

Annual Report 2002
Nordea Bank Finland

Nordea Bank Finland Plc is a part of the Nordea Group. Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The Nordea Group has more than 10 million customers and 1,240 bank branches. The Nordea Group is a world leader in Internet banking, with 3.3 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

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Nordea Bank Finland – Five-year financial summary

Income statement ¹⁾

Group, EUR million	2002	2001	2000	1999	1998
Net interest income	3,738	2,615	2,065	1,786	1,802
Commission income and expenses	1,218	1,027	1,037	822	724
Net income from securities transactions and foreign exchange dealing	214	314	179	105	311
Other operating income ²⁾	269	1,363	289	301	360
Total operating income	5,439	5,319	3,570	3,014	3,197
Personnel expenses	-2,080	-1,219	-857	-761	-841
Other administrative and operating expenses ³⁾	-1,755	-1,376	-986	-949	-997
Total operating expenses	-3,835	-2,595	-1,843	-1,710	-1,838
Profit before loan losses	1,604	2,724	1,727	1,304	1,359
Loan losses	-263	-208	-50	-31	-139
Write-downs on securities held as financial fixed assets	-1	-	-	-	-
Share of profit/loss from companies accounted for under the equity method	38	57	41	98	11
Operating profit	1,378	2,573	1,718	1,371	1,231
Extraordinary items	-292	-324	-8	-81	-460
Taxes	-364	-58	-378	-217	-208
Minority interest	0	1	-3	-4	-4
Net profit for the year	722	2,192	1,329	1,069	559

Balance sheet ¹⁾

Group, EUR million	2002	2001	2000	1999	1998
Assets ⁴⁾					
Loans to credit institutions	22,260	19,884	14,920	9,095	11,161
Loans to the public and public sector organisations	146,341	137,830	92,743	68,236	59,850
Interest-bearing securities					
- current assets	27,739	31,319	8,952	8,469	9,998
- other assets	426	1,961	6,067	5,791	3,697
Other assets ⁴⁾	29,308	24,858	13,524	12,448	11,388
Total assets	226,074	215,852	136,206	104,039	96,094
Liabilities and shareholders' equity ⁴⁾					
Due to credit institutions and central banks	25,865	30,089	16,319	13,354	17,433
Due to the public and public sector organisations	92,273	86,253	57,175	44,169	40,775
Debt securities outstanding	61,887	61,008	40,074	28,266	22,845
Other liabilities ⁴⁾	29,033	21,869	10,426	8,653	8,055
Subordinated debt	5,750	5,336	4,908	3,420	2,247
Total liabilities	214,808	204,555	128,902	97,862	91,355
Shareholders' equity	11,266	11,297	7,304	6,177	4,739
Total liabilities and shareholders' equity	226,074	215,852	136,206	104,039	96,094
Contingent liabilities	46,780	45,421	37,181	22,518	15,709

1) Comparability is affected by changes in the group structure. See "Comparison of financial statements and key ratios", page 5.

2) Includes income from equity investments (dividends) and other operating income.

3) Includes also depreciation and write-downs on tangible and intangible assets.

4) Balance sheet items in the official balance sheet not separately presented in this table have been combined into items "Other assets" and "Other liabilities".

Nordea Bank Finland Group - Ratios and key figures

	2002	2001	2000	1999	1998
Return on equity (ROE), % (Nordea definition) ¹⁾	10.6	29.3	-	-	-
Return on total assets (ROA), %	0.4	1.4	1.1	1.1	8.0
Overall interest margin, %	1.7	1.5	1.7	1.8	1.9
Cost/income ratio before loan losses, %	68	47	50	54	57
Cost/income ratio after loan losses, %	72	51	52	55	61
Loan loss level, %	0.1	0.2	0.1	0.0	-
Impaired loans level, %	0.8	0.6	0.8	1.2	1.7
Risk-weighted assets, EUR million	135,226	135,941	95,213	68,518	63,799
Capital base (own funds), EUR million	14,010	12,591	8,661	8,300	6,053
Tier 1 capital ratio, %	6.6	6.2	5.5	8.4	6.9
Total capital ratio (capital adequacy), %	10.4	9.3	9.1	12.1	9.5
Average number of employees	34,748	25,861	19,284	19,296	20,467
Number of employees, 31 December	34,919	35,776 ²⁾	19,449	18,891	19,794
Branches in the Nordic and Baltic Sea region, 31 December	1,240	1,245	900	747	766
Branches outside the Nordic and Baltic Sea region, 31 December	8	9	9	5	5
Key figures in accordance with the regulations of the Finnish Financial Supervision					
Turnover, EUR million	12,390	12,345	9,646	7,482	7,524
Operating profit, EUR million	1,378	2,573	1,718	1,371	1,231
% of turnover	11.1	20.8	17.8	18.3	16.4
Profit before appropriations and taxes, EUR million	1,086	2,249	1,710	1,290	771
% of turnover	8.8	18.2	17.7	17.2	10.3
Return on equity (ROE), %	9.3	28.3	21.9	21.4	13.0
Return on total assets (ROA), %	0.4	1.4	1.1	1.1	8.0
Equity to total assets, %	4.5	4.9	4.8	5.3	4.7
Income/cost ratio	1.4	2.0	1.9	1.7	1.7

The ratios have been calculated in accordance with formulas presented in "Definitions and exchange rates", page 6. Comparability is affected by changes in the group structure. See "Comparison of financial statements and key ratios", page 5.

1) Excluding group contributions and goodwill depreciation.

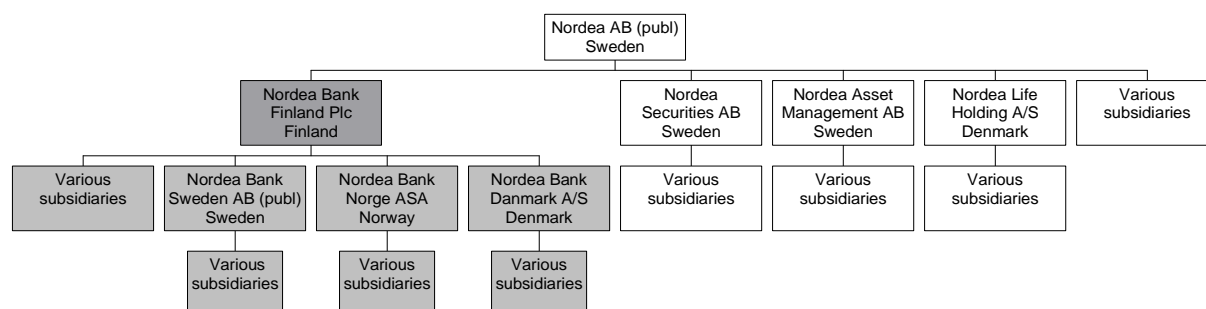
2) Adjusted with the personnel transferred to Nordea Asset Management companies.

Bank Group

Throughout this report the terms “Nordea Bank Finland”, “NBF” and “Bank Group” refer to Nordea Bank Finland Plc and its subsidiaries. Nordea Bank Finland Plc is a wholly-owned subsidiary of Nordea AB (publ), the parent company in the Nordea Group. Nordea Bank Finland Plc is the parent company of other banking subsidiaries in the Nordea Group: Nordea Bank Danmark A/S (referred to as NBD), Nordea Bank

Norge ASA (referred to as NBN) and Nordea Bank Sweden AB (publ) (referred to as NBS).

In addition to this report, Nordea’s Annual Report and Annual Review for 2002 include information on Nordea’s banking business. Both reports are available on the Internet at www.nordea.com or can be subscribed via Investor Relations, see page 54.



Comparison of financial statements and key ratios

Due to the development in the Nordea Group structure the composition of the Bank Group has significantly changed during 1998-2002. All comparison information for the Bank Group is based on published information for the predecessor of Nordea Bank Finland Plc and the legal group structure prevailing before the demerger. The most significant changes affecting the comparability of the financial figures presented for these years are:

Year 2002

- In connection with the demerger on 1 January 2002 seven companies operating in investment banking, asset management or insurance operations were transferred outside the Bank Group.
- LG Petro Bank, a new company in the Nordea Group, is included in the consolidated financial statements of NBS as from October 2002.

Year 2001

- NBD, formerly owned by Nordea AB (publ), and Postgirot Bank, a new company in the Nordea Group, are included in the consolidated financial statements of NBF as from 1 December 2001.
- The income statement of NBN is included in the consolidated income statement of NBF as from January 2001.

Year 2000

- The balance sheet of NBN, a new company in the Nordea Group, is incorporated in the consolidated balance sheet of NBF as from December 2000.

Year 1999

- No major changes in the Bank Group structure.

Year 1998

- The Merita Bank Group and the Nordbanken Group joined together in the beginning of 1998 and formed the MeritaNordbanken Group. The Group operated under the name Nordea Companies Finland (NCF) as from December 2000, under the name NCF Bank as from June 2001 and under the name Merita Bank as from September 2001. The Group has operated under its present name, Nordea Bank Finland, as from December 2001.

Financial statements of Nordea Bank Finland Plc, the parent company of the Bank Group

As the parent company of the Bank Group was founded on 1 January 2002 by demerger, there are no comparison figures for 2001 or previous years to be presented for the parent company.

Definitions and exchange rates

Return on equity (ROE), % (Nordea definition)

Net profit before minority interests as a percentage of average shareholders' equity including minority interests and adjusted for new share issues and dividends. Average equity is calculated as the mean of equity at the beginning and end of the year.

Return on total assets (ROA), %

See below.

Overall interest margin, %

Net interest income as a percentage of average total assets, calculated as the mean of total assets at the beginning and end of the year.

Cost/income ratio before loan losses, %

Operating expenses before goodwill as a percentage of operating income and share of profit/loss from companies accounted for under the equity method.

Cost/income ratio after loan losses, %

Operating expenses before goodwill plus loan losses (including change in value of property taken over for protection of loans and profit/loss on long-term securities) as a percentage of operating income and share of profit/loss from companies accounted for under the equity method.

Loan loss level, %

Loan losses net as a percentage of opening balance of lending and contingent liabilities.

Impaired loans level, %

Impaired loans (i.e. problem loans) net (i.e. impaired loans less provisions) as a percentage of the closing balance of lending.

Risk-weighted assets

Total assets and off-balance-sheet items valued on the basis of credit and market risks in accordance with regulations governing capital adequacy.

Capital base (own funds)

Capital base is the sum of core capital (Tier 1) and supplementary capital (Tier 2, consisting of subordinated loans) after deduction of certain holdings in companies that conduct

insurance or finance operations. Core capital comprises shareholders' equity (including the part of non-restricted reserves and depreciation difference included in the equity capital) deducted with intangible assets. Subject to the approval by supervisory authorities, core capital may also include certain qualified forms of subordinated loans.

Tier 1 (core capital) capital ratio, %

Tier 1 capital as a percentage of risk-weighted assets.

Total capital ratio (capital adequacy), %

Capital base as a percentage of risk-weighted assets.

Key figures in accordance with the regulations of the Finnish Financial Supervision

Turnover

Interest income, income from equity investments (dividends) and commission income, net interest income from securities trading and foreign exchange dealing and other operating income.

Return on equity (ROE), %

Operating profit less taxes as a percentage of average shareholders' equity and minority interest. Average equity is the mean of equity at the beginning and end of the year.

Return on total assets (ROA), %

Operating profit less taxes as a percentage of average total assets. Average total assets are calculated as the mean of total assets at the beginning and end of the year.

Equity to total assets, %

Total shareholders' equity and minority interests as a percentage of total assets at year-end.

Income/cost ratio

Total of net interest income, income from equity investments (dividends), commission income, net income from securities trading and foreign exchange dealing and other operating income in relation to total of commission expenses, administrative expenses, depreciation and other operating expense.

Exchange rates 31 December, 2002

(European Central Bank rates of exchange for key currencies)

EUR	1.0000	CHF	1.4524	DKK	7.4288	EEK	15.6466
GBP	0.6505	JPY	124.39	LTL	3.4525	LVL	0.614
NOK	7.2756	PLN	4.021	SEK	9.1528	SGD	1.8199
USD	1.0487						

Report of the Board of Directors

The year 2002 provided again a challenging operating environment. The expected pickup in overall economic growth failed to materialise. The United States economy showed signs of recovery, but uncertainty regarding the sustainability of the growth continued. In Japan zero-growth continued. In the wake of Germany's weak development growth in the Euro area slowed down. Overall the Nordic economies grew slightly faster than in 2001, but nevertheless the growth remained fairly slow.

The development of capital markets remained weak. Share prices continued to decline until the autumn and marked time thereafter. Inflation remained a minor concern as rise in consumer prices tended to slow down all over. Generally interest rates continued to go down as central banks both in the United States and in Europe lowered their policy rates.

Low interest rates underpinned the demand for bank loans, and lending continued almost invariably to grow. While the year 2002 marked a respite in financial sector consolidation, the operating environment remained highly competitive.

Composition of the Group

Nordea Bank Finland Group forms a part of the Nordea Group, the operations of which have been organised across national boundaries in three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. Group Processing and Technology, Group Corporate Centre and Group Staffs support the business areas.

All the operations of the Bank Group are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the business areas, encompasses the operations of the Bank Group in their entirety.

As part of the Nordea Group, the Bank Group conducts banking operations in the Nordic and Baltic Sea region. The parent bank of NBF, Nordea Bank Finland Plc, is domiciled in Helsinki and its business identity code is FI1680235-8.

NBF has foreign branches in Frankfurt, London, New York, Riga, Singapore, Tallinn, and Vilnius and on Grand Cayman. The international network further includes representative offices in Brazil, China, Egypt, India, Iran and Russia. See "Addresses", page 52.

The most significant structural changes in the Bank Group in 2002 were the demerger of Nordea Bank Finland Plc on 1 January 2002 and the consolidation of LG Petro Bank since October 2002.

During the year 2001 the most significant structural changes in the Bank Group were the acquisitions of Nordea Bank Danmark and Postgirot Bank AB in the beginning of December. NBD was incorporated in the consolidated financial statements of Nordea for the whole year 2001. Therefore Nordea's 2002 annual report provides a better comparison of the Group's banking business in 2002 and 2001.

Changes in the group structure in 2002 are described in more detail in "Changes in group structure", page 14.

Demerger of Nordea Bank Finland Plc

Nordea Bank Finland Plc was demerged at the beginning of 2002 as a part of the restructuring of Nordea.

