			
Personnel expenses	-1	-0	-2
Other operating expenses	-16	-5	-17
Operating loss	-17	-5	-19
Net result from financial operations:			
Dividend income, received	-	182	301
Dividend income, anticipated	-	-	1,412
Interest income	13	6	11
Interest expenses	-8	-8	-21
Other financial items	14	-	-1
Profit after financial operations	2	175	1,683
Profit before tax	2	175	1,683
Tax for the year	-	-0	-0
Net profit for the year	2	175	1,683
Balance sheet, end of period			
Assets:			
Shares in subsidiaries	7,796	8,161	7,794
Long-term receivables	132	135	132
Current assets	293	47	1,448
Total assets	8,221	8,343	9,374
Shareholders’ equity and liabilities:			
Shareholders’ equity	8,100	7,719	8,892
Provisions	1	-	-
Subordinated liabilities	113	132	113
Other liabilities	7	492	369
Total shareholders’ equity and liabilities	8,221	8,343	9,374

Merita Bank Group

Merita Bank's results for the first six months of the year 2001 were somewhat lower than in the previous year. Operating profit decreased to EUR 456m compared to EUR 526m in January-June 2000. Net interest income increased, but commission income and net result from financial operations decreased. Furthermore, costs were on a higher level than in the preceding year.

Total income during the first half of the year, EUR 938m, was somewhat lower compared to June 2000.

Net interest income increased by 12% to EUR 581m, mainly due to higher volumes and a higher interest level compared to the previous year.

Commission income decreased by 18% to EUR 223m. The decline on the stock market and the slow securities trading dropped commissions on securities brokerage and asset management, whereas commissions on mutual funds almost reached the level of previous year.

Net result from financial operations totalled EUR 47m (EUR 77m). The decrease in net income on securities transactions to EUR 23m was mainly due to the lower income on equity related items compared to the previous year. Income from interest-bearing securities on the other hand developed favourably. Profits from currency trading increased to EUR 23m (EUR 17m).

Other income in the first half of the year amounted to EUR 73m (EUR 73m). Final settlement for the sale of Finnish real estate company Aleksia was achieved during the second quarter, resulting in a gain of EUR 5m. In addition with the final settlement an agreement with Ilmarinen was reached regarding future gains from development projects and sales of real estate. This agreement resulted in a gain of EUR 35m.

Total expenses increased by 13% to EUR 481m. Personnel expenses increased by 18% and amounted to EUR 247m (EUR 210m). The comparable increase in personnel expenses was 9%, when taking into account last year's merger expenses. The increase in other administrative expenses, totalling EUR 132m (EUR 119m), reflects increased data processing costs. Other operating expenses, EUR 70m (EUR 61m), were also higher than one year earlier.

Net loan losses during the period amounted to EUR 3m (EUR 6m). The problem loans of the Group amounted to EUR 491m in the end of June, which is EUR 23m higher than in the end of 2000. However, since June 2000 problem loans decreased by EUR 95m.

Total assets of the Merita Bank Group amounted to EUR 70.9bn, an increase of EUR 10.0bn from the turn of the year. The increase is mainly due to the fact that Merita Bank supplies the whole Nordea Group with USD and euro denominated funding and lends the funds further at interbank rates to other banks of the Group. Lending to the public increased by EUR 1.5bn from the turn of the year and amounted to 33.7bn. Deposits increased by EUR 0.4bn from the year-end and amounted to EUR 25.4bn in the end of June.

The Group's total capital ratio amounted to 10.0 and remained at the same level as at year-end 2000. Tier 1 capital ratio was 7.2%.

The number of employees (full-time equivalents) increased with 108 from the year-end and was 10,776.

According to the published Group structure renewal plan, Merita Bank will be merged into its parent company NCF Bank on September 30, 2001. NCF Bank will continue the business activities of Merita Bank.

	Jan-June 2001	**Jan-June 2000**	**Full year 2000**
Operating profit, EURm	456	526	921
Cost/income ratio, %	53	46	50
Total assets at end of period, EURbn	71	56	61
Tier 1 capital ratio at end of period, %	7.2	7.9	6.9
Doubtful loans, net/lending, %	1.0	1.3	0.9
Provisions/doubtful loans, gross, %	54	63	60
Number of employees (full-time equivalents)	10,776	10,684	10,668

The full interim report of Merita Bank Plc is available at all Merita Bank branches and on the Internet (pdf-format) at www.merita.fi

Nordbanken Group

The Group's operating profit for the first half-year 2001 reached SEK 3,267m, a reduction of SEK 384m or 11% from the corresponding period last year. The period was characterised by an improvement in net interest income while income from commissions declined. Aggregate income rose by 4% and costs were up by 14%, mainly due to increased personnel expenses.