The demerger resulted in the creation of five new companies directly owned by Nordea AB (publ). At the same time the demerged Nordea Bank Finland Plc ceased to exist. The new banking company formed in the demerger became the owner of all assets and liabilities related to banking business in the demerged bank and adopted its name, Nordea Bank Finland Plc. See also "Changes in group structure", page 14.

Profit and profitability

Changes in the group structure weaken the comparability of the consolidated income statements for 2002 and 2001. See "Comparison of financial statements and key ratios", page 5. The interim figures for 2002 are presented below on page 9 to facilitate the analysis of the recent financial development of NBF.

Net interest income and commission income developed favourably due to higher volumes. Lower sales profits decreased other income compared with the previous year. The average number of employees increased following the changes in the group structure, resulting in higher personnel and other administrative expenses. In addition, the covering of the deficit in the pension foundation in Sweden increased personnel expenses. In total, *operating profit* amounted to EUR 1,378m (2,573).

Profit for the year amounted to EUR 722m (2,192), corresponding to return on equity of 9.3% (28.3).

Income

Total operating income increased to EUR 5,439m (5,319), an increase of 2% compared with 2001.

Net interest income increased by 43% to EUR 3,738m (2,615). The volume of loans and deposits continued to increase, which compensated for the unfavourable impact of the declining interest rates on net interest income. In addition to the increasing volumes, also the full year consolidation of NBD had a positive impact on development. The falling interest rates increased the demand for housing loans as well as low risk deposits. On average the difference of lending and deposits margins declined in the Bank Group.

Dividends, or income from equity investments, were EUR 29m (39).

Net commission income was somewhat higher than in the preceding year and amounted to EUR 1,218m (1,027). Commission income increased by 21% to EUR 1,482m (1,226). The development in commissions on lending was favourable as a consequence of growth in volumes, as well as in commissions on deposits and payment transactions. However, the most significant factor behind the increase was changes in the group structure. The decline in the stock exchange prices and the slowdown in securities trading decreased commissions on securities brokerage and mutual funds. Commission expenses were 33% higher than the year before mainly due to the inclusion of NBD.

Net income from securities transactions and foreign exchange dealing amounted to EUR 214m (314), a decrease of 32%.

Net income from securities transactions was EUR 165m lower than in 2001 and amounted to EUR 0m. Income from interest-bearing securities,

EUR 10m was EUR 52m lower than in the previous year. The decrease is due to the higher income in 2001 resulting from the reclassification where part of the interest-bearing securities under fixed assets were reclassified as current assets.

Income from other securities transactions decreased by EUR 37m to EUR 6m (43). The decrease arises entirely from reporting changes between net income from foreign exchange dealing and net income from securities transactions in NBN.

Net income from equity-related transactions, EUR -16m (60), included EUR 17m net gains on the disposal of equity holdings. A non-recurring gain of EUR 30m was received in June in connection with the divestment of ownership interest in a mortgage institution in Denmark.

Net income from foreign exchange dealing amounted to EUR 214m (149). Development in currency trading was slightly positive when the above mentioned reporting change in NBN is taken into account.

Other income decreased to EUR 240m (1,324). Gains on disposal of group companies totalled EUR 60m (1,159) in the Bank Group. The most significant sales profit, EUR 30m, was realised in October in connection with the sale of the shares in Nordea Fastigheter AB to Nordea AB (publ). This sales profit is eliminated from consolidated accounts on Nordea level. The sale of NBF's subsidiary Contant Oy generated a profit of EUR 18m in August. Other sales profits in 2002 included a profit of EUR 24m relating to Europay Norge AS shares, which were sold in December. The most significant sales profit in the previous year was the gain on the sale of the shares in Nordea Asset Management AB to Nordea AB (publ), amounting to EUR 1,093m.

Expenses

Total expenses increased to EUR 3,835m (2,595), an increase of 48%, reflecting mostly the incorporation of NBD and Postgirot Bank.

Personnel expenses amounted to EUR 2,080m (1,219), an increase of EUR 861m. The average number of employees in the Bank Group was approximately 8,900 persons higher than in the previous year as a result of the acquisitions of NBD, Postgirot Bank and LG Petro Bank. Expenses for 2002 included the EUR 243m contribution to the Swedish pension foundation, which was needed because of the weak development on the equity markets.

Other administrative expenses rose to EUR 1,060m (870) mainly due to the above mentioned structural changes and higher IT expenses. IT expenses accounted for 40% of other administrative expenses. The development in IT costs reflects investments in the new global trading infrastructure for FX and money market products and the new accounting system and data warehouse applications, as well as expenses related to the integration of the existing data systems. IT investments accelerated towards the end of the year.

Depreciation and write-downs on tangible and intangible assets amounted to EUR 307m (221). The increase is due to the changes in the group structure and includes the EUR 42m increase in group goodwill depreciation resulting mainly from the full year consolidation of NBD.

Other operating expenses grew by EUR 103m to EUR 388m (285). Costs for premises and real estate increased by EUR 52m, most of which arose from NBD.

Loan losses

Loan losses remained on a low level and amounted to EUR 263m (208). In the Finnish group companies, loan losses were lower than in the preceding year and amounted to EUR 19m (40). In Sweden, loan losses decreased as well to EUR 26m against EUR 102m in 2001. In Norway loan losses increased to EUR 165m (88). About 60% of the loan losses in Norway relate to fish farming industry. Denmark showed a negative development as well and loan losses amounted to EUR 51m (-22). The previous year's loss/reversal figures for Denmark are based on NBD's consolidation for one month only.

Previously booked loan losses were recovered and provisions were reversed in the amount of EUR 490m (388).

Loan losses correspond to 0.1% of total opening balance of lending and contingent liabilities.

The provision for country risks pertaining mainly to countries outside the OECD amounted to EUR 130m at year-end 2002 (156). The decrease, EUR 27m, was primarily due to the exchange rate effect of the weakened US dollar.

Share of profit from companies accounted for under the equity method

The Bank Group's share of profit in companies accounted for under the equity method was EUR 38m

(57). Nordisk Renting AB reported a profit share of EUR 12m and PBS Holding A/S (Danish payments systems) a profit share of EUR 11m. Bank Group's share of the loss in Realinvest Oy, resulting mainly from write-downs made in the latter part of the year, amounted to EUR 16m in 2002.

Extraordinary items

The group contribution paid by NBS to Nordea AB (publ), EUR 290m, and the contribution paid by Tukirahoitus Oy to Nordea Securities Oyj, EUR 2m, were booked as extraordinary expenses in the Bank Group.

Taxes

Profit before taxes amounted to EUR 1,086m (2,249) and the tax expense was EUR 364m (58) corresponding to a visible tax rate of 34%.

The tax rate of the Bank Group was relatively high because of, among other things, two disputes in Norway. In the previous year the low tax rate was due to the utilisation of the loss carried forward in the former Merita Real Estate Ltd. Foreign dividends lowered the tax rate of the parent bank in 2002.

Profit for the year

After tax and minority interest, *profit for the year* amounted to EUR 722m (2,192).

Interim income statements

	Jan-Dec	Jul-Dec	Jan-Jun
EUR million	2002	2002	2002
Net interest income	3,738	1,917	1,821
Net commission income	1,218	614	604
Net income from securities transactions and foreign exchange dealing	214	94	120
Other income	269	167	102
Total income	5,439	2,792	2,647
Personnel expenses	-2,080	-1,033	-1,047
Other expenses	-1,755	-913	-842
Total expenses	-3,835	-1,946	-1,889
Profit before loan losses	1,604	846	758
Loan losses, net	-263	-144	-119
Write-downs on securities held as financial fixed assets	-1	-1	-
Profit from companies accounted for under the equity method	38	8	30
Operating profit	1,378	709	669

Financial structure

Consolidated total assets amounted to EUR 226.1bn at year-end 2002, an increase of EUR 10.2bn or 5% compared to the previous year.

Lending

Loans to the public increased during the year by 6% to EUR 146.3bn, which represents 65% of total assets. Total lending amounted to EUR 168.6bn (157.7), representing 75% of total assets. See "Analysis of credit risks", page 12.

Interest-bearing securities

Current assets

Interest-bearing current assets consist of trading and treasury debt securities. At year-end 2002, holdings of debt securities, reported at market value, amounted to EUR 27.7bn (31.3).

Fixed assets

Holdings of interest-bearing securities to be held to maturity are reported as financial fixed asset. Fixed assets, which are carried at cost, amounted to EUR 0.4bn (2.0) at year-end 2002.

Shares and participations

At year-end, the book value of shares in current assets amounted to EUR 455m (695). Other shares amounted to EUR 52m (53).

Real estate

The book value of real estate was EUR 1.2bn at year-end (1.6). Real estate investments are mainly investments in owner-occupied properties. Other real estate will gradually be divested.

The real estate portfolio of NBF also includes shares in real estate investment companies in the amount of EUR 0.3bn.

Other assets

Other assets, prepaid expenses and accrued income amounted to EUR 20.0bn (16.4) comprising positive valuation items and accrued income pertaining to derivatives for EUR 13.5bn and assets for which customers bear the risk for 2.9bn (see note 26).

Deposits

Deposits from the public constitute the Bank Group's prime source of funding, representing 40% of balance sheet total at year-end. Deposits from the public grew by 7% and amounted to EUR 89.8bn.

Other funding

In addition to deposits from the public and shareholders' equity, funding is primarily in the form of money market instruments and bonds. The Bank Group has various loan programmes on the market.

At year-end, outstanding bonds amounted to EUR 67.6bn (66.3) including subordinated loans for EUR 5.8bn (5.3). Loans from credit institutions are also an essential source of funds, especially for short-term needs. At year-end, these totalled EUR 25.9bn (30.1).

Other liabilities

Other liabilities, accrued expenses and prepaid income amounted to EUR 28.2bn (20.9), of which EUR 14.6bn consisted of valuation items pertaining to derivative instruments.

Shareholders' equity

After the demerger, see page 7, shareholders' equity of NBF amounted to 11.1bn, which was 0.2bn less than the equity of the demerged Nordea Bank Finland's equity at the end of 2001. Of the equity of NBF EUR 1.0bn was utilised for payment of the dividend approved by the Annual General Meeting. A capital loan amounting to USD 300m was prematurely paid back in September and a new EUR 800m capital loan was issued later in the autumn to Nordea AB (publ). Subsequently, shareholders' equity at the end of the year was EUR 11.3bn, including the profit for the year, EUR 0.7bn.

The Board of Directors proposes to the Annual General Meeting that a dividend totalling EUR 400m be paid to the parent company.

Capital adequacy and rating

At year-end 2002, the Bank Group's capital adequacy ratio was 10.4% (9.3) and the core capital ratio was 6.6% (6.2). Risk-weighted assets were slightly lower than at year-end 2001 and amounted to EUR 135bn (136).

The minimum level prescribed by the authorities for the capital adequacy ratio is 8%.

The above mentioned USD 300m capital loan under tier 1 own funds was prematurely paid back in September with the permission of the Finnish Financial Supervision Authority.

Furthermore, three loans under tier 2 own funds were prematurely paid back during the year with the permission of the Finnish Financial Supervision Authority. A subordinated loan with a nominal value of EUR 150m was paid back in August and a subordinated loan with a nominal value of JPY 2bn in December. The payback of a convertible bond with a nominal value of EUR 143m was realised in September.

During 2002 NBF issued four new subordinated loans. The total nominal value of these new loans is approximately EUR 2.0 bn.

The credit ratings of the banks and credit institutions in the Group shown in the table below were unchanged during 2002.

Risk management

NBF is entirely integrated with Nordea's risk management system. Group Credit and Risk Control is in charge of the drafting of rules and guidelines for risk assessment, central control and reporting for NBF and for Nordea as a whole. The business areas have the main responsibility for identifying and controlling risk in their operations.

NBF's Board of Directors is ultimately responsible for limiting and monitoring the Group's risk exposure. The following operative targets include restrictions on risk exposure and establish a framework for the operations.

- Average loan losses must not exceed 0.4% of the loan and guarantee portfolio over a full business cycle.
- Investment risk (market risk related to investment activities) should not lead to an accumulated loss in investment earnings exceeding one quarter's normalised income level at any time in a calendar year.
- Operating risk must be kept within manageable levels at reasonable cost.

The Board of Directors approves all main principles, instructions and exposure restrictions. The Board of Directors is informed of exposure and risk management through regular reports.

Nordea Bank Finland Group – Capital adequacy

31 Dec, EUR million ¹⁾	2002	2001	2000	1999	1998
Tier 1	8,862	8,398	5,254	5,753	4,391
Tier 2	5,434	4,774	3,744	2,698	1,913
./deductions	286	581	337	151	250
Total own funds	14,010	12,591	8,661	8,300	6,053

Risk-weighted assets	135,226	135,941	95,213	68,518	63,799
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Capital adequacy, %	10.4	9.3	9.1	12.1	9.5
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Tier 1/risk-weighted assets, %	6.6	6.2	5.5	8.4	6.9
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Nordea Bank Finland Plc capital adequacy, % ²⁾

26.0	-	-	-	-
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¹⁾ See "Comparison of financial statements and key ratios", page 5.

²⁾ The parent company Nordea Bank Finland Plc was founded on 1 January 2002.

Ratings

31 Dec 2002	Moody's		S & P		Fitch	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
NBD	P-1	Aa3	A-1	A+	F1+	AA-
NBF	P-1	Aa3	A-1	A+	F1+	AA-
NBN	P-1	Aa3	A-1	A+	F1+	AA-
NBS	P-1	Aa3	A-1	A+	F1+	AA-
Nordea Hypotek	P-1	Aa3	A-1			
Nordea Kredit Realkredit-aktieselskab		Aa1				
Norgeskreditt	P-1	A1				

Credit risk

Credit risk is defined as the risk that the Group's counterparty does not fulfil agreed obligations and that any pledged collateral does not cover the Group's claim. Most of the credit risk to NBF arises from lending. Credit risk also arises from other types of existing or future claims, such as bonds and other interest-bearing instruments, off-balance-sheet commitments, like guarantees, documentary credits and unutilised credit lines as well as from trading in financial instruments, such as derivative instruments. Nordea's definition of credit risk also covers country risk, transaction risk and settlement risk.

Risk limitation is primarily accomplished by maintaining quality and discipline in the credit process. Credit policy and credit instructions provide support and guidance in credit operations.

Risk management and control

The Group has a special decision-making process to establish credit limits. For most engagements, a credit limit is set, establishing conditions for lending, the effect of which is to limit the credit risk.

Credit risk is also controlled through the application of limits to industry sectors.

One account manager is appointed for each customer account. This person is responsible for ensuring that the credit extended is adapted to the individual customer's repayment capacity. Credit risk is controlled partly through monitoring the customer's compliance with the agreement and partly in that any lessening of the customer's ability to pay triggers measures that restrict credit risk.

If the bank considers it probable that a loan will not be fully paid, either by the customer, through assets pledged or by other source, the loan is considered impaired. A provision is set up for the amounts not expected to be recovered.

Analysis of credit risks

Loans to the public

NBF's lending to the public increased in 2002 by 6% to EUR 146.3bn (137.8), of which 90% (88) pertained to borrowers in Finland and other Nordic countries. Lending to the corporate sector accounted for 59% (61) of the exposure. The household sector's percentage of exposure increased to 39% (37), while the public sector accounted for 2% (2).

Lending to the corporate sector amounted to EUR 86.9bn (84.1) at the end of 2002. Real estate management companies accounted for a major part of the exposure, 26%, of which housing financing accounted for a significant portion. Relatively large and financially strong companies dominate this portfolio, which has a high level of collateral coverage.

In corporate lending, the share of the manufacturing industry was 16% and consulting and service companies, including rental operations, accounted for 10%.

Lending to the household sector amounted to EUR 56.7bn (50.7), of which 77% (77) consisted of mortgage loans.

Lending to the public sector amounted to EUR 2.7bn (2.8), of which 79% (77) was to municipalities.

Loans to credit institutions

Lending to credit institutions, mainly in the form of interbank deposits, amounted at the end of the year to EUR 22.3bn. Of these loans less than 10% was to banks outside OECD.

Impaired loans

Gross impaired loans increased during the year by 5% to EUR 3.3bn (3.1), of which EUR 2.7bn (2.5) were corporate loans and EUR 0.6bn (0.6) loans to private persons. The net amount, after a EUR 2.2bn (2.3) deduction for reserves for impaired loans, was EUR 1.1bn (0.9), corresponding to 0.8% (0.6) of the total volume of loans outstanding.

Impaired loans and property taken over for protection of claims ¹⁾

31 Dec, EUR million	2002	2001
Impaired loans, gross	3,260	3,114
Provisions for impaired loans	2,153	2,259
Impaired loans, net	1,107	855
Provisions/impaired loans, gross, %	66	73
Impaired loans, net / lending, %	0.8	0.6
Property taken over for protection of claims, EUR million	29	49

¹⁾ Excluding country risk provisions

Country risk

Country risk is a credit risk connected to transfer of money between countries, arising when the economic and political landscape changes in a way that can lead to difficulties in transferring liquid funds and make it more difficult for counterparties to fulfil their commitments. Country risk is assessed with the help of an external institution that continuously assesses different countries' economic and political status.

Off-balance sheet commitments

The bank's business operations include a considerable proportion of off-balance-sheet items. These include commercial products such as guarantees, documentary credits, credit commitments etc., as well as financial commitments in the form of derivatives. The latter concern particularly agreements to exchange currencies (currency forwards), contracts to purchase and sell interest-bearing securities at a fu-

ture date (interest-rate forwards) and agreements on exchange of interest payments (swaps, FRAs).

Credit commitments and unutilised credit lines amounted to EUR 30.2bn (29.0), whereas guarantees and granted but not utilised documentary credits amounted to EUR 16.6bn (16.4).

Total exposure to counterparty risk pertaining to off-balance-sheet commitments amounted to EUR 13.5bn (15.3) at the end of 2002, measured as a risk-weighted amount in accordance with capital adequacy rules.

Market risk

NBF defines market risk as potential loss in the form of reduced market value resulting from movements in financial market variables, such as interest rates, currency exchange rates, and equity and commodity prices. Market risk is divided into interest rate, currency, equity and commodity risk.

Market risk exposure is connected primarily to trading operations conducted by the Group on its own behalf and with the investment portfolios of the treasury operations. The Corporate and Institutional Banking business area is also subject to a lesser risk in conjunction with their customer service and market making activities.

The Board of Directors decides risk levels, methods of risk measurement and limits regarding total market risk, while the asset and liability management committee (ALCO) decides how to distribute market risk limits among the business areas. The business area limits are established to comply with business strategies.

NBF's market risk is assessed using the Value at Risk method (VaR), various standardised sensitivity measures, various combined scenario simulations and stress testing.

Exposure to interest-rate risk arises when there is a lack of balance in the interest rate structure between assets and liabilities and corresponding off-balance-sheet items. Overall limits on interest cost risk – that is, the types of interest-rate risk that can lead to loss arising from a change in the market value of interest rate products which is unfavourable for Nordea – are based on VaR for linear risk and scenario simulation for non-linear risk. At the end of 2002, the VaR risk amounted to EUR 45m. The non-linear risk amounted to EUR 14m.

Net interest income risk is assessed using a sensitivity analysis regarding a 1% parallel shift for the entire balance sheet. A percentage point increase in the market interest rate would affect net interest income for the coming twelve months by EUR 122m. The calculation presupposes that no market transactions take place during the period.

Exposure to currency risk arises when assets and liabilities in the same currency are of unequal amounts. Overall limits are based on VaR for linear risk and scenario simulation for non-linear risk. At the end of 2002, the VaR risk amounted to EUR 4m. Non-linear risk amounted to EUR 6m. A 5% change in the currency positions would result in an exchange rate risk of EUR 33m.

Overall limits for equity risk are based on VaR for linear risk. At the end of 2002, equities' risk amounted to EUR 46m.

NBF's commodity risk is insignificant and solely related to clients driven activities.

Real estate market risk

The real estate portfolio of NBF contains properties mainly in the Nordic markets.

The book value of non-owner occupied properties amounted to EUR 0.2bn representing 0.1% of total assets. External specialists have re-evaluated the Group's non-owner-occupied properties during 2002. According to these re-evaluations the book value of the portfolio corresponds to its market value.

Real estate market risk may arise from a need to write down the value of properties because of decreased market value. If the market value of the Bank Group's non-owner-occupied properties decreased by ten percent, the Group's capital adequacy ratio would be reduced by a maximum of 0.02 percentage points.

The risk related to the holdings of shares in real estate investment companies is regarded as equity risk.

Operational risk

NBF defines operational risk as the risk of incurring losses, including damaged reputation, due to deficiencies or errors in internal processes and control routines or by external events and relations that affect operations.

Solid internal control and quality assurance, which is best achieved through a system for risk management,

strong leadership and skilled personnel, is the key to successful operational risk management.

Since financial services are to a great extent information processing, considerable emphasis is placed on information security (that is, access control) in the processes. Preparedness planning and increased readiness to act in crisis management are key considerations for the management of larger incidents. The physical safety of bank employees and customers is also given high priority.

Personnel

Adjusted for the inclusion of LG Petro Bank into the group in September, the number of full-time employees showed a declining development throughout the year. The trend is expected to continue.

When vacancies occur, the aim is to fill them by internal rather than external recruitment.

Analysis of the employee structure reveals an excellent mix of potential and experience. Large number of employees is in the age group 25 –35 years.

On the other hand the number of employees approaching retirement provides the group with flexibility as regards the need to reduce manpower in view of further development of customer self-service and other related changes.

Environmental concerns

In accordance with Nordea Group Corporate Citizenship Principles NBF is committed to sustainable development by combining financial performance with environmental and social responsibility, caring for the environment and working to reduce the negative and to increase the positive environmental impact of its business activities.

The Nordea Group will adopt an environmental policy that will provide guidance on how the Group entities will manage and control environmental issues in their own operations, supporting the reduction of related costs and business risks to the Group.

The policy will also guide policymaking and business initiatives regarding financial involvement by business units and co-operation with suppliers.

Legal proceedings

Within the framework of the normal business operations the companies in the Bank Group face a number of claims in lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Bank's or the Group's financial position.

In the suit between Yggdrasil AB and NBS, described in detail in previous annual reports, the Swedish Supreme Court dismissed Yggdrasil's petition for a leave of appeal on 10 February 2003. The decision given was thus in favour of NBS.

In April 2002, the Helsinki Court of Appeal rejected the claims, which were based on the allegation that Kansallis-Osake-Pankki (one of the predecessors of NBF) would not have acted in accordance with the regulations of the Securities Market Act when marketing the share issue in 1994. In December 2002 the Supreme Court gave its decision to persons who had made a petition of leave to appeal in the case concerning claims for damages in the so-called Kansallisanti share issue. According to the decision, no leave to appeal the ruling of the Helsinki Court of Appeal is granted. The ruling of the Court of Appeal will thus remain permanent.

Changes in group structure

Demerger of Nordea Bank Finland Plc

The companies transferred outside the Bank Group in the demerger, described on page 7, were Nordea Securities Oyj, Nordea Securities Corporate Finance Oy, Nordea Investment Management Finland Ltd, Nordea Investment Funds Company Ltd and Nordea Life Assurance Finland Ltd.

The company was demerged through a so-called comprehensive demerger in accordance with the Finnish Companies' Act and the Commercial Banks Act. All shares in the companies established in the demerger were transferred to the sole shareholder of the company, Nordea AB (publ), as demerger consideration in accordance with the demerger plan.

The demerger had an impact of EUR -79m on the non-restricted equity capital of the Bank Group.

Mergers

Postgirot Bank AB (publ) merged with Nordea Bank Sweden AB (publ) on 20 December 2002. Postgirot's payment systems and services remained unchanged, but are now integrated with NBS under the name of Postgirot.

The wholly owned subsidiary of NBF, Nordea Kiinteistöomistus Oy, was merged into Nordea Bank Finland Plc on 31 October 2002.

In addition, several real estate companies and some small group companies with limited activities were merged during the year.

The mergers had no material impact on the non-restricted equity of NBF. The domiciles, lines of business, results for the financial period and total assets of the merged companies are shown in the notes to the financial statements (note 58).

Acquisitions

NBS entered in May 2002 into a conditional agreement with LG of Korea to purchase 54.3 % of LG Petro Bank S.A. in Poland. A tender offer for the outstanding shares was launched. On 17 October 2002, shareholders representing 99.5% of the total number of shares had accepted Nordea's tender offer. Thereby the transaction could be completed. LG Petro Bank will be integrated with Nordea Bank Polska as soon as all the necessary approvals have been obtained. The financial statements of LG Petro Bank have been incorporated in the financial statements of NBF since 1 October 2002.

In August 2002, NBF bought a 25% share of the associated company Suomen Suorakauppa Oy. After the transaction, NBF owns 75% of the company. As the activities of the company will be closed down, it has been consolidated with the equity method.

Disposals and dissolutions

In the connection with the demerger of the former Nordea Bank Finland Plc, NBS sold its subsidiaries Nordea Life Assurance I Sweden AB (publ) and Nordea Life Assurance II Sweden AB (publ) outside the Bank Group.

The sale of the debt collection company Contant Oy to Spontant Oy was completed in August. Contant Oy was a wholly-owned subsidiary of the NBF.

NBS sold its subsidiary Nordea Fastigheter AB to Nordea AB (publ) in October 2002.

MeritaNordbanken Merchant Bank Singapore Ltd, a wholly-owned subsidiary of NBF, ceased its operations at the end of year 2002 and it is planned to start a voluntary liquidation procedure in order to close the Bank. The majority of the assets and liabilities of the Merchant Bank were transferred to NBF's Singapore branch.

In addition, some small companies with limited activities have been disposed of or dissolved during the year.

The above disposals and dissolutions had an impact of EUR 62m on the non-restricted equity capital of the Bank Group. The domiciles, lines of business, results for the financial period and total assets of the companies disposed and dissolved are shown in the notes to the financial statements (note 58).

Representative offices

NBF Paris representative office was closed down at the end of March 2002 and the NBF representative office in South Africa at year-end 2002.

Principal subsidiaries

The annual reports of NBF's largest subsidiaries, NBD, NBN and NBS are available in banking branches in their home countries or can be subscribed online on the Internet or via Investor Relations, tel. +358 9 165 42 237, fax +358 9 278 2431 or by mail from Nordea Investor Relations, FIN-00020 NORDEA.

In addition to the bank groups stated above, NBF has several subsidiaries in Finland and abroad. The most significant subsidiary is Nordea Finance Finland Ltd.

Nordea Finance Finland Ltd

Nordea Finance Finland Ltd is responsible for the Nordea Group's finance company operations in Finland and in the Baltic countries.

The Nordea Finance Finland Group comprises some Finnish financial institutions and 23 real estate companies. In the Baltic market the Group operates via three subsidiaries: Nordea Finance Estonia Ltd, Nordea Finance Latvia Ltd and Nordea Finance Lithuania Ltd.

The main financial products of the Group are hire purchase credits, leasing, factoring, contract financing, cards and consumer credits. The products are marketed via the NBF branch network and the Inter-

net, as well as via suppliers and retailers who offer sales finance.

At year-end 2002 the Group's total assets amounted to EUR 4.2bn, and the loan volume was EUR 4.1bn. Operating profit for 2002 was EUR 109m and the number of employees at year-end was 642.

Important events after the end of the financial year

In the beginning of 2003 Nordea announced that NBF has acquired the remaining 60% of the shares in Nordisk Renting AB. NBF already owned 40% of Nordisk Renting and exercised its option to acquire the remaining shares. The purchase price was approximately EUR 118m. The acquisition provides greater flexibility for Nordea's engagement in Nordisk Renting which is currently being evaluated. The acquisition is subject to approvals by the relevant competition authorities and will only have a marginal effect on NBF's operating profit. At the end of 2002 total assets of Nordisk Renting amounted to EUR 1,851m.

Nordea has recently entered into an agreement regarding the sale of all residential properties in Denmark, which is expected to result in a gain of approximately EUR 58m. Disposal of certain other properties is currently under consideration and may result in a loss of the same magnitude in the first quarter of 2003. The disposals aim to reduce non-core assets in the Group.

The business activities of the NBD Frankfurt branch will be transferred to Nordea Bank Finland Plc as from 1 March 2003.