Aggregate income amounted to SEK 7,686m, up SEK 318m. Net interest income increased by 5% or SEK 217m to SEK 4,425m. The improvement was mainly attributable to a rise in mortgage lending. Net commission income fell by 10% or SEK 217m to SEK 2,004m. The negative stock market trend during the first half of 2001 resulted in lower earnings deriving from brokerage fees and fund management. The net result from financial operations expanded by SEK 111m to SEK 450m, despite the impact of the modest but steady rise in market interest rates during the first half of 2001 compared with the same period in the previous year. In view of the Nordea Group's cash acquisition of CBK, the holdings in interest-bearing securities formerly classified as a fixed assets were reclassified as current assets in the beginning of the year. The income effect of the reclassification was SEK 234m for the first half year. Dividends received amounted to SEK 42m (362). The amount from the previous year included dividends paid in connection with the disposal of the Bank's holdings in Svensk Exportkredit. Other operating income increased by SEK 527m to SEK 765m.

This year's sale of the Bank's holdings in Atle AB generated capital gains in the amount of SEK 518m.

Expenses before loan losses amounted to SEK 4,204m (3,701). Reported personnel expenses increased by SEK 452m to SEK 2,007m. After deductions for non-recurrent items in the previous year and additional units during the first six months of 2001 personnel expenses increased by 15%. IT-related investments contributed to a 3% increase in other expenses or by SEK 63m to SEK 2,043m. Loan losses including fluctuations in the value of property taken over amounted to SEK 210m (34).

Total assets at the end of the first six months equalled SEK 575bn. Loans to the public stood at SEK 378bn, an increase during the year of 2%. Deposits from the general public increased by 5% to SEK 164bn.

The capital adequacy ratio at the end of June was at 11.8%. In this reporting the Group's half-year result has been included in the capital base after taking estimated dividend payments into consideration.

Nordbanken has per 31 July 2001 concluded an agreement regarding the acquisition of Postgirot Bank. This is a cash acquisition of SEK 4.1bn plus the accumulated result from 1 January 2001. The agreement is subject to the approval of the Swedish Financial Supervisory Authority and the EU-Commission.

	Jan-June 2001	Jan-June 2000	Full year 2000
Operating profit, SEKm	3,267	3,651	6,147
Cost/income ratio, %	57	51	57
Total assets at end of period, SEKbn	575	508	572
Tier 1 capital ratio at end of period, %	7.0	8.4	7.1
Doubtful loans, net/lending, %	0.4	0.3	0.3
Provisions/doubtful loans, gross, %	64	70	68
Number of employees (full-time equivalents)	7,102	6,342	6,707

Unibank Group

Operating profit for January-June reached DKK 2,128m compared to DKK 2,506m in the corresponding period the previous year.

Total income was practically unchanged and amounted to DKK 6,422m (DKK 6,434m). Net interest income rose by 16% to DKK 4,239m (DKK 3,639m) while net commission income decreased by 4% to DKK 1,617m (DKK 1,680m). Net result from financial operations showed a profit of DKK 176m compared to DKK 774m in the previous year.

Total expenses amounted to DKK 3,893m, which is a decrease by 2%, compared to the corresponding period last year. Loan losses amounted to DKK 427m compared to DKK 200m for the corresponding period last year.

At 30 June, the Group's total assets amounted to DKK 564bn compared to DKK 512bn at the end of 2000. Lending to the public rose 2% to DKK 169bn (DKK 166bn).

At 30 June, Tier 1 ratio amounted to 6.9% and total capital ratio to 9.8%. The calculations do not include net profit for the first six months of the year.

On 25 April 2001 the Board of Directors of Nordea AB (publ) decided to develop the legal structure of Nordea to further support the management structure and the reporting transparency of the Group. As one element of this, Unibank A/S's Board of Directors is preparing a split-off of the activities of Asset Management, and Investment Banking, into independent legal entities with effect, for accounting purposes, from 1 January 2001.

	Jan-June 2001	Jan-June 2000	Full year 2000
Operating profit, DKKm	2,128	2,506	4,996
Cost/income ratio, %	61	62	62
Total assets at end of period, DKKbn	564	513	512
Tier 1 capital ratio at end of period, %	6.9	6.7	6.9
Doubtful loans, net/lending, %	0.3	0.3	0.3
Provisions/doubtful loans, gross, %	87	91	91
Number of employees (full-time equivalents)	9,503	9,983	9,856

The full interim report of Unibank Group is available at all Unibank branches.

CBK Group

Operating profit for January-June amounted to NOK 1,506m, which is an increase of 5% compared to the corresponding period last year. Net profit was NOK 1,843m, which is an increase of 76% from last year, mainly due to the Norwegian Supreme Court's ruling in a tax case concerning the treatment for tax purposes of the preference capital, supplied to the Bank in 1991. The court ruled that the disputed amount of about NOK 2.7bn should be deemed neither to be taxable income nor to entail a reduction in the loss carry-forward for tax purposes. As a result the bank has reduced the taxes by approximately NOK 750m.

Total income amounted to NOK 3,728m (NOK 3,334m), which is an increase of 12%, compared to the corresponding period last year.