Outlook

For 2003, growth in the four Nordic economies is expected to be low, leading to limited potential for increased revenues. An increase in short-term interest rates, which may improve interest rate margins, is not expected until late 2003 at the earliest. To a certain extent the income outlook also depends on the development in the capital markets.

A sharp attention on cost control will be maintained aiming at adjusting the cost base in order to meet Nordea's financial targets. If the revenues fall short of expectations, further measures to improve cost efficiency will be considered.

The increased uncertainty in the global economy may lead to deterioration in credit quality in the medium term. The target for average loan losses over a business cycle, maximum 0.40% of loans and guarantees, remains unchanged. Based on the quality of the portfolio as well as the present outlook for the Nordic countries, there is no reason to believe that loan losses will exceed this average level in 2003.

Nordea Bank Finland Plc

Income statement, 1 January - 31 December

EUR million	Note	Group 2002	2001	Parent company 2002
Interest income		10,341	7,994	2,483
Interest expenses		-6,603	-5,379	-1,772
Net interest income	1,2	3,738	2,615	711
Income from equity investments				
Group companies		-	-	435
Participating interests		-	-	15
Other companies		29	39	13
Commission income		1,482	1,226	381
Commission expenses		-264	-199	-41
Net income from securities transactions and foreign exchange dealing				
Net income from securities transactions	3	0	165	18
Net income from foreign exchange dealing		214	149	43
Other operating income	5	240	1,324	57
Total operating income		5,439	5,319	1,632
Administrative expenses				
Personnel expenses				
Salaries and fees		-1,394	-911	-351
Staff-related expenses				
Pension expenses		-451	-104	-56
Other staff-related expenses		-235	-204	-22
Other administrative expenses		-1,060	-870	-237
Depreciation and write-downs on tangible and intangible assets	6	-307	-221	-47
Other operating expenses	5	-388	-285	-135
Total operating expenses		-3,835	-2,595	-848
Loan and guarantee losses	7	-263	-208	-5
Write-downs on securities held as financial fixed assets	7	-1	-	-36
Share of profit/loss from companies accounted for under the equity method	58,60	38	57	-
Operating profit		1,378	2,573	743
Extraordinary income	8	-	-	-
Extraordinary expenses	8	-292	-324	-
Profit before appropriations and taxes		1,086	2,249	743
Income taxes	44	-364	-58	-130
Minority interest		0	1	-
Net profit for the year		722	2,192	613

Comparability is affected by changes in the group structure, see page 5 and 14. As the parent company was founded on 1 January 2002 by demerger, there are no comparison figures for 2001 to be presented for the parent company.

Nordea Bank Finland Plc

Balance sheet, 31 December

EUR million	Note	Group 2002	Parent company 2001	2002
Assets				
Liquid assets		4,533	2,928	2,071
Debt securities eligible for refinancing with central banks	13,20			
Treasury bills		-	269	-
Other		5,514	7,625	2,308
Loans to credit institutions	14			
Repayable on demand		2,626	3,311	2,359
Other		19,634	16,573	24,309
Loans to the public and public sector organisations	15,19	146,341	137,830	30,171
Debt securities	20			
Issued by public sector organisations		6,151	5,608	2,077
Other		16,500	19,778	2,093
Shares and participations	21,22,53	507	748	155
Participating interests	21,22,60,61	528	472	228
Shares and participations in group companies	21,22,58,59	11	159	8,486
Intangible assets				
Consolidation goodwill	23	1,909	1,882	-
Other long-term expenditure		101	34	15
Tangible assets	22			
Real estate and shares and participations in real estate companies	24	1,235	1,623	604
Other tangible assets		285	342	84
Other assets	26	18,179	14,350	2,365
Prepaid expenses and accrued income	27	1,842	2,006	741
Deferred tax receivables	63	178	314	71
Total assets		226,074	215,852	78,137

Comparability is affected by changes in the group structure, see page 5 and 14. As the parent company was founded on 1 January 2002 by demerger, there are no comparison figures for 2001 to be presented for the parent company.

EUR million	Note	Group 2002	Parent company 2001	2002
Liabilities and shareholders' equity				
<i>Liabilities</i>				
Due to credit institutions and central banks				
Central banks		2,921	2,816	117
Credit institutions				
Repayable on demand		3,397	4,789	54
Other		19,547	22,484	12,758
Due to the public and public sector organisations				
Deposits				
Repayable on demand		59,858	58,024	18,031
Other		29,899	25,567	8,818
Other liabilities		2,516	2,662	2,322
Debt securities in issue	30			
Bonds		37,962	34,273	1,026
Other		23,925	26,735	19,150
Other liabilities	31	26,005	18,876	3,073
Accrued expenses and prepaid income	32	2,160	1,991	678
Provisions	10,33			
Pension provisions		295	288	13
Other provisions		92	148	26
Subordinated liabilities	34	5,750	5,336	2,027
Deferred tax liabilities	63	471	540	-
Minority interest		10	26	-
Total liabilities		214,808	204,555	68,093
<i>Shareholders' equity</i>				
Share capital	35	2,319	2,355	2,319
Share premium account		593	659	593
Other restricted reserves		451	502	-
Capital loans	40	1,178	780	842
Non-restricted reserves		2,889	2,887	2,848
Profit carried forward from previous years	37	3,114	1,922	2,829
Net profit for the year		722	2,192	613
Shareholders' equity		11,266	11,297	10,044
Total liabilities and shareholders' equity		226,074	215,852	78,137
Off-balance-sheet commitments				
Commitments on behalf of customers in favour of third parties	48			
Guarantees and pledges		13,949	13,279	6,857
Other commitments		1,603	1,415	520
Irrevocable commitments in favour of customers				
Securities repurchase commitments		3	3	3
Other commitments		31,225	30,724	10,079
Total off-balance-sheet commitments		46,780	45,421	17,459

Comparability is affected by changes in the group structure, see page 5 and 14. As the parent company was founded on 1 January 2002 by demerger, there are no comparison figures for 2001 to be presented for the parent company.

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Accounting principles

The financial statements of the parent company Nordea Bank Finland Plc have been drawn up and are presented in accordance with the provisions of the Finnish Credit Institutions Act, the Decision of the Ministry of Finance on the financial statements and consolidated financial statements of credit institutions, the rules and regulations of the Finnish Financial Supervision Authority and the statements of the Finnish Accounting Board. The financial statements of subsidiaries are, in all essential parts, included in the consolidated financial statements in conformity with the parent company's accounting policies.

The differences that exist between the regulations in Finland, Denmark, Norway and Sweden are of no material significance. In all essential aspects, it has proved possible to coordinate the accounting principles applied in group companies. Remaining adjustments have been made in the consolidated accounts. These pertain to reclassifications and have no effect on the Group's earnings or financial position. The general provision for loan losses is discussed on page 23.

Changes in the group structure affecting the comparability for the financial year and the previous years are presented on page 5 and 14.

Consolidated accounts

The financial statements of group companies that are financial or credit institutions or ancillary service companies have been consolidated by the acquisition method. Voluntary reserves and depreciation difference, after deduction of deferred taxes carried in subsidiary companies' balance sheets at the time of acquisition, are included in the subsidiary's shareholders' equity in the elimination of internal shareholdings. The part of the differences arising from elimination, which is not allocated on the subsidiary's assets is shown as "consolidation goodwill" or "consolidation reserve".

The equity method of accounting is used in the case of other subsidiaries and associated undertakings, where the share of voting rights is between 20% and 50%.

By permission of the Finnish Financial Supervision Authority, the consolidated financial statements do not include companies in respect of which the sub-

sidary or associated company relationship is based on equity holdings acquired for temporary ownership to safeguard the Bank's claims and the customer's business operations. Holdings in Finnish associated undertakings that constitute mutual property companies with separate property holdings are also not included in the consolidated financial statements. Such holdings are carried at the lower of cost or estimated market value. Non-consolidation of these holdings has no such impact on the Group's performance or financial position as would impair the accuracy or sufficiency of the information provided in the consolidated financial statements.

The result of companies acquired or divested during the year, is included in the income statement only for that part of the year during which the Group has had a holding in the company.

The financial statements of the parent company and the Group are presented in euro. The assets and liabilities of foreign subsidiaries have been translated into euro at the year-end exchange rates and income statement items at the year's average exchange rate. Translation differences are charged or credited directly to shareholders' equity.

Reporting of business transactions

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

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

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

Leasing

NBF's leasing operations mainly comprise financial leasing. In reporting leasing transactions, the leasing

item is reported as lending to the lessee. Leasing rents are reported net of depreciation under interest income.

Repos and other repurchase agreements

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

Financial fixed assets/current assets

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

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

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

The acquisition value of interest-rate-related instruments is calculated as the present value of future payment flows discounted on the basis of the effective acquisition rate, that is the interest rate at which the instrument was acquired. The accrued acquisition

value changes successively so that it is equal to the instrument's nominal value on the maturity date. Thus any premium or discount is amortised or accreted into interest income over the remaining term of the instrument. The acquisition value of debt securities in issue is calculated in the same manner.

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

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

Immediate profit/loss recognition in connection with early debt redemption

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

A subsequent sale of acquired bonds is treated as though the bonds had been newly issued. The immediate income recognition has the effect of eliminating future amortisation in net interest income of the difference between the nominal and acquisition value of the asset and liability items in question.

Hedge accounting

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

Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate, corresponding to the average of official buying and selling rates. The exchange rate applied to assets booked

as tangible or intangible assets in the balance sheet is the rate of the acquisition date, unless the acquisition cost has been covered with a corresponding liability in the foreign currency. Cash in foreign currencies is treated as receivables in foreign currencies. Forward positions in foreign currencies are valued at the current rate for forward contracts with the equivalent remaining maturity. When currency-related derivative instruments are used for currency hedging, the currency hedging and the corresponding protected item are translated at the year-end rate.

Reporting of impaired loans (problem loans) and property taken over for protection of claims

The notes to the balance sheet provide an overview of the extent of impaired loans, that is, loans with interest deferments, doubtful loans and assets taken over for the protection of claims.

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

A receivable is classified as doubtful if the interest, principal or utilised overdraft is more than 60 days (in Finnish companies 90 days) overdue or if other circumstances give rise to uncertainty as to repayment of the receivable and if at the same time the value of the collateral does not cover, by an adequate margin, the amount of the principal and accrued interest.

When a receivable is classified as doubtful, it is transferred to cash-based interest accounting. Accrued interest income is thus no longer included in earnings, and amounts related to earlier accruals are reversed.

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

Loan losses

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

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

Provision for a possible loan loss is made if the value of the collateral does not cover the amount of a doubtful receivable and the repayment capacity of the borrower is not expected to improve sufficiently within two years. The receivable is written down to the amount that the Group is expected to recover, considering the value of the collateral. If the collateral is an asset with a market quotation, valuation is based on the quoted value, otherwise on the estimated market value. If the collateral consists of property mortgages, the underlying property value is appraised using the same methods as for property taken over for protection of claims. Provisions for loan losses related to country risks are made on the basis of country risk estimates presented by The Economist Intelligence Unit, London (EIU) and the Group's outstanding net claim against counterparties in each country.

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

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

Through the acquisition of NBN a general provision for loan losses was introduced. This provision, which refers to loans not yet identified as impaired, has been maintained as it was established before NBN became a part of NBF.

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

Intangible and tangible fixed assets

These assets are reported at their acquisition value less depreciation according to plan. The depreciation according to plan takes into account the estimated life of the asset. If it is deemed likely that the fair value will consistently be less than the book value, the value is written down as required. Write-downs on real estate holdings are presented as a separate item after operating profit in 1998-2000. This reflects the decision made by the MeritaNordbanken Group in December 1998 to divest the Group's property portfolio in Finland at a rapid pace.

Goodwill

Consolidation goodwill is generally amortised over 5–10 years. However, should the effect of the goodwill last longer, it is amortised over a maximum period of 20 years.

Depreciation on equipment

Equipment is depreciated on a straight-line basis. Software is normally expensed immediately during the year of acquisition. In respect of major investments software can be depreciated on a straight-line basis over a maximum period of five years. Equipment is depreciated over a maximum period of five years.

Depreciation on buildings

Buildings are depreciated on a straight-line basis over periods ranging from 25 to 75 years.

Pension costs

The operating profit includes pension costs, which comprise premiums and fees to insurance companies and pension foundations, which have assumed part of the Group's pension commitments, and actuarial pension costs in respect of that part of the commitments which is guaranteed by a contribution to a pension foundation.

Taxation

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

Anticipated dividend

The Bank has applied an anticipated dividend procedure whereby the company paying the dividend books the amount as a dividend payment liability and a reduction of shareholders' equity. A corresponding amount is booked by the dividend receiver as dividend income.

Note 1: Interest income and expenses

EUR million	2002	Group 2001	Parent company 2002
Interest income			
Loans to credit institutions	789	628	866
Loans to the public and public sector organisations ¹⁾	8 317	6 511	1 392
Debt securities	1 204	810	214
Other interest income	31	45	11
Total	10 341	7 994	2 483
Interest expenses			
Debts to credit institutions and central banks	896	787	593
Debts to the public and public sector organisations	2 599	2 051	523
Debt securities in issue	2 572	2 078	546
Subordinated liabilities	222	293	84
Capital loans	24	22	24
Other interest expenses	290	148	2
Total	6 603	5 379	1 772
Net interest income	3 738	2 615	711

¹⁾ Includes net income from leasing in the amount of EUR 70 million (EUR 68 million).

Note 2: Net income from leasing

The parent company, Nordea Bank Finland Plc, does not conduct leasing business. The item "Interest income" in the consolidated income statement includes leasing rents and depreciation according to plan on leased assets in a net amount of EUR 70 million (EUR 68 million).

Note 3: Net income from securities transactions

EUR million	2002	Group 2001	Parent company 2002
Interest-rate-related items	10	62	-2
Equity-related items	-16	60	17
Other securities transactions	6	43	3
Total	0	165	18

Note 4: Purchases and sales of securities held as current assets

The value of debt securities held as current assets purchased during the year amounted to EUR 105 billion and the value of debt securities sold to EUR 126 billion. The value of corresponding shares purchased was EUR 36 million and the value of corresponding shares sold EUR 146 million.

Note 5: Other operating income and expenses

EUR million	2002	Group 2001	Parent company 2002
Other operating income			
Gross rental and dividend income from real estate and real estate companies	81	60	24
Capital gains from the sale of real estate and shares and participations in real estate companies	-8	-18	-12
Other income from ordinary operations	167	1 282	45
Total	240	1 324	57
Other operating expenses			
Rental expenses	198	137	44
Expenses from real estate and real estate companies	87	97	29
Other expenses arising from ordinary operations	103	51	62
Total	388	285	135

Note 6: Depreciation and write-downs on tangible and intangible assets

EUR million	Group		Parent company
	2002	2001	2002
Depreciation according to plan			
Tangible assets	159	131	42
Consolidation goodwill	130	88	-
Other intangible assets	15	2	5
Total	304	221	47
Write-downs	3	-	0

Note 7: Loan losses and write-downs on financial fixed assets

EUR million	Group				Parent company	
	2002		2001		2002	
	Loan losses, gross	Re-versals	Loan losses, gross	Re-versals	Loan losses, gross	Re-versals
Loan and guarantee losses by balance sheet item						
Loans to credit institutions	8	8	-	0	8	1
Loans to the public and public sector organisations	729	479	532	354	88	94
Leased assets	1	0	16	0	-	-
Guarantees and other commitments	1	0	3	1	4	0
Property taken over for protection of claims	13	2	12	-	-	-
Total	752	489	563	355	100	95

Write-downs on financial fixed assets totalled EUR 1 million in the Group and EUR 36 million in the parent company.

EUR million	Group		Parent company
	2002	2001	2002
Actual loan losses during the year (+)	541	421	182
Previous loan loss provisions utilised during the year (-)	-438	-335	-177
Recoveries of loan losses incurred in previous years (-)	-115	-98	-29
Loan loss provisions made during the year (+)	649	476	95
Reversal of previous provisions (-)	-374	-256	-66
Loan and guarantee losses ¹⁾	263	208	5

¹⁾ Previous loan loss provisions of the parent bank refer to the provisions transferred to the bank by demerger on 1 January 2002.

Note 8: Extraordinary income and expenses

EUR million	Group		Parent company
	2002	2001	2002
Extraordinary expenses			
Group contribution to companies outside the Bank Group	292	324	-
Total	292	324	-

Note 9: Appropriations

No depreciation difference or voluntary reserves are carried in the balance sheet of Nordea Bank Finland Plc.

Note 10: Change in provisions

EUR million	Group		Parent company
	2002	2001	2002
Changes during the year			
Pension provisions	7		-1
Guarantees and other similar provisions	-11		2
Rental liabilities	-6		-6
Restructuring provisions	-30		-8
Other	-9		-3
Total ¹⁾	-49		-16

¹⁾ The parent bank figure does not include the amount of EUR 39 million transferred to the parent bank by demerger on 1 January 2002.

Note 11: Income statement format

Income statements have been compiled in accordance with the format and terminology prescribed in the Decision of the Ministry of Finance (1376/1997).

Note 12: Income, operating profit and personnel by geographical market

EUR million	Group		Parent company
	2002	2001	2002
Income ¹⁾			
Finland	1 840	4 642	1 532
Sweden	1 749	2 761	-
Norway	977	903	-
Denmark	1 497	98	-
Great Britain	64	96	62
Germany	24	-	-
Latvia	9	10	7
Lithuania	3	2	2
Singapore	12	18	11
Estonia	13	10	9
USA	67	89	49
Poland	24	14	-
Other	5	6	-
Operating profit			
Finland	851	2 201	719
Sweden	295	1 705	-
Norway	214	270	-
Denmark	513	55	-
Great Britain	26	20	26
Germany	1	-	-
Latvia	1	4	0
Lithuania	-1	1	-1
Singapore	3	16	5
Estonia	4	4	1
USA	3	-30	-8
Poland	-9	-2	-
Other	0	2	-
Personnel			
Finland	10 745	11 698	9 276
Sweden	9 265	9 560	-
Norway	4 167	4 265	-
Denmark	8 818	9 076	-
Great Britain	89	152	89
Latvia	126	113	111
Lithuania	52	41	43
Singapore	48	51	48
Estonia	158	133	131
USA	109	144	109
Poland	1 300	543	-
Germany	42	-	-

Intra-group items have not been eliminated.

The results and development of banking operations by business area are reviewed in the Annual Report and Annual Review 2002 of the Nordea Group.

¹⁾ Net interest income, income from equity investments, commission income, net income from securities trading and foreign exchange dealing and other operating income.

Note 13: Debt securities eligible for refinancing with central banks

		Group		Parent company
EUR million	2002		2001	2002
Treasury bills	-		269	-
Government bonds	3 601		5 800	395
Certificates of deposit issued by the Bank of Finland	-		-	-
Certificates of deposit issued by others	1 913		1 825	1 913
Total	5 514		7 894	2 308

Note 14: Loans to credit institutions

		Group		Parent company
EUR million	2002		2001	2002
Central banks	765		385	8
Other credit institutions				
- payable on demand	2 626		3 311	2 359
- other	18 869		16 188	24 301
Total	22 260		19 884	26 668

Note 15: Loans to the public and public sector organisations

		Group		Parent company
EUR million	2002		2001	2002
Corporate	72 577		77 359	11 360
Financial institutions and insurance companies	6 264		142	178
Public sector organisations	2 849		16 333	383
Non-profit organisations	504		305	325
Households	56 696		37 149	12 944
Foreign	7 451		6 542	4 981
Total	146 341		137 830	30 171

The above breakdown on lending has been compiled in accordance with the regulations of the authorities and does not completely correspond to the breakdown used in the Group's internal credit risk analysis.

Specific loan loss provisions deducted from the balance sheet item "Loans to the public and public sector organisations"

		Group		Parent company
EUR million	2002		2001	2002
Specific loan loss provisions at the beginning of the year ²⁾	2 296		2 421	668
New provisions made during the year (+)	648		433	87
Provisions reversed during the year (-)	-344		-289	-65
Actual loan losses during the year charged against provisions made in previous years (-) ²⁾	-430		-296 ¹⁾	-183
Exchange rate difference	-2		16	-
Specific loan loss provisions at the end of the year	2 168		2 285	507

In addition to the above figures, provisions for country risks deducted from the balance sheet item "Loans to credit institutions" amount to EUR 34 million at year-end 2002 in Nordea Bank Finland Group.

¹⁾ The figure was missing from the 2001 Annual Report.

²⁾ In the parent bank loan loss provisions made in previous years refer to provisions transferred to the parent bank by demerger on 1 January 2002.

Note 16: Non-performing and other zero-interest-rate receivables

EUR million	2002	Group 2001	Parent company 2002
Non-performing receivables			
Corporate	698	456	35
Financial institutions and insurance companies	0	0	-
Public sector organisations	-	0	-
Non-profit organisations	0	1	0
Households	184	168	37
Foreign	87	56	87
Total ¹⁾	969	681	159
Other zero-interest-rate receivables			
Corporate	42	40	42
Non-profit organisations	-	-	-
Households	12	15	12
Foreign	5	12	5
Total ²⁾	59	67	59

¹⁾ In addition, non-performing and zero-interest-rate receivables totalling EUR 2 million carried at the risk of the Finnish Government Guarantee Fund (EUR 2 million).

²⁾ Loans granted to companies taken over for protection of claims amounted to EUR 40 million in the Group and to EUR 21 million in the parent company.

Note 17: Property taken over for protection of claims

EUR million	2002	Group 2001	Parent company 2002
Book value			
Real estate and shares in real estate companies	2	13	-
Other shares	5	19	-
Other assets	1	1	1
Shares and participations acquired for restructuring purposes	21	15	19
Total	29	48	20

Note 18: Subordinated receivables

EUR million	2002	Group 2001	Parent company 2002
Loans to credit institutions	7	24	144
of which to group companies	-	-	142
to companies in which the Group has a participating interest	2	2	2
Loans to the public and public sector organisations	90	90	34
of which to group companies	-	-	5
to companies in which the Group has a participating interest	1	1	1
Debt securities	104	145	524
of which to group companies	-	-	420
to companies in which the Group has a participating interest	29	-	29
Other assets	-	1	-
Total	201	260	702

Receivables from group companies and companies in which the Group has a participating interest include receivables from companies acquired for protection of claims but not included in the consolidated accounts.

Note 19: Leased assets

EUR million	2002	Group 2001	Parent company 2002
Prepayments	43	21	-
Machinery and equipment	892	742	-
Fixed assets and buildings	305	339	-
Other assets	6	5	-
Total	1 246	1 107	-

In the balance sheet leased assets are included in "Loans to the public".

Note 20: Debt securities

EUR million	Group				Parent company	
	2002		2001		2002	
	Publicly listed	Other	Publicly listed	Other	Publicly listed	Other
Book value						
Current assets	27 247	492	30 956	363	5 549	143
Other	147	279	1 026	935	88	698
Total	27 394	771	31 982	1 298	5 637	841
Difference between market value and a lower book value, current assets		-9		-7		0
Difference between nominal value and book value, financial fixed assets						
Higher nominal value		57		43		3
Lower nominal value		0		60		0
Book value, specified						
Government certificates		0		269		-
Municipal certificates		115		118		0
Commercial paper		1		14		1
Certificates of deposit		3 473		4 501		2 819
Convertible bonds		5		24		1
Other bonds		23 218		27 927		3 225
Other		1 353		427		432
Total		28 165		33 280		6 478

Neither the Group nor the parent company has any significant holdings of other receivables acquired at prices below the nominal value.

Note 21: Shares and participations

EUR million	Group				Parent company	
	2002		2001		2002	
	Publicly listed	Other	Publicly listed	Other	Publicly listed	Other
Book value ¹⁾						
Current assets	402	53	558	137	127	18
Other	5	47	0	53	0	10
Total	407	100	558	190	127	28
Difference between market value and a lower book value, publicly listed shares ¹⁾						
Current assets	-		1		-	
Other	0		0		0	
Total	0		1		0	

At the end of the period the Nordea Bank Finland Group had borrowed securities in the amount of EUR 78 million (EUR 335 million) with an average loan period of one month. The Group had lent securities in the amount of EUR 125 million (EUR 283 million) with an average loan period of one month. The parent company had neither borrowed nor lent securities.

Book value of participating interests and shares and participations in subsidiaries

EUR million	Group		Parent company	
	2002	2001	2002	2002
Subsidiaries				
Credit institutions	-	17		8 432
Other	11	142		54
Total	11	159		8 486
Participating interests				
In credit institutions	156	141		36
In other companies	372	331		192
Total	528	472		228

¹⁾ Excluding participating interests and shares in subsidiaries.

Note 22: Shares and participations held as financial fixed assets and tangible assets

EUR million	Group 2002	Parent company 2002
Shares and participations		
Acquisition value, 1 January 2002 ¹⁾	718	9 677
Increase	86	329
Decrease	-178	-163
Write-downs during the year	-2	-22
Accumulated write-downs, 1 January 2002	-33	-1 097
Book value, 31 December 2002	591	8 724
Buildings, land and water areas and shares in real estate companies		
Acquisition value, 1 January 2002 ¹⁾	1 926	776
Increase	60	51
Decrease	-544	-102
Depreciation according to plan for the year	-23	-2
Accumulated depreciation and write-downs allocated to decreases	119	9
Accumulated depreciation/write-downs, 1 January 2002	-303	-128
Book value, 31 December 2002	1 235	604
Machinery, equipment and other tangible assets		
Acquisition value, 1 January 2002 ¹⁾	905	409
Increase	249	59
Decrease	-225	-56
Depreciation according to plan for the year	-136	-40
Accumulated depreciation and write-downs allocated to decreases	55	2
Accumulated write-downs, 1 January 2002	-563	-290
Book value, 31 December 2002	285	84

¹⁾ The acquisition value in the demerged bank

Note 23: Intangible assets

EUR million	Group		Parent company
	2002	2001	2002
Consolidation goodwill	1 909	1 882	-
Other	101	34	15
Total	2 010	1 916	15

Note 24: Real estate under tangible assets

EUR million	Group		Parent company	
	Book value	Capital employed	Book value	Capital employed
	2002	2001	2002	2002
Land and buildings				
In own use	936	1 218	973	1 341
Other	222	310	262	287
Shares in real estate companies				
In own use	39	40	43	39
Other	38	55	59	89
Total	1 235	1 623	1 337	1 756

Expenses arising from real estate occupied by other parties than Nordea and shares in real estate companies

Real estate investment is not part of the NBF Group's core business and property holdings have therefore been divested at a rapid pace. Since the Group will continue the divestments, certain premises have intentionally been kept vacant. The net yield percent below has been calculated through comparison of real estate expenses and the net yield based on the presently valid rental agreements to the total capital employed in real estate holdings.

Type of real estate	Floor area, m ²	Capital employed	Net yield, %	Vacancy rate, %
Residential property	8 032	9	2	31
Business and office premises	326 062	143	5	16
Industrial premises	50 505	7	1	80
Land (undeveloped)		24		
Other domestic real estate	24 870	20	-5	31
Foreign real estate	10 186	40	11	0
Total	419 655	243	14	157
Real estate owned by Nordea Bank				
Norge and Nordea Bank Sweden	48 015	5		
Total	467 670	248		

Capital employed in the above real estate according to yield

Yield, %	Capital employed, EUR million
Negative	38
0-3	41
3-5	48
5-7	24
over 7	92
Total	243
Real estate owned by Nordea Bank	
Norge and Nordea Bank Sweden	5
Total	248

Note 25: Own shares held by group companies

Nordea Bank Finland Plc or its subsidiaries hold no shares issued by themselves.

Note 26: Other assets

EUR million	Group		Parent company
	2002	2001	2002
Cash items in the process of collection	107	104	106
Guarantee claims	12	15	12
Derivative contracts	13 516	8 610	1 634
Other	4 544 ¹⁾	5 621	613
Total	18 179	14 350	2 365

¹⁾ Nordea Bank Danmark's balance sheet includes customers' portfolio schemes, for which customers bear the risk and the return correlates directly with the assets financed by these portfolio schemes. Since the assets legally belong to the bank, these assets and corresponding liabilities are included in the Group's balance sheet. A breakdown of the assets is shown below.

EUR million	2002
Loans to credit institutions	197
Debt securities	1 651
Shares and participations	1 022
Other assets	39
Total	2 909

Note 27: Prepaid expenses and accrued income

	Group		Parent company
EUR million	2002	2001	2002
Interest	1 574	1 740	618
Other	268	266	123
Total	1 842	2 006	741

Note 28: Balance sheet format (assets)

Balance sheets have been compiled in accordance with the format and terminology prescribed in the Decision of the Ministry of Finance (1376/1997).