Net interest income was NOK 2,435m (NOK 2,232m). The net interest income as a percentage (annualised) of the average total assets was 1.96% (1.98%). The margin between the average rates of interest on deposits and lending amounted to 2.53 percentage points, which is a reduction by 0.09 percentage points compared to last year. The reduction is mainly due to a lower average margin on deposits.

Total non-interest income was NOK 1,293m (NOK 1,102m), which is an increase by NOK 191m or 17%. The improvement is mainly attributable to increased profits on bonds and financial derivatives which have risen by NOK 114m and NOK 94m respectively. Net commission income was NOK 653m (NOK 719m) which is a reduction by 9%. The reduction is mainly due to reduced commissions and fees from the sale of securities.

Total expenses amounted to NOK 2,060m (NOK 1,889m), an increase of NOK 171m. The main increase was in expenses for personnel, IT and marketing.

Loan losses amounted to NOK 162m compared to NOK 43 for the corresponding period last year.

As at 30 June 2001 the CBK Group's total assets amounted to NOK 237bn, which is almost unchanged from the turn of the year. Adjusted for the sale of CBK's branch in London to Merita Bank, total assets have increased by NOK 12bn. Net loans to customers, NOK 183bn, have increased by NOK 2bn from the end of 2000. Adjusted for the sale of the London branch, the increase has been NOK 8bn. Deposits from customers declined by NOK 2bn to NOK 105bn. Adjusted for the figures of the London branch, there has been an increase of NOK 4bn.

As at 30 June, tier 1 capital ratio was 7.5% and total capital ratio was 10.7%. 50% of the operating profit for the first six months of the year was included in the calculation.

	Jan-June 2001	**Jan-June 2000**	**Full year 2000**
Operating profit, NOKm	1,506	1,440	2,990
Cost/income ratio, %[1]	58	57	59
Total assets at end of period, NOKbn	237	230	236
Tier 1 capital ratio at end of period, %	7.5	6.8	7.3
Doubtful loans, net/lending, %	0.3	0.7	0.4
Provisions/doubtful loans, gross[2], %	84	69	80
Number of employees (full-time equivalents)	3,978	4,032	4,063

[1] Total non-interest expenses divided by net interest income and total non-interest income, less profit on securities

[2] Include specific and general allowances

Tryg-Baltica Group

General Insurance

Gross earned premiums have grown by DKK 850m to DKK 6.6bn (15%). The growth reflects both premium rate increases and new customers. The positive development particularly concerns Norway (DKK 321m) and Tryg-Baltica International (DKK 384m). In the Danish general insurance business, gross earned premiums show a modest increase of DKK 93m.

Combined ratio was 102.6% in contrast to 101.7% in 2000 due to a higher claims level. In the Danish general insurance business the higher claims level was affected by run-off losses (personal liability motor insurance) related to previous years. The underlying claims level for the current year shows a positive development and a lower claims ratio. In the Norwegian general insurance business, the claims level is higher overall. Although the total effect is limited, Energo-Asekuracja's claims ratio has improved as a result of better quality in the portfolio.

The expense ratio was 0.6 percentage-point lower than in the first half-year 2000. The decline in the expense ratio reflects increased efficiency as a result of continued focus on reducing expenses. The expenses include commission to brokers and agents, which has risen notably due to the steep increase in premium income experienced by Tryg-Baltica International.

The investment return was 4.8% pa, which is 0.9 percentage-points above benchmark. The investment return on shares was –7% pa.

Operating profit for General Insurance for the first half-year 2001 was DKK 145m before tax compared to DKK 233m for the first half-year of 2000.

Life Insurance and Pensions

In Denmark gross premiums written rose by 101% to DKK 3,856m. Net of the premiums from the take-over of NESA & IFV's Pensionskasse, premiums rose by 29%. In Norway gross premiums written rose by 26% to DKK 1,006m. In the Nordea Life and Pensions Group in the Isle of Man and Luxembourg, gross premiums written rose by 201% to DKK 91m.

The investment return at market value was –2.6% pa, of which investment return on shares was –14.4% pa.

Operating profit for Life Insurance and Pensions for the first half year 2001 was DKK 3m before tax compared to DKK 390m for the first half-year 2000. The result was negatively affected by stock market turmoil. The technical result was DKK 36m compared to DKK 63m in the first half-year 2000.

The bonus reserve in the Danish life insurance companies has decreased to 22.7% of the technical provisions compared to 30.6% at the end of 2000, due to the drop in share prices.

	Jan-June 2001	Jan-June 2000	Full year 2000
Operating profit, DKKm	148	627	897
Technical result, DKKm[1]	224	370	440
Gross earned premiums, General Insurance, DKKm	6,572	5,721	11,851
Gross premiums written, Life Insurance and Pensions, DKKm	4,993	2,743	6,348
Total assets at end of period, DKKm	117,654	112,526	113,399
Claims ratio, %[1]	76.5	75.0	77.4
Expense ratio, %	26.1	26.7	27.1
Combined ratio, %[1]	102.6	101.7	104.5
Number of employees (full-time equivalents)	4,790	4,670	4,838

[1] Excluding increase in provisions in 2000 following the hurricane