Note 29: Difference between nominal and book value of liabilities

	Group		Parent company
EUR million	2002	2001	2002
Difference between nominal value and a lower book value			
Debt securities in issue	113	115	72
Subordinated liabilities	29	72	6
Total	142	187	78
Difference between book value and a lower nominal value			
Debt securities in issue	119	41	3
Subordinated liabilities	0	-	0
Total	119	41	3

Note 30: Book value of debt instruments in issue

	Group		Parent company
EUR million	2002	2001	2002
Certificates of deposit	21 807	25 170	17 214
Bonds	37 962	34 273	1 026
Other	2 118	1 565	1 936
Total	61 887	61 008	20 176

Note 31: Other liabilities

	Group		Parent company
EUR million	2002	2001	2002
Cash items in the process of collection	983	1 028	897
Derivative contracts	14 640	7 982	1 965
Other	10 382	9 866	211
Total	26 005	18 876	3 073

Note 32: Accrued expenses and prepaid income

	Group		Parent company
EUR million	2002	2001	2002
Interest	1 461	1 376	569
Other	699	615	109
Total	2 160	1 991	678

Note 33: Provisions

	Group		Parent company
EUR million	2002	2001	2002
Pension provisions	295	288	13
Guarantees and other similar provisions	37	48	8
Rental liabilities	3	9	3
Restructuring provisions	24	54	4
Other	28	37	11
Total	387	436	39

Note 34: Subordinated liabilities

EUR million	Group		Parent company
	2002	2001	2002
Liabilities with a book value exceeding 10% of all subordinated liabilities ¹⁾	-	-	1 556
Other subordinated liabilities ²⁾	5 750	5 336	471
Total	5 750	5 336	2 027
- of which perpetual bonds	1 339	772	730

¹⁾ Nordea Bank Finland Plc EUR 599 million, face value EUR 600 million, interest rate 5.75 % until the first possible premature repayment day 26 March 2009, whereafter floating interest rate. Maturity date 26 March 2014. In the event of dissolution of the company the liability ranks equally with the Bank's other debentures and other comparable debts. No equity conversion option.

Nordea Bank Finland Plc EUR 459 million, face value GBP 300 million, interest rate 6.25 % until the first possible premature repayment day 18 July 2014, whereafter floating interest rate. No maturity date. In the event of dissolution of the company the liability ranks equally with the Bank's other debentures and other comparable debts. No equity conversion option.

Nordea Bank Finland Plc EUR 285 million, face value USD 300 million, interest rate 6.5 %, maturity date 1 April 2009. The issuer is the Bank's New York branch. In the event of dissolution of the company, the liability is subordinate to the company's other commitments, while ranking at least equal with the Bank's other debentures and other comparable debts. No equity conversion option.

Nordea Bank Finland Plc EUR 213 million, face value USD 224 million, interest rate 6.5 %, maturity date 15 January 2006. The issuer is the Bank's New York branch. In the event of dissolution of the company, the liability is subordinate to the company's other commitments, while ranking at least equal with the Bank's other debentures and other comparable debts. No equity conversion option.

²⁾ The holders of other subordinated liabilities have no right to prematurely call the bonds. No equity conversion option.

Note 35: Equity capital ¹⁾

Group EUR million	Restricted equity			Non-restricted reserves	Total
	Share capital	Share premium account	Restricted reserves		
Shareholders' equity at the beginning of the year	2 355	659	502	7 001	10 517
Demerger 1 January 2002	-36	-66	-	-79	-181
Dividend, donation ²⁾	-	-	-	-1 005	-1 005
Exchange rate differences	-	-	32	3	35
Changes between restricted and unrestricted equity	-	-	-83	83	0
Profit/loss for the year	-	-	-	722	722
31 December 2002	2 319	593	451	6 725	10 088
Distributable equity				6 684	

Parent company EUR million	Restricted equity			Non-restricted reserves	Total
	Share capital	Share premium account	Restricted reserves		
Shareholders' equity 1 January 2002	2 319	593	-	6 682	9 594
Dividend, donation ²⁾	-	-	-	-1 005	-1 005
Profit/loss for the year	-	-	-	613	613
31 December 2002	2 319	593	-	6 290	9 202
Distributable equity				6 290	

¹⁾ Excluding capital loans for EUR 1 178 million (EUR 780 million on 1 January 2002), change of EUR 398 million during the year. Capital loans in Nordea Bank Finland Plc amounted to EUR 842 million at the end of the year.

²⁾ According to the decisions made by General Meetings Nordea Bank Finland Plc paid a dividend of EUR 1 000 million to Nordea AB (publ) and a donation of EUR 5 million to the recently established art foundation.

Note 36: Shares in Nordea Bank Finland Plc

Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850 million and maximum share capital EUR 3 400 million. All the 1 030.8 million shares in issue are held by Nordea AB (publ). The book value of the shares corresponds to EUR 2.25 per share.

Note 37: Non-distributable items included in non-restricted equity

EUR million	Group	
	2002	2001
Voluntary reserves and depreciation difference	41	39

Note 38: Decisions on issue of shares, convertible bonds and bonds with equity warrants

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription of shares in the Bank. At the end of 2002, the Bank held no authorisations given by the General Meeting for issuance of shares, equity warrants or convertible bonds.

Note 39: Shareholders

All shares in Nordea Bank Finland Plc are held by Nordea AB (publ).

Note 40: Capital loans

EUR million	Group		Parent company
	2002	2001	2002
EUR-denominated capital loans ¹⁾	842	42	842
Capital loans denominated in other currencies ²⁾	336	738	-
Total	1 178	780	842

Capital loans are included in Tier 1 capital for the calculation of capital adequacy. Interest may be paid on such loans only out of distributable funds. All interest and other compensation on these loans is entered as expense in the income statement as incurred.

¹⁾ Annual interest on the EUR 42 million capital security issued in Finland is fixed until the year 2004. The security is perpetual. Interest on the intra-group EUR 800 million security is variable, and was 4.586% at 31 December 2002. The security is completely subscribed by Nordea AB (publ). The security is perpetual. Both securities can be repaid partly, but only with the approval of the Finnish Financial Supervision Authority.

²⁾ In November 1999 Nordea Bank Sweden AB (publ) issued a hybrid capital loan of USD 350 million, EUR 336 million, on the international markets. The loan is perpetual, but subject to Financial Supervision's approval may be repaid after ten years of issuance. The loan is running with an 8.95 %-coupon to be paid every six months during the first ten years.

Note 41: Balance sheet format (liabilities and shareholders' equity)

Balance sheets have been compiled in accordance with the format and terminology prescribed in the Decision of the Ministry of Finance (1376/1997).

Note 42: Maturity breakdown of receivables and liabilities

EUR million	Less than 3 months	3-12 months	1-5 years	Over 5 years
Group, 31 December 2002				
<i>Receivables</i>				
Debt securities eligible for refinancing with central banks	1 106	3 320	930	158
Loans to credit institutions	20 804	30	477	949
Loans to the public and public sector organisations	56 648	13 340	37 607	38 746
Debt securities	2 823	8 470	7 801	3 557
<i>Liabilities</i>				
Due to credit institutions and central banks	19 319	6 185	112	249
Due to the public and public sector organisations	82 885	3 161	1 468	4 759
Debt securities in issue	8 711	25 023	16 499	11 654
Parent company, 31 December 2002				
<i>Receivables</i>				
Debt securities eligible for refinancing with central banks	1 197	715	395	1
Loans to credit institutions	21 313	3 253	883	1 219
Loans to the public and public sector organisations	4 311	3 040	11 410	11 410
Debt securities	1 143	70	2 857	100
<i>Liabilities</i>				
Due to credit institutions and central banks	10 727	2 150	32	20
Due to the public and public sector organisations	13 241	2 903	6 395	6 632
Debt securities in issue	12 118	7 081	976	1

Receivables from the public and public sector organisations payable on demand amounted to EUR 11 billion in the Nordea Bank Finland Group. Nordea Bank Finland Plc had no such receivables. Checking accounts are included in the shortest maturity category. Other current accounts are classified in different maturity categories on the basis of their historical pattern.

Note 43: Assets and liabilities in domestic and foreign currencies

EUR million	Group		Parent company	
	EUR	Other currencies	EUR	Other currencies
Assets, 31 December 2002				
Debt securities eligible for refinancing with central banks	2 308	3 206	2 308	-
Loans to credit institutions	2 786	19 474	12 017	14 651
Loans to the public and public sector organisations	37 400	108 941	25 185	4 986
Debt securities	5 008	17 643	2 949	1 221
Other assets	6 864	22 444	5 044	9 776
Total	54 366	171 708	47 503	30 634
Liabilities, 31 December 2002				
Due to credit institutions and central banks	5 071	20 794	4 112	8 817
Due to the public and public sector organisations	28 442	63 831	25 340	3 831
Debt securities outstanding	12 527	49 360	8 338	11 838
Subordinated liabilities	2 026	3 724	800	1 227
Other liabilities	12 696	16 337	2 252	1 538
Total	60 762	154 046	40 842	27 251

Note 44: Income taxes

EUR million	Group		Parent company
	2002	2001	2002
Change in deferred tax receivables/liabilities	78 ¹⁾	-76	90
Taxes arising from ordinary business operations	286 ²⁾	134	40
Taxes arising from extraordinary items	-	-	-
Total	364	58	130

¹⁾ Of which other changes amounting to EUR -21 million.

²⁾ Of which EUR 31 million pertaining to previous years.

Note 45: Pledged assets

EUR million	Group		Parent company
	2002	2001	2002
Assets pledged as collateral for own liabilities			
Debt securities eligible for refinancing with central banks	6 157	6 175	1 425
Leasing contracts	230	236	-
Debt securities	1 499	4 634	18
Other	2 237	1 381	14
Total	10 123	12 426	1 457
The above collateral has been pledged for the following items			
Due to credit institutions and central banks	6 758	3 848	1 200
Due to the public	212	1 376	-
Debt securities in issue	1 061	627	19
Other liabilities and commitments	32	609	32
Total	8 063	6 460	1 251

Nordea Bank Finland Plc has not pledged assets as collateral for liabilities of group or associated companies.

Note 46: Liabilities arising from pension commitments

Statutory pensions for employees of Finnish group companies are arranged through insurance. The premiums are paid mainly by the companies. Supplementary pensions for employees are arranged through the pension fund and foundation. A minor part of the pension commitments is carried on respective companies' balance sheets as a statutory provision under liabilities. In Swedish group companies, pension liabilities are borne by the companies themselves but are fully covered through the affiliated pension foundation. A minor part of the pension commitments is arranged through insurance and liabilities arising from certain individual old commitments are carried on respective companies' balance sheets under liabilities. In the Group's Norwegian companies pension commitments are carried on respective companies' balance sheets under liabilities. Pension commitments of the Group's Danish companies are covered either in an independent pension fund or through an insurance company. The Nordea Bank Danmark Group has no further pension commitments towards the staff.

At the end of the year, the fair value of the assets of the Group's pension funds and foundations was EUR 1 304 million (EUR 1 281 million), which exceeds the amount of liabilities by EUR 46 million (EUR 130 million).

Note 47: Leasing liabilities

The rentals payable by the Nordea Bank Finland Group in 2003 will amount to EUR 7 million and those payable by Nordea Bank Finland Plc to EUR 2 million. The value of rentals payable in subsequent years amounts to EUR 9 million in Nordea Bank Finland Group and to EUR 1 million in Nordea Bank Finland Plc.

Note 48: Contingent liabilities

EUR million	Group		Parent company
	2002	2001	2002
Guarantees	13 947	13 277	7 857
Stand-by facilities	14 389	14 749	4 509
Unused part of credit lines	15 834	14 279	2 615
Other commitments	2 610	3 116	1 166
Total	46 780	45 421	16 147

Of which on behalf of group and associated companies

EUR million	Group				Parent company	
	2002	2001	2002	2001	2002	2001
	Group companies	Asso- ciated com- panies	Group companies	Asso- ciated com- panies	Group companies	Asso- ciated com- panies
Guarantees	-	53	-	213	2 717	0
Other	-	10	-	32	194	10
Total	-	63	-	245	2 911	10

Note 49: Derivative contracts

EUR million	Group							
	Maturity							
	Less than 3 months		3-12 months		1-5 years		Over 5 years	
	Positive market value	Negative market value	Positive market value	Negative market value	Positive market value	Negative market value	Positive market value	Negative market value
<i>Interest-rate-related derivatives</i>								
Futures and forwards	106	113	148	162	31	34	-	-
Options								
Purchased	59	1	65	0	560	5	597	0
Written	0	120	1	70	8	487	0	728
Interest rate swap agreements	603	658	784	750	4 211	4 419	2 898	2 582
<i>Currency-related derivatives</i>								
Futures and forwards	4 958	5 766	2 541	2 742	176	362	0	0
Options								
Purchased	84	0	83	2	33	0	-	-
Written	1	96	2	81	0	33	-	-
Interest rate and currency swap agreements	252	176	186	123	499	598	220	321
<i>Equity-related derivatives</i>								
Futures and forwards	8	7	-	-	-	-	-	-
Options								
Purchased	25	73	11	22	67	70	0	-
Written	84	16	17	11	64	56	-	0
<i>Other derivative contracts</i>	1	1	1	0	23	27	0	0

EUR million			Group Total nominal value	For hedging purposes	Credit counter-value
	Positive market value	Negative market value			
<i>Interest-rate-related derivatives</i>					
Futures and forwards	285	308	211 636	344	1
Options					
Purchased	1 282	7	79 732	19	2
Written	9	1 405	73 532	17	-
Interest rate swap agreements	8 497	8 409	421 938	27 508	485
<i>Currency-related derivatives</i>					
Futures and forwards	7 675	8 871	241 056	12 782	486
Options					
Purchased	200	2	8 080	33	0
Written	3	210	7 967	-	-
Interest rate and currency swap agreements	1 157	1 219	38 324	7 615	1 138
<i>Equity-related derivatives</i>					
Futures and forwards	8	7	720	-	-
Options					
Purchased	103	165	4 741	1 309	161
Written	164	84	4 757	1 291	-
<i>Other derivative contracts</i>	25	29	129	0	4

EUR million	Parent company							
	Maturity							
	Less than 3 months		3-12 months		1-5 years		Over 5 years	
	Positive market value	Negative market value	Positive market value	Negative market value	Positive market value	Negative market value	Positive market value	Negative market value
<i>Interest-rate-related derivatives</i>								
Futures and forwards	7	7	0	0	0	0	-	-
Options								
Purchased	115	1	1	2	9	9	0	0
Written	3	115	1	1	9	8	0	0
Interest rate swap agreements	72	57	98	107	647	730	342	180
<i>Currency-related derivatives</i>								
Futures and forwards	247	267	285	443	8	120	-	-
Options								
Purchased	4	2	2	2	0	0	-	-
Written	2	3	2	2	0	0	-	-
Interest rate and currency swap agreements	14	2	24	5	90	82	21	49
<i>Equity-related derivatives</i>								
Futures and forwards	0	0	-	-	-	-	-	-
Options								
Purchased	-	32	-	22	1	65	-	-
Written	32	-	16	-	59	0	-	-
<i>Other derivative contracts</i>	1	1	1	0	23	27	0	0

EUR million	Parent company				
	Total				
	Positive market value	Negative market value	nominal value	For hedging purpose	Credit counter-value
<i>Interest-rate-related derivatives</i>					
Futures and forwards	8	8	3 676	-	1
Options					
Purchased	125	12	17 583	-	2
Written	13	124	17 641	-	-
Interest rate swap agreements	1 158	1 075	51 242	18 660	79
<i>Currency-related derivatives</i>					
Futures and forwards	540	830	26 082	2 649	547
Options					
Purchased	6	4	644	-	2
Written	3	6	591	-	-
Interest rate and currency swap agreements	148	137	4 335	1 259	5
<i>Equity-related derivatives</i>					
Futures and forwards	0	0	0	-	-
Options					
Purchased	1	120	488	395	17
Written	108	0	483	387	-
<i>Other derivative contracts</i>	25	29	129	0	4

Credit risk of the derivative contracts

EUR million	Group		Parent company	
	Nominal value of the contracts		Positive market value	
Counterparty				
Public sector	-	-	-	-
Credit institutions	26 984	864	999	5
Companies	3 449	115	1 928	35
Total	30 433	979	2 927	40

Note 50: Accounts receivable and payable arising from business for the account of customers

EUR million	Group		Parent company
	2002	2001	2002
Accounts receivable arising from the sale of assets on behalf of customers	246	423	11
Accounts payable arising from the purchase of assets on behalf of customers	216	153	12

Note 51: Other commitments and contingent liabilities

Contingent liabilities are shown in other notes or in connection with the balance sheet according to the instructions of the Finnish Financial Supervision Authority.

Note 52: Personnel and members of administrative and controlling boards

	Group		Parent company
	2002	2001	2002
Average number of employees during the year	34 748	25 861	10 040
Change from the previous year, persons	8 887	6 577	6 829
Full-time	29 881	22 487	8 886
Change from the previous year, persons	7 395	5 253	6 077
Part-time	4 867	3 374	1 154
Change from the previous year, persons	1 493	1 324	753

Salaries, fees, pension liabilities and other staff-related expenses

The board members of Nordea Bank Finland, the Chief Executive Officer and his deputy are all members of the Nordea AB (publ) Board of Directors. In 2002 Nordea AB (publ) paid all salaries, fees, pension- and other staff-related expenses in respect of the above mentioned members and deputy members of the administrative and controlling boards. Nordea AB (publ) has allocated these salary expenses to Nordea Bank Finland as part of the Head Office allocation expenses.

Information on salaries and pension liabilities are presented in the Annual Report of Nordea AB (publ).

EUR million	2002
Loans	
To members and deputy members of the Board of Directors	1
of which to the President and his deputy	0
To auditors	-

Interest and other terms correspond to the generally accepted terms and conditions applied to employees of the Group. The amounts also include loans granted to corporations or individuals sharing material financial interests with the above mentioned members of administrative and controlling boards, as referred to in the Credit Institutions Act.

Guarantees and other off-balance-sheet commitments

No guarantees or other off-balance-sheet commitments have been granted to members of administrative or controlling boards or to auditors.

The members of the administrative and controlling boards have no holdings of shares, equity warrants or convertible bonds issued by Nordea Bank Finland Plc.

Note 53: Shares held as financial fixed assets

		Share- holding, %	Book value EUR million
Shares held by Nordea Bank Finland Plc,			
31 December 2002			
Helsinki Halli Oy, Helsinki	Multi-purpose arena	0.3	0.2
Hex Ltd, Helsinki	Securities and derivatives exchange, clearing house	11.2	5.0
Indekon Oy, Lappeenranta	Investment company	6.5	0.4
Kehitysyhtiö Savon Teknia Oy, Kuopio	Capital fund	8.7	0.5
Pikespo Invest Oy, Tampere	Development company	11.1	0.4
Spontant Oy, Helsinki	Collection and credit agency	19.9	1.6
Vuotekno Oy, Helsinki	Promotion of business and industry	6.7	0.2
Oy Wedeco Ab, Vaasa	Capital investment	2.4	0.2

In addition, 125 companies the total book value of which is EUR 1 million.

Information on the Group and associated companies is given in Notes 58-61.

Note 54: Fiduciary services

Fiduciary services offered by the Group include safe custody and management of customers' assets, consulting, portfolio accounting services for associations, foundations and estates and assistance in estate inventories, estate administration, non-contentious jurisdiction, and loan intermediation.

Note 55: Information on co-operative banks

Not applicable.

Note 56: The parent company of Nordea Bank Finland Plc and intra-group items

The parent company of Nordea Bank Finland Plc is Nordea AB (publ), domiciled in Stockholm, registration number 556547-0977. The Annual Report 2002 of Nordea may be down-loaded from the Internet www.nordea.com and is available from Nordea Investor Relations, FIN-00020 NORDEA. The Annual Report for 2002 of the Nordea Group is also available at branches of Nordea Bank Finland.

Financial income received from and financial expenses paid to Group and associated companies

EUR million	2002	
	Group companies	Associated companies
Interest income	813	39
Interest expenses	269	0
Income from equity investments	435	15

Receivables from and liabilities to Group and associated companies

EUR million	2002	
	Group companies	Associated companies
Receivables		
Loans to credit institutions	24 961	3
Loans to the public and public sector organisations	47	749
Debt securities	425	29
Other receivables	722	2
Prepaid expenses and accrued income	205	1
Total	26 360	784
Liabilities		
Due to credit institutions and central banks	6 098	9
Due to the public and public sector organisations	30	20
Debt securities in issue	22	1
Other liabilities	585	1
Accrued expenses and prepaid income	156	0
Subordinated liabilities	-	-
Total	6 891	31

The figures do not include receivables of EUR 33 million, liabilities of EUR 2 million or interest income of EUR 1 million from non-consolidated Group and associated companies acquired for restructuring purposes.

Note 57: Accounting policies

Accounting policies applied in the consolidated financial statements are explained in "Accounting principles", page 21.

Note 58: Subsidiaries included in the consolidated financial statements, 31 December 2002

	Shareholding %	Book value EUR million
Subsidiaries of Nordea Bank Finland Plc		
<i>Domestic</i>		
Credit institutions		
Nordea Finance Finland Ltd, Espoo	100	236
Financial institutions		
Helsingin Pantti-Osakeyhtiö, Helsinki ¹⁾	100	6
Nordea Capital Ltd, Helsinki	100	4
Tukirahoitus Oy, Oulu ¹⁾	100	7
Fund management companies		
Investa-Raha Oy, Helsinki	100	1
Real estate broker companies		
Huoneistokeskus Oy, Helsinki ²⁾	100	18
Real estate companies		
Aleksanterinkatu 36 A Koy, Helsinki	100	19
Aleksanterinkatu 36 B Koy, Helsinki	100	27
Aleksis Kivenkatu 3-5 Koy, Helsinki	100	47
Aleksis Kivenkatu 7 Koy, Helsinki	100	15
Fleminginkatu 27 Koy, Helsinki	100	41
Hatanpään Valtatie 30 Koy, Tampere ¹⁾	100	19
Helsingin Työnjohtajankatu 2 Koy, Helsinki	100	0
Lahden Hansa Oy, Lahti ¹⁾	100	24
Levytie 2 Koy, Helsinki	100	18
Levytie 6 Koy, Helsinki ¹⁾	100	26
Multihermia Koy, Tampere ¹⁾	100	9
PMA-Invest Oy, Helsinki	100	8
Porin Sokos Koy, Pori ¹⁾	100	6
Ristipellontie 4 Koy, Helsinki ¹⁾	100	20
Ruosilantie 16 Koy, Helsinki	100	58
Tampereen Kirkkokatu 7 Koy, Tampere ¹⁾	100	50
Terahermia Koy, Tampere ¹⁾	100	0
Tietotalo Koy, Espoo	100	102
Vantaan Jaakonkatu 2, Vantaa ¹⁾	100	0
VKR-Kiinteistöt Oy, Vantaa ¹⁾	60	1
Wasa Torgcentrum Fastighets Ab, Vaasa	100	16
Other ancillary services companies		
Merita Systems Oy, Helsinki	60	0
Other companies		
Fidenta Oy, Espoo ²⁾	40	0
Unitas Congress Center Ltd, Helsinki ²⁾	100	0
<i>International</i>		
Banks		
American Scandinavian Banking Corp., New York	100	11
MeritaNordbanken Merchant Bank Singapore Ltd, Singapore	100	19
Nordea Bank Danmark A/S, Copenhagen	100	3 000
Nordea Bank Norge ASA, Oslo	100	3 753
Nordea Bank Sweden AB, Stockholm	100	1 413
Financial institutions		
Merita Finance (U.K.) Ltd., London	100	0
Nordea Finance Estonia Ltd, Tallinn ¹⁾	100	6
Nordea Finance Latvia Ltd, Riga ¹⁾	100	2
Nordea Finance Lithuania Ltd, Vilnius ¹⁾	100	1
Nordea Securities Holding (U.K.) Ltd, London	100	2
Nordea North America Inc, Delaware	100	0

	Shareholding %	Book value EUR million
<i>International</i>		
Real estate companies		
Nordea Real Estate (U.K.) Ltd, London	100	14
MNB nams, Riga	100	5
Sakau (Luxembourg) S.A., Luxembourg	100	0
Sopoka B.V, Rotterdam	100	0
The Wiels Centre Holding B.V, Amsterdam	100	0
Verdelago Holding B.V, Amsterdam	100	0
Subsidiaries of Nordea Bank Danmark A/S		
<i>International</i>		
Nordea Konferencetret Klarskovgaard A/S, Copenhagen	100	4
Nordea Finans Danmark A/S, Copenhagen	100	109
Nordea Ejendomme A/S, Copenhagen	100	109
Aktieselskabet af 10 October 1985, Copenhagen	100	5
Nordea Kredit Realkreditaktieselskab, Copenhagen	100	512
Nordea Finance Ltd, London	100	1
Subsidiaries of Nordea Bank Norge ASA		
<i>International</i>		
Christiania Capital Corp., Delaware	100	0
Christiania Forsikring AS, Oslo	100	53
Christiania Bank Nominees Ltd (UK), London	100	0
Nordea Finans Norge AS, Oslo	100	17
Norgeskreditt AS, Oslo	100	280
Nordea Equity Holding AS, Oslo	100	133
Subsidiaries of Nordea Bank Sweden AB		
<i>International</i>		
Nordea Finans Sverige AB, Stockholm	100	112
Nordea Hypotek AB, Stockholm	100	955
Nordea Bank Polska SA, Gdynia ²⁾	94	83
EMM Marketplace, Stockholm	100	55
LG Petro Bank, Poland	74	127
Postgirot Holding AB, Stockholm	100	190
Nordbanken North America Inc, Delaware	100	0
Nordea Securities AB, Stockholm	100	2
Nordea Securities Ltd, London	100	4
Nordbanken Reinsurance S.A., Luxembourg	100	1
Fastighets AB Stämjämnet, Stockholm	100	11

Nordea Bank Finland Group's voting interest in Fidentia Oy is 60%. In other companies the voting interest is the same as the percentage of shares held.

¹⁾ Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.

²⁾ Consolidated with the equity method.

Other companies included in the consolidated financial statements; total assets of less than EUR 10 million	Number of companies	Total assets EUR million	Book value of shares EUR million
Real estate companies	173	177	2 140
Other companies	59	64	109

Companies merged, dissolved or sold during 2002	Line of business	Total assets EUR million	Profit/loss for the year 2002 as included in the Bank Group EUR million
Subsidiaries of Nordea Bank Finland Plc			
Contant Oy, Turku	Financial institution	17	4
Nordea Investment Management Finland Ltd, Helsinki ³⁾	Investment service company	6	-
Nordea Securities Corporate Finance Oy, Helsinki ³⁾	Investment service company	11	-
Nordea Securities Oyj, Helsinki ³⁾	Investment service company	388	-
Nordea Investment Funds Company Ltd, Helsinki ³⁾	Fund management company	17	-
Nordea Life Assurance Finland Ltd, Espoo ³⁾	Insurance company	6 072	-
Nordea Kiinteistöomistus Oy, Helsinki	Real estate investment company	1	0
Lahden Hämeenkatu 20 Koy, Lahti	Real estate company	17	0
Marci SA, Luxembourg	Real estate company	10	0

Subsidiaries of Nordea Bank Danmark A/S			
ArosMaizels Investment Bank A/S, Copenhagen	Investment service company	37	-

Subsidiaries of Nordea Bank Sweden AB			
Postgirot Bank, Stockholm	Financial institution	9	0
Nordea Life Assurance I Sweden AB, Stockholm ^{3) 4)}	Insurance company	1 648	-
Nordea Life Assurance II Sweden AB, Stockholm ³⁾	Insurance company	40	-
Nordea Fastigheter AB, Stockholm	Real estate investment company	341	0

³⁾ Total assets as per 31 December 2001 for companies transferred in the demerger. The companies have no impact on the 2002 result.

⁴⁾ The company operates according to mutual principles and was not included in the consolidated financial statements.

Other companies merged, dissolved or sold during 2002; total assets of less than EUR 10 million	Number of companies	Total assets EUR million	Book value of shares EUR million
Real estate companies	109	253	191
Other companies	9	21	19

The demerger 2002 had an impact of EUR -102 million on the restricted equity capital and an impact of EUR -79 million on the non-restricted equity of the Nordea Bank Finland Group. The disposals and dissolutions had an impact of EUR 62 million on the non-restricted equity of the Nordea Bank Finland Group. Of the amount the main part, EUR 48 million, resulted from the sale of Nordea Fastigheter AB and Contant Oy.

Note 59: Subsidiaries excluded from the consolidated financial statements, 31 December 2002

Companies taken over for protection of claims	Share-	Book value	Latest confirmed	
	holding		Profit/loss	Equity capital
	%	EUR million	EUR million	EUR million
Laxma Yhtymä Oy, Orivesi	100	0	-1	1
Mantica Oy, Helsinki	100	0	0	0
PMA-Yhtymä Oy, Vantaa	100	0	1	5
Tunturi Oy, Turku	100	0	-1	3
Oy Wicoria Ab, Helsinki	100	0	0	3

The above subsidiaries have been excluded from the consolidated financial statements by permission of the Finnish Financial Supervision Authority. The shares have been acquired to restructure a customer's business operations and the holdings are intended to be temporary. The operations of the companies differ considerably from the business operations of the Group. The figures in the table are based on the latest official accounts. The shares are held by Nordea Bank Finland Plc.

Income statement figures			Variable expenses	Fixed costs	Operating profit	Depre- ciation	Financial income and expenses	Extra- ordinary items
EUR million	Financial period	Turnover						
Laxma Yhtymä Oy ¹⁾	1.1–31.12.2001	12	0	3 318	-1	1	0	0
Mantica Oy ¹⁾	1.1–31.12.2001	0	0	0	0	0	0	0
PMA-Yhtymä Oy ¹⁾	1.1–31.12.2001	0	1	1	-1	0	0	1
Tunturi Oy ¹⁾	1.1–31.12.2001	35	22	13	0	1	-1	0
Oy Wicoria Ab, ¹⁾	1.1–31.12.2001	12	5	5	1	2	-1	0

Balance sheet figures		Fixed assets	Current and financial assets	Provisions	Liabilities
EUR million					
Laxma Yhtymä Oy ¹⁾		3	5	0	7
Mantica Oy ¹⁾		0	0	0	0
PMA-Yhtymä Oy ¹⁾		0	8	2	1
Tunturi Oy ¹⁾		7	9	1	17
Oy Wicoria Ab ¹⁾		3	6	0	7

¹⁾ Group data

Measures taken to restructure a customer's business operations include analysis of operations, structural arrangements, planning and implementation of restructuring and development measures and strengthening of the capital and financing structure. The measures are taken together with other owners and lenders and the company's management with regard to the prevailing market and competitive situation.

Other companies excluded from the consolidated financial statements; total assets of less than EUR 10 million	Number of companies	Total assets EUR million	Book value of shares EUR million
Other companies	5	9	0

The non-consolidation of the above companies has no material effect on the Group's performance or financial position.

**Note 60: Associated companies included in the consolidated financial statements,
31 December 2002**

	Shareholding %	Total Book value EUR million
Associated companies of Nordea Bank Finland Plc		
<i>Domestic</i>		
Credit institutions		
Eurocard Oy, Helsinki	31	2
Luottokunta, Helsinki	29	9
Financial companies		
Toimiraha Oy, Helsinki	33	2
Real estate investment companies		
Dividum Oy, Helsinki	47	55
Oy Realinvest Ab, Helsinki	49	55
Salpa Asunnot Oy, Helsinki	24	0
Other companies		
ATM Automatia Ltd, Helsinki	33	5
Optiomi Oy, Helsinki	25	0
Suomen Asiakastieto Oy, Helsinki	32	0
Securus Oy, Helsinki	35	0
Sponsor Fund I Ky, Helsinki	46	18
<i>International</i>		
Credit institutions		
International Moscow Bank, Moscow	21	25
Financial companies		
Freja Finance S.A., Luxembourg	33	0
Real estate investment companies		
Nordisk Renting AB, Stockholm	40	45
Associated companies of Nordea Bank Danmark A/S		
<i>International</i>		
Axcel IKU Invest A/S, Billund	33	19
Ejendomsselskabet Axelborg I/S, Copenhagen	33	2
PSB Holding A/S, Ballerup	28	7
Aston Group A/S, Copenhagen	23	0
Investorinsselskabet af 23. marts 2001 A/S, Copenhagen	51	7
KFU-AX II A/S, Frederiksberg	33	5
KIFU-AX II A/S, Frederiksberg	25	6
LRF-Kredit A/S, Copenhagen	39	8
Dankort A/S, Værløse	28	0
Associated companies of Nordea Bank Norge ASA		
<i>International</i>		
Eksportfinans AS, Oslo	27	19
Visa Norge AS, Oslo	20	0
Associated companies Nordea Bank Sweden AB		
<i>International</i>		
Bankgirocentralen BGC AB, Stockholm	0	0
Värdepapperscentralen VPC AB, Stockholm	24	25

All associated companies have been combined in the consolidated financial statements by the equity method. In all the above companies the voting interest is the same as the percentage of shares held.

The associated companies Kiinteistösi joitus Oy Citycon and Turun Arvokiinteistö Oy are included in current assets and they have been treated in the same way as other shares included in current assets.

Other associated companies included in the consolidated financial statements; total assets of less than EUR 10 million	Number of companies	Total assets EUR million	Book value of shares EUR million
Other companies	19	19	13

**Note 61: Associated companies excluded from the consolidated financial statements,
31 December 2002**

31 December 2002

	Share- holding	Book value	Latest confirmed	
	%	EUR million	Profit/loss EUR million	Equity capital EUR million
Companies taken over for protection of claims				
Associated companies of Nordea Bank Finland Plc				
Huippupaikat Oy, Siilinjärvi	33	0	1	4
Innopoli Oy, Espoo	41	0	0	19
Aurajoki Oy, Turku	36	1	1	4
Associated companies of Nordea Bank Sweden AB				
Bankomatcentralen AB, Stockholm	48	0	0	0
CEKAB, Stockholm	39	0	0	1
Upplysningscentralen UC AB, Stockholm	26	0	0	1
Privatgirot AB, Stockholm	22	0	0	1
Sambox i Skåne HB, Malmö	50	0	0	0
Sambox Väst AB, Gothenburg	50	0	0	0
Samservicebox i Örebro HB, Örebro	21	0	0	0
Samservicebox i Karlstad kommun HB, Karlstad	50	0	0	0
Sv bankers AB för elektroniska dok, Stockholm	50	0	0	0
DocHotel AB, Stockholm	25	1	0	0
VPX Matching AB (former OffX Crossing AB), Stockholm	25	1	-2	2

The shares have been acquired to restructure a customer's business operations and the holdings are intended as temporary. The operations of the companies differ considerably from the business operations of the Group. The shares are held by Nordea Bank Finland Plc and Nordea Bank Sweden AB.

Measures taken to restructure a customer's business operations include planning and implementation of restructuring and development measures and strengthening of the capital and financing structure. The measures are taken together with other owners and lenders and the company's management.

Note 62: Consolidation by the equity method

Subsidiaries that are not financial or credit institutions, investment service, fund management or ancillary service companies as defined in the Finnish Financial Supervision Authority's regulations, as well as associated companies, are carried under the equity method. The valuation and accrual principles of these companies do not differ from the Group's principles in a manner which would have any material impact on the consolidated financial statements.

Companies referred to in the above are Fidenta Oy, Huoneistokeskus Oy, Karas Holding A.G., Menox Palvelut Oy, Osakeyhtiö Kämp, Pendax Oy and Unitas Congress Center Ltd. In the consolidated financial statements of Nordea Bank Finland Group receivables from these companies amounted to EUR 7 million (EUR 228 million) and liabilities to these companies amounted to EUR 20 million (EUR 129 million).

No member of the Nordea Bank Finland Plc Board of Management is a member of the Boards of the above-mentioned companies.

Note 63: Deferred tax receivables and liabilities

EUR million	2002	2001
Deferred tax receivables		
Based on		
- consolidation method	2	151
- group companies' own balance sheets	176	163
Total	178	314
Deferred tax liabilities		
Based on		
- appropriations	321	540
- group companies' own balance sheets	148	-
- consolidation method	2	-
Total	471	540

Note 64: Consolidation goodwill and negative consolidation difference

In the consolidated accounts, any difference between the amount paid for a subsidiary's shares and corresponding share of the subsidiary's equity capital at the time of acquisition is allocated partly to consolidation goodwill or negative consolidation difference and partly to the subsidiary's assets. Such elimination difference in the consolidated accounts of NBF Group is EUR 1 934 million (EUR 1 907 million), of which EUR 1 909 million (EUR 1 882 million) is consolidation goodwill. The consolidation goodwill resulting from the acquisition of Nordea Bank Norge totals EUR 1.2 billion and is depreciated by equal annual instalments during a period of 20 years. Depreciation amounting to EUR 63 million (EUR 60 million) was charged during 2002. The consolidation goodwill of EUR 0.5 billion resulting from the acquisition of Nordea Bank Danmark A/S is depreciated by equal annual instalments over a period of 18 years. The consolidation goodwill arising from companies accounted for under the equity method has been fully depreciated. Depreciation charges on allocations on different types of assets are computed in accordance with the relevant depreciation schedules as explained in Accounting principles. Goodwill is depreciated by equal annual instalments over periods ranging from 5 to 20 years. Depreciation charged on consolidation goodwill in 2002 total EUR 130 million (EUR 88 million).

Consolidation goodwill due to associated companies amounts to EUR 5 million (EUR 9 million).

Proposal of the Board of Directors to the General Meeting and Auditors' Report

Proposal of the Board of Directors

Profit for the year and its disposal

The consolidated distributable equity capital at 31 December 2002 was EUR 6,684 million. The parent company's distributable equity capital at 31 December 2002 was EUR 6,290 million, consisting of the following items:

- profit for the year	EUR 612,763,037.78
- other non-restricted equity	<u>EUR 5,677,064,788.38</u>
	EUR 6,289,827,826.16

We propose that:

1. a dividend of EUR 400,000,000.00 be paid,
2. for worthy public causes be reserved EUR 200,000.00,
3. of the profit for the year EUR 212,563,037.78 be retained in the profits account. Including the profit from previous years, the undistributed profit funds thus amount to EUR 5,889,627,826.16.

Helsinki, 28 February 2003

Lars G Nordström

Christian Clausen

Carl-Johan Granvik

Kari Jordan

Arne Liljedahl

Markku Pohjola

Tom Ruud

Peter Schütze

The financial statements have been drawn up in accordance with generally accepted accounting principles. An auditors' statement has today been given on the audit completed.

Helsinki, 28 February 2003

KPMG WIDERI OY AB

Mauri Palvi

Authorised Public Accountant

Auditors' report

to the General Meeting of Nordea Bank Finland Plc

We have audited the accounting records and the financial statements as well as the administration by the Board of Directors and the President of Nordea Bank Finland Plc for the financial year 2002. The financial statements, which comprise the report of the Board of Directors, consolidated and parent company profit and loss accounts, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit, we express our opinion on these financial statements and the bank's administration.

We have conducted our audit in accordance with generally accepted auditing standards in Finland. These standards require that we plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements, an assessment of the accounting principles used and significant estimates made by the management, as well as an evaluation of the overall financial statements presentation. The purpose of our audit of the administration has been to see that the Board of Directors and the President have complied with the rules of the Finnish Credit Institutions Act, Commercial Banks Act and Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Credit Institutions Act, Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and the parent bank result of operations for the financial period under audit and of the Group's and the parent bank's financial position at the year-end. The consolidated and parent bank profit and loss accounts and balance sheets may be adopted. The Chairman and the Deputy Chairman of the Board of Directors as well as the other members of the Board of Directors and the President can be discharged from liability for the financial year audited by us.

The proposal submitted to the General Meeting by the Board of Directors regarding the distribution of retained earnings is in compliance with Finnish legislation.

Helsinki, 28 February 2003

KPMG WIDERI OY AB

Mauri Palvi

Authorised Public Accountant

Management and auditors

Board of Directors

The Board of Directors of Nordea Bank Finland Plc comprises the President and the Chief Executive Officer of the Nordea Group, Lars G Nordström, and seven members. In addition, there are two deputy members.

During the year the following changes occurred in the composition of the Board of Directors: Thorleif Krarup resigned as Group CEO on 25 August 2002 and, at the same time, gave up his position as member of the NBF Board. Christian Clausen, Tom Ruud and Peter Schütze were appointed as new members of the Board on 16 October.

At the same time, Jakob Grinbaum and Harri Sailas were appointed as deputy members. Jakob Grinbaum acted as member of the Board of Directors until 16 October 2002.

The President of Nordea Bank Finland is Markku Pohjola and Kari Jordan acts as his deputy.

Auditors

The Annual General Meeting of Nordea Bank Finland Plc elects the company's auditors for a period of one year at a time. The auditor must be an audit firm authorised by the Finnish Chamber of Commerce.

Board of Directors 31 December 2002

Lars G Nordström

Born 1943. President and Group Chief Executive Officer of Nordea. Chairman of the Board since 2002. Member since 1998.

Christian Clausen

Born 1955. Head of Asset Management and Life in Nordea. Member since 2002.

Carl-Johan Granvik

Born 1949. Head of Group Credit and Risk Control in Nordea, Chief Risk Officer. Member since 1995.

Kari Jordan

Born 1956. Deputy of the President in Nordea Bank Finland Plc. Head of Retail Banking in Nordea. Member since 2000.

Arne Liljedahl

Born 1950. Deputy Chairman of the Board of Directors. Head of Group Corporate Centre in Nordea. Member since 1998.

Markku Pohjola

Born 1948. President of Nordea Bank Finland Plc. Head of Group Processing and Technology in Nordea. Deputy Group Chief Executive Officer in Nordea. Member since 1994.

Tom Ruud

Born 1950. Head of Corporate and Institutional Banking in Nordea. Member since 2002.

Peter Schütze

Born 1948. Head of Group Staffs in Nordea. Member since 2002.

Deputy members

Jakob Grinbaum

Born 1949. Head of Group Treasury in Nordea. Deputy member since 2002.

Harri Sailas

Born 1951. Head of Retail Banking in Nordea Bank Finland Plc. Deputy Member since 2002.

Auditors

KPMG WIDERI OY AB

Auditor with main responsibility
Mauri Palvi
Authorised Public Accountant

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